

2022

SAPPE

ONE REPORT

THAI PRIDE



56-1 One Report
Sappe Public Company Limited



Vision

Moving towards to become a trustworthy global brand with an organization with continuous innovation.

WE AIM TO REACH REVENUE OF 10 BILLION BAHT IN 2026

together with a team which has fun and hungry for success.



TO BE AN INSPIRING THAI MODEL ORGANIZATION
DELIVERING SUPERIOR CHOICES OF FOOD AND BEVERAGES
TO BETTER PEOPLE'S LIVES.

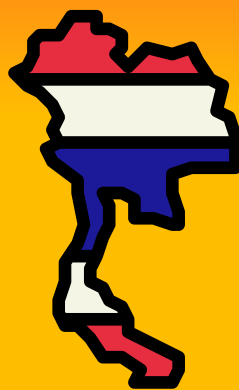


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Looking back to several years ago when we began producing drinks and gradually received acceptance in both quality and taste, we dreamed of taking Sappe brand to become known internationally and we have been following that path to fulfill the dream. We have gone through several challenges and we keep on fighting. Beginning with a few exporting destinations, our products are now favorite items among foreign customers in 98 countries, particularly South Korea, France, Indonesia, Europe and the Middle East.



We are proud of the quality of every bottle, proud of our Sappe Players, proud to be part of the effort to boost income and lift the quality of life for farmers, proud to be a Thai brand which has proven that we can do it with a heart that will not give up.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE OFFICER



ALL TIME HIGH FOR 3 CONSECUTIVE QUARTERS.

The best performance in the company history

Revenue from Selling Goods

4,566.4
million baht

Growth
32%



Domestic

23%



Export

77%

The year 2022 was the year of pride for Sappe as despite a number of challenges particularly the COVID-19 pandemic, war, natural disasters, and wide effects of economic volatility, we could still be able to make total sales at 4,566.40 million baht, growing 32%, with a proportion of domestic sales at 23% and international sales at 77 %. More importantly, Sappe made all-time high growth in three consecutive quarters. We had a best-ever performance thanks to intense marketing in 98 countries as we delivered quality products from Thai farmers under the brands Mogu Mogu, All Coco and Sappe Aloe Vera to customers around the world. We created more innovative products and constantly looked after all stakeholders throughout the value chain. This led us to win several awards at both national and regional levels. This is a guarantee of quality and reflects our “Global Standard” which we are always determined to create. The past year we moved a step closer to become a “Global Brand.”

In 2022, Sappe was affected in both domestic and international markets including effects from lockdown measures, an increase in the cost of production and the problems about container shortage and higher freight cost early in the year. However, we managed to overcome these challenges and made a great performance with a strong will and strength of business partners worldwide.

Sappe was able to make outstanding performances in many countries such as South Korea, France, the Philippines, Indonesia, Europe and the Middle East, particularly in South Korea where Mogu Mogu became the number one drink. This prompted the company to expand the success by launching a marketing campaign with the global influencer and top boyband ‘BTS’. We also made Mogu Mogu become a lifestyle brand targeting Gen-Z worldwide through ZEPETO, which is Asia’s biggest metaverse platform.



Although the COVID-19 pandemic caused an anxiety in the overall economy in the international market, SAPPE still could be able to invent and develop innovative products to serve new lifestyles. One of our inventive products was Beauti Shot Stix, dubbed as Thailand’s first concentrate shot in Korean style of drinking stick pack which has two formulas: Colla-C and Immu-C.

Regarding business partnership, we collaborated with Dek-D to launch new items, Sood Sud aromatic herbs and Limitless lozenges, to help ease pain point among students. In mid-2022, Sappe shook the beverage and entertainment industries by teaming up with Workpoint Entertainment Plc to establish WOPE, a new joint venture aimed at creating new marketing called “Entertainment” to deliver entertainment from Workpoint through Sappe’s innovative products. Under this partnership, Sappe and Workpoint will develop products and expand customer bases with each side’s expertise.

In 2022, Sappe boosted confidence among investors and business partners along with all stakeholders by announcing a business plan to march towards becoming a global brand. We set a goal of triple growth in revenue of 10 billion baht by 2026. It was the first time that Sappe unveiled a clear long-term strategy to enhance business growth in four sectors: the foreign market, the domestic market, All Coco and the merger and acquisition (M&A) which aims to strengthen the brand both in the existing and new markets.

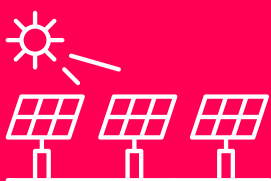
When we have a bigger and clearer goal, it is certain that the core of this journey is our team which must be ready to move forward to the goal together. In the past year, we adjusted Sappe’s core value to emphasize five principles, which are Experimental Creativity, Integrity for Sustainability, Do The Impossible, Dynamic with Speed and Never Give Up, and Fun Teamwork to be in line with the organization’s vision.

CORE VALUES

- EXPERIMENTAL CREATIVITY
- INTEGRITY FOR SUSTAINABILITY
- DO THE IMPOSSIBLE
- DYNAMIC WITH SPEED
- AND NEVER GIVE UP
- FUN TEAMWORK

In addition, we still looked after all employees equally to have good living and health with a number of welfares. We provided facilities for comfortable work and created a positive environment to help our “players” work with fun and challenge. We conducted over 100 programs of training and special programs to boost mindset, toolset and skillset to give our players competent weapons and boosters for our players. We will definitely have more intensive and fun activities.

Apart from taking care of our important players in the organization, we are still committed to developing our suppliers and business partners to grow together. In the meantime, we won't leave people in the communities and society behind. Last year, we cooperated with, supported and helped all groups with good governance during both normalcy and a crisis. We were ready to transparently disclose our operational performances through all channels such as the company's website, mass media and social media to allow the investors, shareholders and general public to thoroughly obtain the company's information. We were also ready to receive feedbacks in order to give the right response to all stakeholders.



Another operational dimension we are proud of is environmental protection. Apart from using clean energy from solar rooftop in full efficiency, Sappe is determined to produce more eco-friendly packages by using Polyethylene Terephthalate (PET) in bottle production and changing bottle labels from PVC to PET for better decomposition. We expect to produce 100% green bottles and labels in 2023 and will join force with our partners to develop eco-friendly packages in other categories.



PVC → PET



From the day that Sappe announced the five-year plan, we have been moving in the right direction with a satisfying performance with soaring growth domestically and internationally. Apart from the strength of our business partners worldwide, we have to praise our production teams which are able to manage, produce and deliver quality items to serve the needs of customers worldwide.

The outstanding performance was not coincident, but it happened because we believe that “We will better people's lives through our innovative spirit”. Therefore, every single bottle of Sappe products is full of quality that customers around the world can experience. It has been proven by the company being listed in Forbs Asia's “Best Under A Billion 2022” with Sappe among 13 listed companies in Thailand on the list. This reflected our strong capability to run business and grow amid challenges from the global crisis.

In addition, Sappe was selected as one of the “sustainable stocks,” or Thailand Sustainability Investment (THSI) 2022 on the list of the Stock Exchange of Thailand. We also won the “Thailand's Best Managed Companies” award 2022 in the category of beverage manufacturing and distributing industry from Deloitte (Thailand) given to Thailand's leading private companies with an achievement in management and a key role in driving industries and the national economic system. The award is widely accepted at the international level.

The other international award we are proud of was the prize from the UN Women 2022 Thailand WEPs Awards which is the sole awards ceremony in Asia-Pacific organized by the UN Women and the European Union. Sappe won the runner-up award in the Gender-Responsive Marketplace category. This emphasized the company's commitment to promote equality among all stakeholders throughout our value chain.

All achievements above are our paramount pride in the year 2022. On behalf of the chairman, chief executive officer, and all Sappe executives, we would like to thank the company staff who jointly created quality products to become global items. We appreciate our precious customers, partners, shareholders, and all groups of stakeholders who always have confidence in and constantly support Sappe. From now, every step we take is a step of pride as a Thai brand which is an organization of inspiration to deliver tasty and super-cool food and beverages in order to better people's lives through our innovative spirit.

Mr. Natee Onin
Chairman of the Board of
Directors

Ms. Piyajit Ruckariyapong
Director and Chief Executive Officer

Our Significant Pride in 2022

May

- ✓ Unveiled the strategic plan which sets a sales target of 10 billion baht by 2026.
- ✓ Created a brand communication of Sappe Beauti Drink as “Healthy Makes Beauty”.



June

- ✓ Turned Mogu Mogu into a lifestyle brand through ZEPETO, Asia's biggest Metaverse platform.



July

- ✓ Launched Beauti Shot Stix in Beauti Shot Stix IMMU-C and Beauti Shot Stix COLLA-C formulas.
- ✓ Introduced Mogu Mogu strawberry and lichee jelly in the foreign market.
- ✓ Launched Sappe InnoSci in Immune Booster and Hair&Nails formulas.
- ✓ Sappe signed MOU with GUNKUL to purchase hemp and cannabis products to build up expertise and expand the business.



August

- ✓ Sappe joined force with WORKPOINT to establish WOPE company for the new marketing called 'Eatertainment'.



Our Significant Pride in 2022

September

- ✓ Mogu Mogu x BTS in the 'Run BTS' program.
- ✓ Sappe won Thailand's Best Managed Companies from Deloitte.
- ✓ Sappe received the Excellent Establishment Award 2022 from the Social Security Office.
- ✓ Sappe was named one of 13 Thai companies in Forbes Asia's "Best under A Billion 2022": Asia-Pacific public companies with great performance and resilience.



October

- ✓ Sappe x Dek-D.com introduced items for Gen Z, "Sood Sud" herbal inhaler and "Limitless" lozenges.
- ✓ Introduced "Keaf" brand tea with various herbs.
- ✓ SAPPE was listed in SET's Thailand Sustainability Investment (THSI) 2022.



November

- ✓ Sappe won UN Women 2022 Thailand WEPs Awards underlining its commitment to promote gender equality throughout its supply chain.



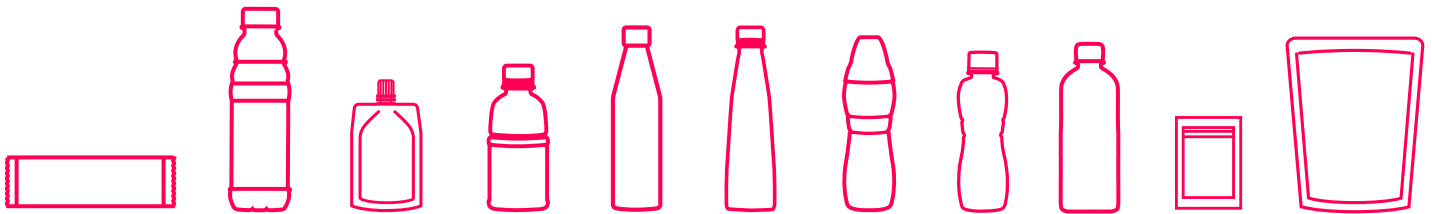
December

- ✓ Launched Preaw Gold high Fiber under Preaw Gold brand.
- ✓ Sappe Holding (Thailand) established an overseas subsidiary, expected to complete the company registration by June 2023.



Sappe Public Company Limited or Sappe is recognized as the leader of innovative drinks and being among the world's very first manufacturers to invent fruit juice mixed with coconut jelly. Sappe is also the pioneer of functional drinks in Thailand running business with the determination that "We better people's lives through our innovative spirit". The company applies innovation to drive the business creatively in order to produce innovative products. Sappe character of being energetic and fun has been perfectly demonstrated through the products and corporate culture.

In 2022, Sappe has 24 product brands in 5 categories created by Sappe Players and business partners. Beverage products from Sappe have been among the leaders in the functional drink market for a long time, offering refreshment made from agricultural products under Mogu Mogu, Sappe Aloe Vera and All Coco brands being distributed in 98 countries worldwide. Sappe is committed to running the business in line with sustainable practice, adhere with transparent administration and good governance and fully believe in the power of corporate culture. We are proud to be the Thai organization that has roles in lifting people's quality of life, supporting Thai farmers and pushing forward Thai products and Thai brands to stand tall on the world stage with the target to lead this Thai brand to become a global brand strongly and sustainably in all continents.



5 PRODUCT CATEGORIES

FUNCTIONAL BEVERAGE SEGMENT



FUNCTIONAL POWDER SEGMENT



FRUIT JUICE/ JUICE DRINK SEGMENT



HEALTHIER SNACK



SUPPLEMENT AND OTHERS





Mr. Natee Onin
Chairman



Mr. Adisak Ruckariyaphong
Vice Chairman and
Chairman of Executive
Committee



Mr. Padungdej Indralak
Independent Director
and Chairman of Audit
Committee



Ms. Kunnigar Triyangkulsri
Independent Director
and Audit Committee

BOARD MEMBERS



Mr. Surath Pralongsil
Independent Director
and Audit Committee



Mr. Thana Thienachariya
Independent Director



Mrs. Niratchara Siriamphunkul
Independent Director and
Audit Committee



Mr. Anan Ruckariyapong
Director,
Executive Committee,
and President



Ms. Piyajit Ruckariyapong
Director,
Executive Committee,
and Chief Executive Officer



Mr. Arnupap Ruckariyapong
Director and Senior Advisor
(Project & Technology)

Remark: Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022
Mrs. Niratchara Siriamphunkul was appointed as a member of Audit Committee with effective from 1 November 2022

2022 FACTS & FIGURES

TOTAL REVENUE

4899.5MB

GROWTH

+32% YOY

EBITDA

997.9MB

GROWTH

+41% YOY

NI

653.1MB

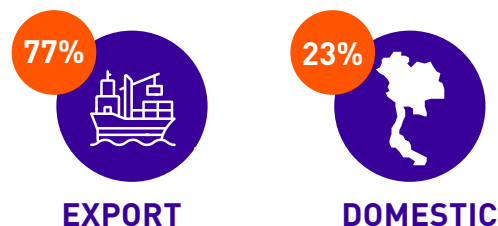
GROWTH

+59% YOY

TOP 3 BRANDS

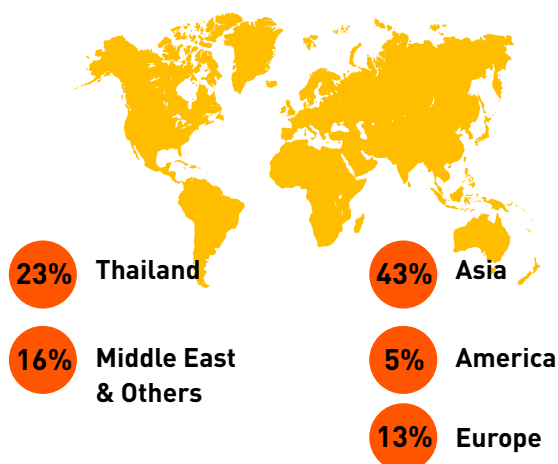


SALES BY LOCATION

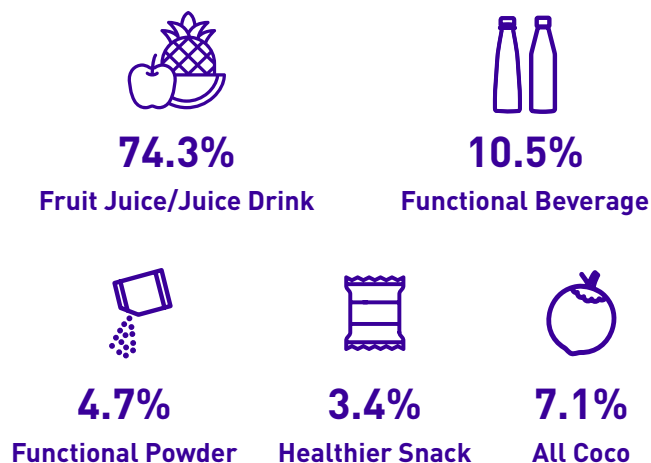


SALES BY REGION

>90 COUNTRIES TERRITORIES

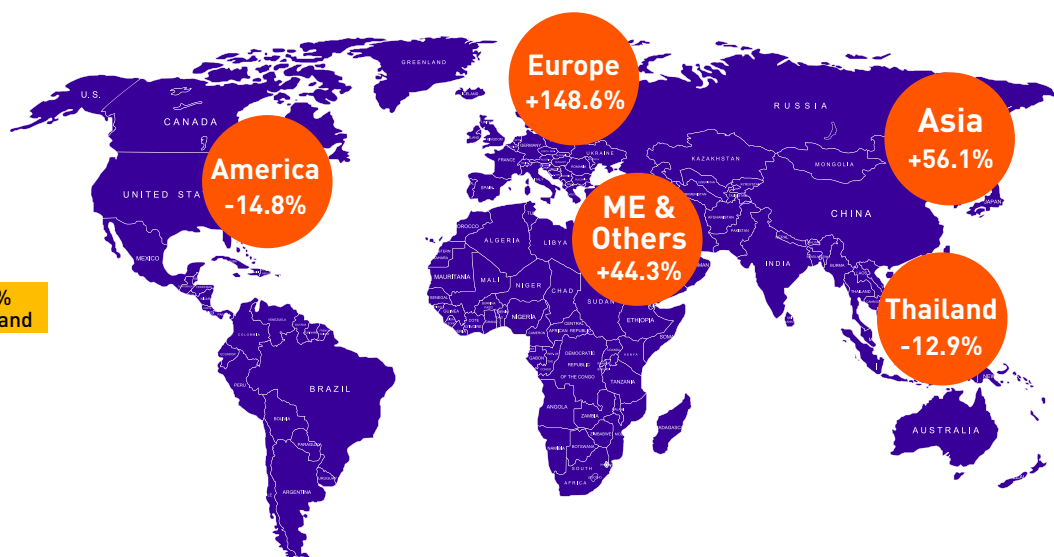
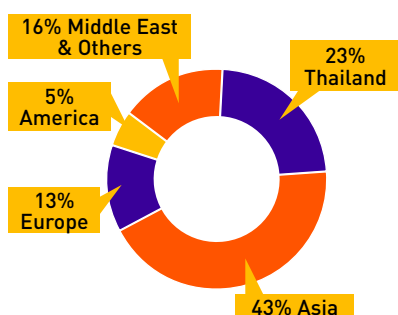


SALES BY PRODUCT CATEGORY



Y2022 (YoY) TOP LINE GROWTH BY REGIONS

International Business
Top 3 Contribution by
Countries



Sappe Players are the most important part to drive the company, making Sappe to become Sappe like today. Apart from taking care of our employees to work with happiness, fun and challenges, we also open a stage for all Sappe Players to encourage them to fully show creative ideas and energy. We promote lifelong learning, create a society of fighters who dare to try, dare to do without fear of mistake or failure, making Sappe truly become "Home of Innovators."



Sappe Players 2022

Number of Sappe Players

562
employees

255 Male employees
307 Female employees

141 Head Office employees
421 Factory employees

Number of training courses
(Inside & Outside)

82
Total courses

38 Head Office courses
44 Factory courses



Sappe Core Values



Experimental Creativity



Integrity for Sustainability



Do The Impossible



**Dynamic with Speed
and Never Give Up**



Fun Teamwork



**Employee Engagement
Survey**

Assessment results of
the employees' bond
with the organization



4.29/5
points



Assessment results of the
employees' pride for being a
part in creating innovation
for the growth of the
organization and society



**NPS Score
58%**



The “Wan Wan Wan” project entered its 6th year in 2022 and the performance is relatively good as the project generated output and income to the members throughout the year. Moreover, the number of members increased after the success of the project attracted newcomers to join. The total revenue of the “Wan Wan Wan” project in 2022 was 214,843 baht. Although some of the project members have been affected by Typhoon Noru, Sappe issued aid measures for the members during flooding and restoration after flooding. For a long-term measure, we plan to expand cultivated area by analyzing area suitability for the new members in order to reduce risk.



Wan
Wan
Wan

6th
Year



2022 Project Revenue
214,843 baht



Furthermore, Sappe also helped the Puech-Udom community enterprise in Lamlukka district, Pathum Thani province to generate income by producing “Sood Sud” inhaler under the brand “Sappe x Dek-D”. To bolster this local enterprise, Sappe shared knowledge of production standards and sent the product and quality development team to provide relevant knowledge for the local enterprise to bring new innovation to develop and sustainably generate income to them.



Environmental Performance

Sappe is determined to run business with determination to mitigate environmental impact, thus, it firmly emphasizes producing goods to meet the "Green Product" standards and develop the production process to become "Green Factory". It has also implemented new innovative technology to reduce pollution from the production and to protect the environment. The eco-friendly production is always carried out along with running the operations with social and environmental responsibilities. The company brought in the environmental management system ISO14001:2015 to apply in its business and required all employees to comply with the policy.



Electric Power Generation



3,142,395
kWh

Electricity Savings



11,408,063
THB

Reduction of CO₂ Emission



3,242,925
kg

Equivalent to Forestation



2,045
trees/year

Throughout 2022, Sappe used electricity from the solar rooftop along with power from the state enterprises which helped reduced electricity usage in the company. It was part of the campaign to promote the use of clean energy and reduce greenhouse gas emissions.

In addition, Sappe is committed to emphasizing and promoting related activities such as encouraging the employees to turn off the lights and computer screens during lunch break as part of the activities to reduce energy usage.

Source of Electric Power	2022	2021
Provincial Electricity Authority	23,522 MWh	18,494 MWh
Rooftop	3,151 MWh	1,967 MWh
Reduction of CO ₂ emission	3,234 ton	1,960 ton



In addition, the Company also supports activities such as campaigning for employees to turn off the lights and computer monitors during lunch breaks, as part of the activity to reduce energy consumption.



82 Acres of Land
(154 Rai)



500+ Manpower



8,000 Sqm Warehouse



Capacity: 158,976 tons
per year



In-house PET bottling
(preform & bottle)



8 Powder Filling Lines



4 Beverage Lines



2 Pouch Lines



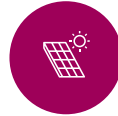
5 Special lines



**SAP
ERP**



Zero Discharge



Clean energy
Solar rooftop

Beverage production capacity and production volume from 2020 to 2022

Klong 13 Factory	2022	2021	2020
Production Capacity (tons)	158,976	136,078	129,598
Production Volume (tons)	114,917	97,815	88,790
% Utilization	72%	72%	69%



Statement of Financial Position - Consolidated financial statements

Statement of Financial Position	31-Dec-22		31-Dec-21		31-Dec-20		31-Dec-19	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Assets	4,561.33	100.00	3,848.40	100.00	3,647.16	100.00	3,389.97	100.00
Current Assets	3,079.28	67.51	2,523.69	65.58	2,361.32	64.74	1,943.88	57.34
Cash and Cash Equivalents	298.81	6.55	382.61	9.94	194.39	5.33	181.70	5.36
Current Investments	1,829.72	40.11	1,371.10	35.63	1,415.10	38.80	1,132.13	33.40
Trade account receivables	324.14	7.11	340.58	8.85	435.59	11.94	352.87	10.41
Other current receivables	135.36	2.97	89.17	2.32	64.46	1.77	40.95	1.21
Short-term loans to related parties	-	-	-	-	-	-	-	-
Inventories	444.46	9.74	290.72	7.55	221.07	6.06	216.90	6.40
Other current assets	46.80	1.03	49.51	1.29	30.71	0.84	19.33	0.57
Non-Current Assets	1,482.04	32.49	1,324.71	34.42	1,285.84	35.26	1,446.09	42.66
Investment in subsidiaries	89.12	1.95	88.96	2.31	14.19	0.39	29.74	0.88
Investment in joint ventures	30.17	0.66	-	-	-	-	-	-
Other non-current financial assets	66.75	1.46	66.75	1.73	-	-	-	-
Other long-term investments	-	-	-	-	-	-	100.00	2.95
Property, Plant and Equipment	1,067.73	23.41	951.27	24.72	1,006.22	27.59	1,133.84	33.45
Right-of-use assets	64.21	1.41	54.97	1.43	96.76	2.65	-	-
Goodwill	90.90	1.99	90.90	2.36	90.90	2.49	90.90	2.68
Intangible assets other than goodwill	37.04	0.81	43.35	1.13	49.95	1.37	56.06	1.65
Deferred tax assets	26.41	0.58	19.81	0.51	18.31	0.50	14.96	0.44
Other non-current assets	9.70	0.21	8.70	0.23	9.51	0.26	20.59	0.61
LIABILITIES AND EQUITY	4,561.33	100.00	3,848.40	100.00	3,647.16	100.00	3,389.97	100.00
Liabilities	1,201.27	26.34	841.93	21.88	774.05	21.22	646.20	19.06
Current liabilities	1,071.14	23.48	745.47	19.37	670.50	18.38	602.71	17.78
Bank Overdraft	1.06	0.02	1.89	0.05	1.46	0.04	-	-
Trade account payables	229.97	5.04	180.82	4.70	217.94	5.98	182.08	5.37
Other current payables	734.23	16.10	495.09	12.86	360.00	9.87	366.35	10.81
Current portion of long term borrowings	-	-	-	-	-	-	-	-
from financial institutions	-	-	-	-	0.03	0.00	0.10	0.00
Short-term borrowings from related parties	9.35	0.20	9.46	0.25	9.35	0.26	10.98	0.32
Current portion of lease liabilities	10.92	0.24	10.07	0.26	25.33	0.69	6.50	0.19
Current income tax payable	85.61	1.88	48.14	1.25	56.39	1.55	36.70	1.08
Non-Current Liabilities	130.14	2.85	96.46	2.51	103.55	2.84	43.49	1.28
Long-term loans from financial institution	-	-	-	-	-	-	0.03	0.00
Lease Liabilities	60.54	1.33	51.88	1.35	65.90	1.81	12.45	0.37
Deferred tax liabilities	2.97	0.07	3.00	0.08	2.91	0.08	2.57	0.08
Non-current provisions for employee benefits	61.82	1.36	36.61	0.95	27.61	0.76	20.30	0.60
Other non-current liabilities	4.81	0.11	4.97	0.13	7.13	0.20	8.14	0.24
Equity	3,360.05	73.66	3,006.47	78.12	2,873.11	78.78	2,743.77	80.94
Issued and paid-up share capital	308.29	6.76	306.09	7.95	304.38	8.35	304.38	8.98
Share premium on ordinary shares	1,082.23	23.73	1,021.35	26.54	975.61	26.75	975.61	28.78
Warrants	-	-	19.03	0.49	27.80	0.76	20.93	0.62
Retained earnings - Legal reserve	30.84	0.68	30.84	0.80	30.84	0.85	30.84	0.91
Retained earnings - Unappropriated	1,839.30	40.32	1,533.65	39.85	1,433.30	39.30	1,312.46	38.72
Difference from common control transactions	(4.37)	(0.10)	(4.37)	(0.11)	(4.37)	(0.12)	(4.37)	(0.13)
Difference from currency translation	1.52	0.03	(0.91)	(0.02)	4.03	0.11	7.34	0.22
Equity attributable to non-controlling interests	102.24	2.24	100.79	2.62	101.52	2.78	96.58	2.85

Statement of Financial Position - Separate financial statements

Statement of Financial Position	31-Dec-22		31-Dec-21		31-Dec-20		31-Dec-19	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Assets	4,491.17	100.00	3,783.68	100.00	3,546.78	100.00	3,279.25	100.00
Current Assets	2,941.95	65.51	2,403.86	63.53	2,248.19	63.39	1,849.27	56.39
Cash and Cash Equivalents	249.99	5.57	324.55	8.58	151.92	4.28	124.39	3.79
Current Investments	1,829.72	40.74	1,371.11	36.24	1,415.10	39.90	1,132.13	34.52
Trade account receivables	281.16	6.26	318.78	8.43	418.91	11.81	334.59	10.20
Other account receivables	145.06	3.23	88.19	2.33	63.02	1.78	42.87	1.31
Short-term loans to related parties	5.61	0.12	5.61	0.15	5.61	0.16	7.65	0.23
Inventories	383.90	8.55	247.14	6.53	175.51	4.95	188.98	5.76
Other current assets	46.51	1.04	48.48	1.28	18.12	0.51	18.66	0.57
Non-Current Assets	1,549.22	34.49	1,379.82	36.47	1,298.59	36.61	1,429.98	43.61
Investment in subsidiaries	420.00	9.35	390.16	10.31	290.16	8.18	290.16	8.85
Other non-curren financial assets	66.75	1.49	66.75	1.76	-	-	-	-
Other long-term investments	-	-	-	-	-	-	100.00	3.05
Property, Plant and Equipment	946.76	21.08	816.63	21.58	881.24	24.85	973.01	29.67
Right-of-use assets	54.79	1.22	47.22	1.25	63.12	1.78	-	-
Intangible assets other than goodwill	29.39	0.65	34.88	0.92	40.34	1.14	46.52	1.42
Deferred tax assets	26.10	0.58	19.68	0.52	18.21	0.51	14.92	0.46
Other non-current assets	5.43	0.12	4.50	0.12	5.52	0.16	5.37	0.16
LIABILITIES AND EQUITY	4,491.17	100.00	3,783.68	100.00	3,546.78	100.00	3,279.25	100.00
Liabilities	1,156.15	25.74	797.91	21.09	715.40	20.17	581.49	17.73
Current liabilities	1,045.46	23.28	718.06	18.98	631.38	17.80	561.54	17.12
Trade account payable	240.03	5.34	192.60	5.09	228.78	6.45	179.78	5.48
Other current payables	709.61	15.80	468.64	12.39	335.21	9.45	345.16	10.53
Current portion of long term borrowing from financial instiotutions	-	-	-	-	-	-	-	-
Current portion of lease liabilities	10.47	0.23	8.80	0.23	11.57	0.33	-	-
Current income tax payable	85.34	1.90	48.02	1.27	55.82	1.57	36.60	1.12
Non-Current Liabilities	110.69	2.46	79.85	2.11	84.02	2.37	19.95	0.61
Long-term loans from financial institution	-	-	-	-	-	-	-	-
Lease Liabilities	50.35	1.12	44.25	1.17	57.00	1.61	-	-
Non-current provisions for employee benefits	60.33	1.34	35.60	0.94	27.02	0.76	19.95	0.61
Equity	3,335.02	74.26	2,985.77	78.91	2,831.38	79.83	2,697.76	82.27
Issued and paid-up share capital	308.29	6.86	306.09	8.09	304.38	8.58	304.38	9.28
Share premium on ordinary shares	1,082.23	24.10	1,021.35	26.99	975.61	27.51	975.61	29.75
Warrants	-	-	19.03	0.50	27.80	0.78	20.93	0.64
Retained earnings - Legal reserve	30.84	0.69	30.84	0.82	30.84	0.87	30.84	0.94
Retained earnings - Unappropriated	1,913.66	42.61	1,608.46	42.51	1,492.75	42.09	1,366.00	41.66

Statement of comprehensive income - Consolidated financial statements

Statement of comprehensive income	Consolidated financial statements							
	31 December							
	2022		2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue								
Total revenue	4,899.51	100.00	3,712.77	100.00	3,320.93	100.00	3,386.86	100.00
Revenue from sale of goods	4,566.40	93.20	3,444.16	92.77	3,268.08	98.41	3,299.48	97.42
Other income	333.11	6.80	268.61	7.23	52.85	1.59	69.92	2.06
Gain from change in interest in associate	-	-	-	-	-	-	10.08	0.30
Net foreign exchange gain	-	-	-	-	-	-	7.38	0.22
Total revenue	4,899.51	100.00	3,712.77	100.00	3,320.93	100.00	3,386.86	100.00
Expenses		-		-				
Cost of sales of goods	2,702.90	55.17	2,089.13	56.27	2,067.23	62.25	2,083.85	61.53
Distribution costs	982.88	20.06	759.88	20.47	451.48	13.59	490.11	14.47
Administrative expenses	383.27	7.82	318.26	8.57	298.36	8.98	290.70	8.58
Net foreign exchange loss	8.51	0.17	5.68	0.15	5.91	0.18	-	-
Finance costs	2.29	0.05	2.52	0.07	3.15	0.09	1.12	0.03
Total expenses	4,079.85	83.27	3,175.47	85.53	2,826.13	85.10	2,865.77	84.61
Reversal of impairment loss determined in accordance with TFRS 9	(3.87)	(0.08)	(0.86)	(0.02)	2.67	0.08		
Share of loss from associates accounted for using equity method	0.34	0.01	(20.23)	(0.54)	(15.55)	(0.47)	(18.35)	(0.54)
Profit before income tax expense	816.14	16.66	516.21	13.90	481.92	14.51	502.74	14.84
Tax expense	161.71	3.30	105.98	2.85	95.97	2.89	100.01	2.95
Profit for the year	654.43	13.36	410.23	11.05	385.95	11.62	402.73	11.89

Statement of cash flows - Consolidated financial statements

Statements of Cash flows	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
Net cash from (used in) operating activities	1,014,952,626	693,388,814	539,910,069	605,655,849
Net cash from (used in) investing activities	(792,091,491)	(215,802,827)	(251,551,165)	(387,579,109)
Net cash from (used in) financing activities	(306,667,556)	(289,372,337)	(275,663,481)	(209,018,592)
Cash and cash equivalents at 1 January	382,609,637	194,389,005	181,695,045	172,637,193
Effect of disposals of investments in subsidiary	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	2,312	6,982	(1,463)	(296)
Cash and cash equivalents at 31 December	298,805,528	382,609,637	194,389,005	181,695,045

Statement of comprehensive income - Separate financial statements

Statement of comprehensive income	Separate financial statements							
	31 December							
	2022		2021		2020		2019	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue								
Total revenue	4,642.75	100.00	3,445.98	100.00	3,042.08	100.00	3,129.33	100.00
Revenue from sale of goods	4,317.24	92.99	3,181.62	92.33	2,991.88	98.35	3,051.48	97.51
Other income	325.51	7.01	264.36	7.67	50.20	1.65	65.58	2.10
Net foreign exchange gain	-	-	-	-	-	-	12.27	0.39
Total revenue	4,642.75	100.00	3,445.98	100.00	3,042.08	100.00	3,129.33	100.00
Expenses								
Cost of sales of goods	2,499.14	53.83	1,865.64	54.14	1,854.79	60.97	1,888.40	60.35
Distribution costs	961.60	20.71	737.88	21.41	423.24	13.91	456.90	14.60
Administrative expenses	355.11	7.65	294.23	8.54	273.15	8.98	265.40	8.48
Net foreign exchange loss	6.91	0.15	13.92	0.40	9.34	0.31	-	-
Finance costs	1.59	0.03	1.77	0.05	2.10	0.07	0.00	0.00
Total expenses	3,824.35	82.37	2,913.44	84.55	2,562.62	84.24	2,610.69	83.43
Reversal of impairment loss determined in accordance with TFRS 9	(4.33)	(0.09)	(1.09)	(0.03)	1.65	0.05		
Profit before income tax expense	814.07	17.53	531.45	15.42	481.11	15.82	518.64	16.57
Tax expense	161.36	3.48	105.27	3.05	94.47	3.11	99.75	3.19
Profit for the year	652.71	14.06	426.18	12.37	386.64	12.71	418.89	13.39

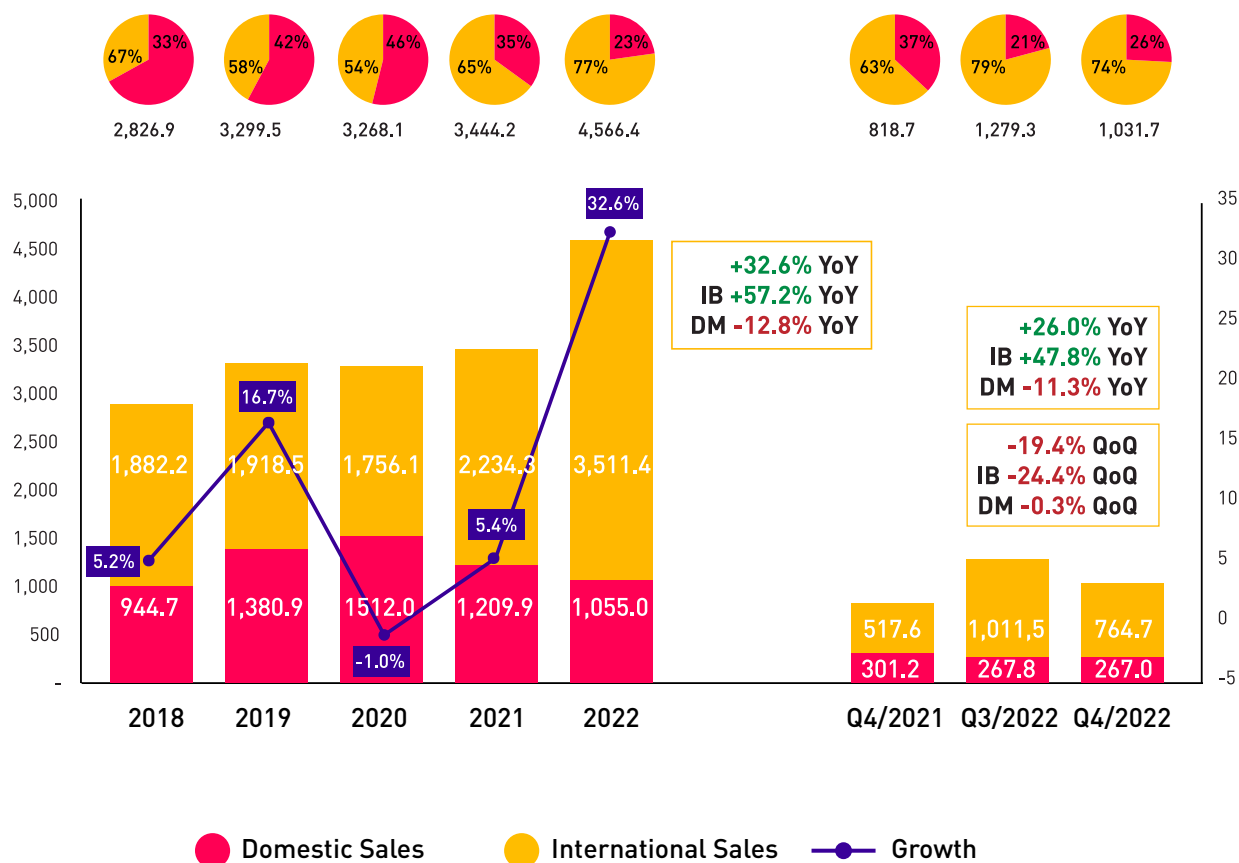
Statement of cash flows - Separate financial statements

Statements of Cash flows	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
Net cash from (used in) operating activities	1,015,529,912	673,858,067	532,191,434	590,240,545
Net cash from (used in) investing activities	(785,479,661)	(213,838,346)	(238,887,071)	(424,787,015)
Net cash from (used in) financing activities	(304,608,570)	(287,399,115)	(265,772,459)	(200,624,738)
Cash and cash equivalents at 1 January	324,544,988	151,917,400	124,386,959	159,558,463
Effect of exchange rate changes on cash and cash equivalents	2,312	6,982	(1,463)	(296)
Cash and cash equivalents at 31 December	249,988,981	324,544,988	151,917,400	124,386,959

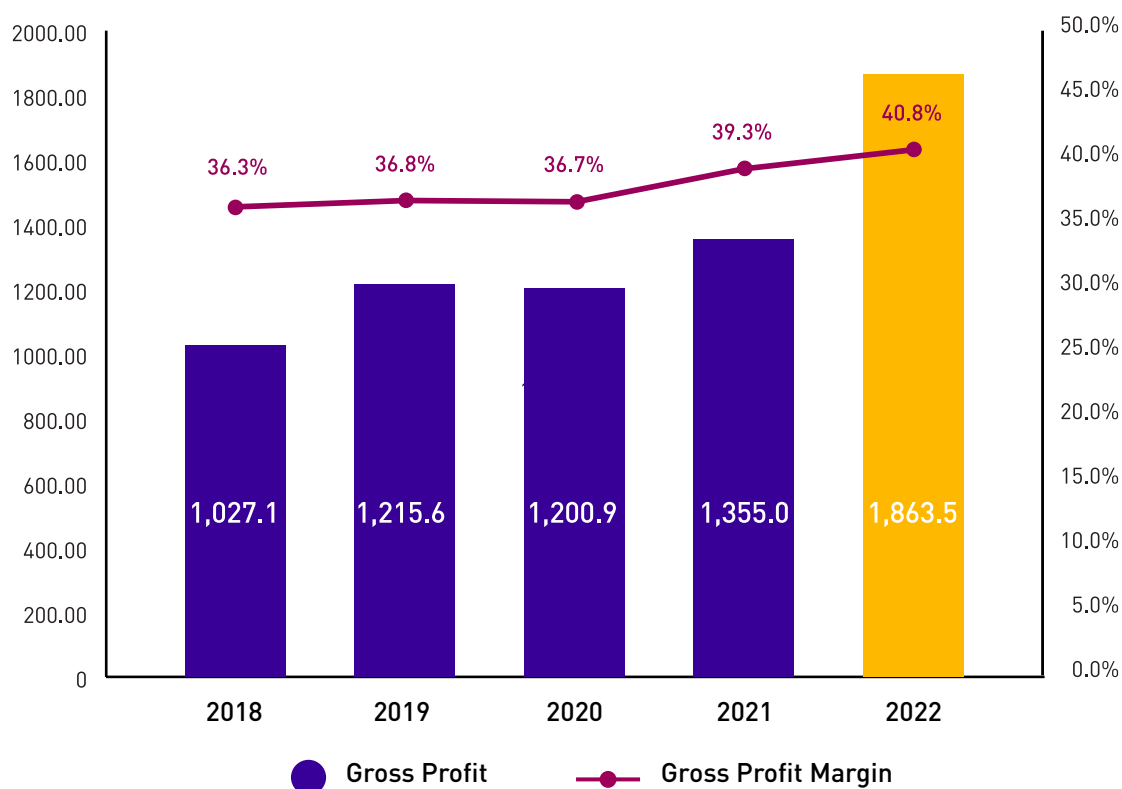
Financial Ratios

Financial ratios	2022	2021	2020	2019
Liquidity ratio				
Liquidity ratio	2.87	3.39	3.52	3.23
Quick ratio	2.29	2.81	3.05	2.77
Cash ratio	1.12	0.98	0.85	1.12
Account receivable turnover	13.59	8.84	8.26	10.94
Average collection period (days)	26.48	40.73	43.57	32.91
Inventory turnover	11.89	18.46	26.31	27.01
Days sales of inventory (days)	30.27	19.50	13.68	13.33
Account payable turnover	13.16	10.48	10.34	11.63
Days payable outstanding (days)	27.36	34.36	34.83	30.96
Cash Cycle (days)	29.39	25.87	22.42	15.28
Profitability ratio				
Gross profit margin (%)	40.81	39.34	36.74	36.84
Operating profit margin (%)	10.66	7.80	13.52	13.14
Other income to total revenue (%)	6.80	7.23	1.59	2.28
Cash to profit margin (%)	208.60	258.06	122.17	139.65
Net profit margin (%)	13.36	11.05	11.62	11.89
Return on Equity (%)	20.56	13.95	13.74	15.59
Efficiency ratio				
Return on Asset (%)	15.56	10.95	10.97	12.76
Return on Fixed Asset (%)	82.61	61.26	54.34	53.56
Assets Turnover	1.17	0.99	0.94	1.07
Financial policy ratio				
Debt to Equity	0.36	0.28	0.27	0.24
Interest Coverage	553.20	358.80	170.46	405.83
Debt Service Ability	0.90	1.79	0.84	1.10
Dividend Payout (%)	51.66	75.68	65.44	49.87

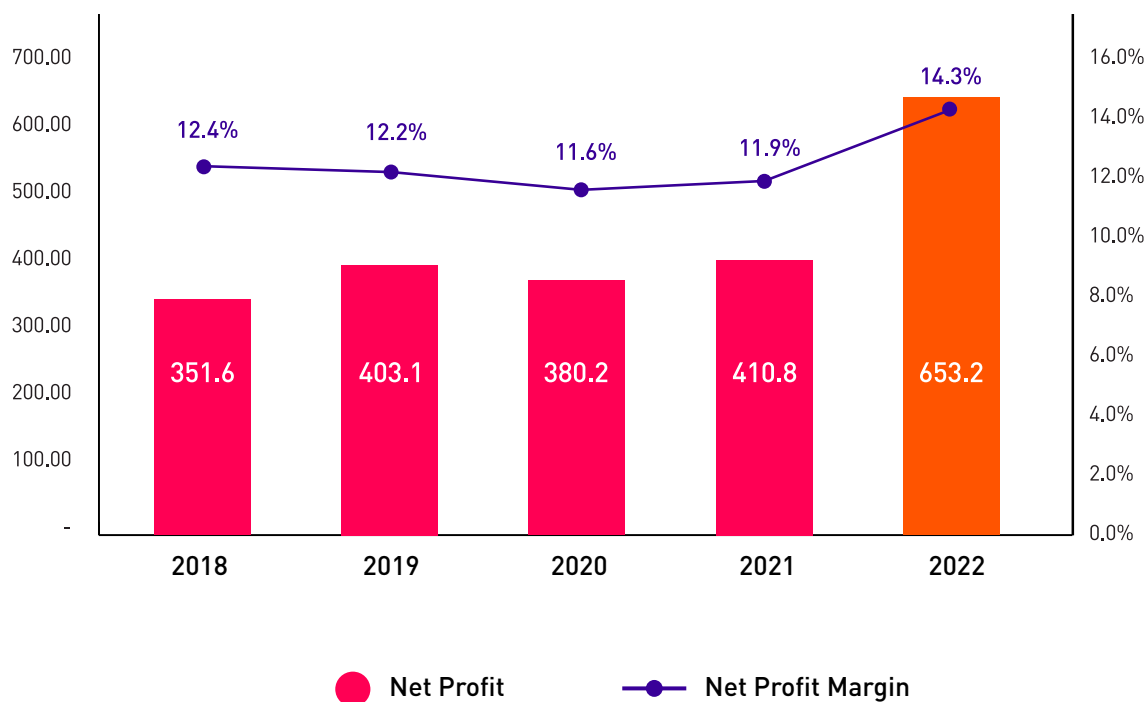
Revenue From Sales of Goods



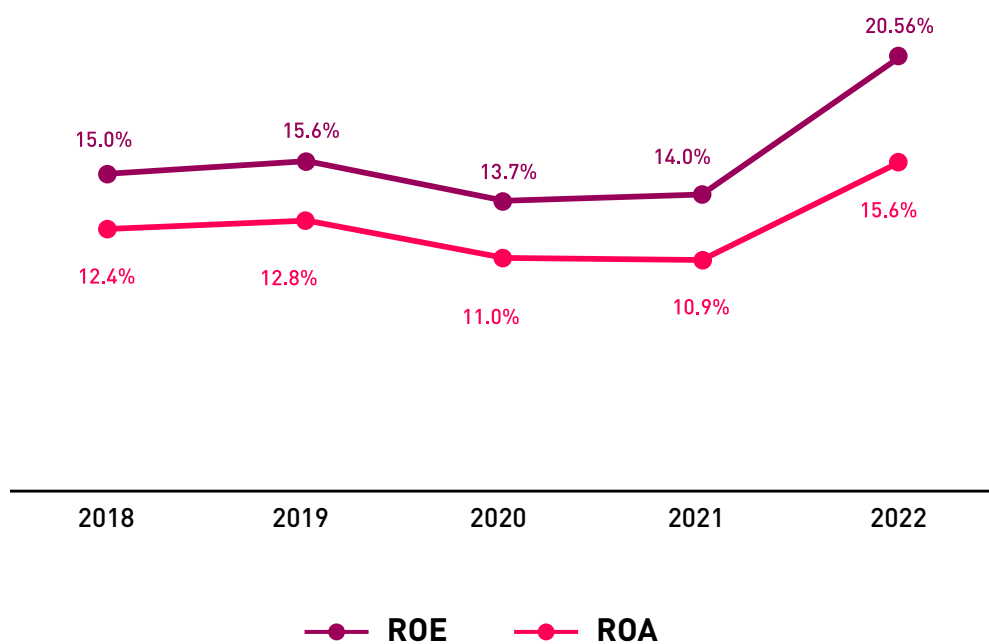
Gross Profit and Gross Profit Margin



Net Profit and Net Profit Margin



Return on Asset and Return on Equity



1

Business Operation and Performance

1. Structure and Business Operation

1.1 Policy and Overall Business

SAPPE, Thailand's leading innovative beverage brand, has been running business with a strong determination that "We better people's lives through our innovative spirit," brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture. SAPPE now has 24 quality product brands in five categories which make the company the leader in Thailand's functional drink market under the Sappe Beauti Drink brand for a long time. The company has products made from raw materials from Thai farmers under the Mogu Mogu, Sappe Aloe Vera and All Coco brands which are available in 98 countries with the main goal to make this Thai brand SAPPE become a global brand.

Five Product Categories

1. **Functional Beverage Segment.** Sappe is regarded as the origin of this category in Thailand with the launch of Sappe Beauti Drink in 2006. Since its debut, Sappe Beauti Drink has dominated the functional drink market for over a decade. The other brands in this category include Sappe Beauti Drink and B'lue vitamin water.
2. **Functional Powder Segment.** The brands in this category include Preaw Chlorophyll, Preaw Coffee Slim fit Coffee and Maxtive Coffee, which is the best seller (sale volume) in the weight-control coffee market.
3. **Fruit Juice / Juice Drink Segment.** The beverage in this category is Mogu Mogu, the world's first functional drink made from fruit juice and coconut jelly, which was introduced in 2001. Our top exported juice drink brands in the global market are Gumi Gumi, Sappe Aloe Vera, All Coco Nam Hom coconut juice and Gumi Gumi by Mogu Mogu
4. **Healthier Snack,** including Sappe Beauti Jelly, Maxtive functional jelly, Zea Max crispy fish snack, and All Coco coconut pudding, Kru Pensri Candy and Limitless lozenge
5. **Supplement & others,** including Sappe Inno science, Sappe x Takabb cough relief shot, Ruby lady, Sood Sud herbal inhaler and and Keaf hemp tea.

To strengthen its business, Sappe has partnered with potential business allies as follows:

1. 2011: Sappe collaborated with a business partner in Slovakia and established Sappe Europe s.r.o. for joint marketing in Europe to push Sappe to become a global brand.
2. 2015: The company established Sappe Hong Kong Ltd. aiming at marketing management in Hong Kong.
3. 2016: Sappe Trading (Hong Kong) Ltd. was established to import, export and distribute products in Hong Kong.
4. 2016: Sappe Trading (Shanghai) Ltd. was established to manage the marketing and product distribution in China.
5. 2016: Sappe acquired shares in Coconut Factory Co., Ltd., now All Coco Co., Ltd., in order to expand the exporting market of coconut water to the global market.

6. 2019: Sappe made a business partnership with MYEN Pte. Ltd. (Danone) to establish Danone Sappe Beverages Co., Ltd. and launched B'lue vitamin water.
7. 2021: Sappe made a significant collaboration with Workpoint Entertainment Public Company Limited to launch a new product, "Kru Pensri" chewing candy, in two flavors.
8. 2021: Sappe collaborated with Hatakabb, the legendary cough pill company, to create "Sappe x Takabb" functional shot which helps relieve cough. It enlivened the functional herbal drink market as a unique product.
9. 2021: Sappe entered digital transformation by acquiring shares in M Intelligence, a leading technology consulting company. The acquisition is counted as an investment in the new business which is a global mega trend.
10. 2022: Sappe collaborated with Thai Broadcasting Company Limited, to co-invest into a joint venture company, WOPE Company Limited to develop, manufacture, market and distribute innovative food and beverage products.
11. 2022: Sappe teams up with Dek-D interactive Company Limited, known as Dek- D, to introduce new items, aromatic herbs 'Sood Sud' and 'Limitless' lozenge for Gen Z consumers.

1.1.1 Vision, Mission, Objective and Goal of Business Operation

"We better people's lives through our innovative spirit"

Vision

"Moving towards to become a trustworthy global brand with an organization with continuous innovation. We aim to reach revenue of 10 billion baht in 2026 together with a team which has fun and hungry for success."

Mission

"We will be an inspiring Thai model organization delivering superior of choices of food and beverages to better people's lives through our innovative spirit"

Objective and Goal

"The company focuses on becoming a leader in the food and beverage business to produce and distribute healthy products for consumers. We also emphasize on new product development and modern and eye-catching packages, and offer quality products as new alternatives for consumers."

The company maintains its business goal in the next 3-5 years with sale growth of at least 10% per year. The growth will come from the company's original business, launches of new innovative products to the market and business partnership with other companies. Additionally, operational strategies will be applied cautiously along with human resources development and efficient working process for business excellence. The operation will be carried out under good corporate governance in order to achieve the goal.

1.1.2 Significant Changes and Developments

In 2022

May

- Unveiled a strategic plan which sets a **revenue goal of 10 billion baht** by 2026 from boosting the growth of international business and domestic market, All Coco and the Merger and Acquisition (M&A) strategy.

June

- Implemented the Online to Offline (O2O) marketing strategy in promoting Sappe's signature brand Mogu Mogu through Asia's biggest metaverse platform **ZEPETO** where the users can buy special items or getting dressed in Mogu Mogu character as well as having fun with friends in the photo and VDO booth. In addition, the company collaborated with **Graver of Anaheim**, a popular teenage clothing brand in South Korea, to launch summer collection products in order to create a chance to reach new target groups. With this, Mogu Mogu is not just a beverage brand, but will become a lifestyle brand both in the real world and metaverse in the future.

July

- Introduced a new product called "**Beauti Shot Stix**" which is a concentrated shot in a stick pack in two formulas, Immu-C and Colla-C with high vitamin. The Beauti Shot Stix Immu-C is full of elderberry and vitamins from berries to help prevent virus from attaching to cells in the body, to slow down an expansion of virus in a respiratory system and to build immunity. The **Beauti Shot Stix Colla-C** is rich with collagen and 200% of vitamin C to nourish the skin and to stimulate collagen absorption and production.
- Expanded Mogu Mogu's product line with "**Mogu Mogu Jelly Strawberry**" and "**Mogu Mogu Jelly Lichee**" to offer customers with new drinking choices. The new flavors are part of a product line expansion with an aim to increase the number of new customers in various groups in foreign countries, but still maintain Mogu Mogu's identity as fruit juice mixed with coconut jelly.
- Introduced and distributed a supplement product called "**InnoSci**" in "Immune Booster" and "Hair&Nails" formulas to help improve the immune system and nourish hair and nails respectively. **The Sappe InnoSci Immune Booster** contains nutrients to boost the function of the immune system, strengthen immunity and reduce substances that stimulate allergy symptoms. Meanwhile, the **Sappe InnoSci Hair&Nails** formula contains the right amount of vital nutrients for hair. This supplemental drink can help solve hair problems from within, strengthen hair structure, reduce hair fall, curb oily scalp, and nourish hair roots.
- Signed a Memorandum of Understanding (MOU) with G.K. Hemp Group Co which is a subsidiary of Gunkul Engineering Plc (GUNKUL) to purchase cannabis and hemp products in order to expand the Thai cannabis and hemp market. The expansion will start in the domestic market before going to the foreign market.

August

- After launching two flavors of "Kru Pensri" candy with a successful response in 2021, Sappe Holding (Thailand), a subsidiary which Sappe holds 100% of the total shares, has become a business partner with Thai Broadcasting Co (THB), a subsidiary of Workpoint Entertainment Plc (WORK), by setting up **WOPE Company Limited**. The collaboration was aimed at using expertise of the two companies to develop, produce, market and distributing food and beverage through innovation and communication that strike a chord with the consumers. In the registered capital of 50 million baht, Sappe Holding (Thailand) Co holds 60% of the total shares while the remaining 40% is held by THB.

September

- Implemented the "Global Influencer Marketing" as a strategic plan to publicize Mogu Mogu drink through **BTS, a popular boyband**, in the Run BTS program to emphasize the brand image in moving towards to become a global brand. This marketing strategy also helped boost the sales other countries in Asia and Europe.

October

- Collaborated with a leading online media for teenagers and students, **Dek-D Interactive Company Limited**, or Dek-D.com, to introduce two products: **Sood Sud aromatic herbs** and Limitless lozenges exclusively for Gen-Z consumers. The Sood Sud inhaler was created in three scents of three seasons which are summer, spring and winter. The summer collection offers a refreshing scent of lemon and citrus combining with sweet aroma of summer blossoms, while the spring collection has a floral scent of blooming flowers and the winter collection has a cool and refreshing scent of rosemary and menthol, blending with soft aroma of winter flowers to help ease stress. The product is convenient for daily use with no harm to the earth due to a reduction in plastic packaging. Additionally, the item was made from the output of the Puech-Udom women's group, a community enterprise in Lam Lukka District, Pathum Thani Province established to generate income for the community members. The Limitless lozenges are sour lemon flavor tablets that contain green tea extracts and vitamin B6 and B12 to help nourish the regular function of the nerve and brain systems, and vitamin C to enhance immunity and get rid of sleepiness during the day. This item is regarded as an innovation in the food category to serve consumers' need, and an expansion of product portfolio to the Gen Z consumers.

- Introduced and distributed new herbal tea for relaxation under the “Keaf” brand. The Keaf tea contains various herbs with calming scent for physical benefits such as relieving stress, bringing about relaxation and having a better sleep. The product also helps reduce sleeping difficulty, ease dizzy symptom and migraine.

December

- Introduced and distributed a new product under the “Preaw Gold” coffee brand in **high fiber formula**. The Preaw Gold fiber coffee is rich with 5,000 mg of fiber and chebulic myrobalan extract which is known as the king of herbs to help improve excretion and detoxify intestine.
- Received approval from the Board of Directors which authorized Sappe Holding (Thailand) to **establish an oversea subsidiary** with an aim to increase the capability of business competition and expansion. It is expected to complete the company registration by June, 2023.

1.1.3 Company Information

Company	:	Sappe Public Company Limited
Nature of Business Operations	:	Manufacturer and distributor of healthy food and beverages
Office	:	1) Head Office 9/3 Bangchan Industrial Estate, Soi Serithai 56, Serithai Road, Kannayao, Bangkok 2) Branch Office and Factory 8 Moo 7 Tambon Puech-udom, Amphoe Lam Lukka, Prathumthani 3) Branch Office 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok
Registration No.	:	0107556000591
Website	:	www.sappe.com
Telephone	:	0-2319-4949
Fax	:	0-2319-7337
Email	:	ir@sappe.com
Registered Capital	:	308,438,080 Baht, divided into 308,438,080 Common shares at 1 Baht per share
Paid-up Capital	:	308,289,080 Baht, divided into 308,289,080 Common shares at 1 Baht per share

1.2 Nature of Business Operations

1.2.1 Income structure

The Company and its subsidiaries' sales totaled to 3,268.1 million baht, 3,444.2 million baht and 4,566.4 million baht in 2020, 2021, and 2022 respectively. Classification of sales into product categories are as follows.

Product Category	2022		2021		2020	
	%	Million Baht	%	Million Baht	%	Million Baht
1. Functional Beverage Category	10.5	478.7	15.7	541.4	21.2	692.3
2. Fruit Juice/Juice Drink Category	81.4	3,718.8	71.7	2,468.7	63.7	2,082.9
3. Functional Powder Category	4.7	212.5	7.0	242.6	7.6	247.5
4. Healthier Snack Category	2.8	127.7	4.2	144.1	6.7	219.8
5. Supplement and others Category	0.6	28.6	1.4	47.4	0.8	25.5

In 2022, the Company's sales proportion between domestic sales and overseas sales was 23:77.

Sales	2022		2021		2020	
	%	Million Baht	%	Million Baht	%	Million Baht
Total	100	4,566.4	100.0	3,444.2	100.0	3,268.1
Domestic	23.1	1,052.1	35.1	1,209.9	45.3	1,481.3
International	76.9	3,514.3	64.9	2,234.3	54.7	1,786.7

Domestic distribution channel consists of 5 main channels:

1) Modern Trade, such as convenience stores, supermarkets and hypermarkets.

2) Traditional Trade, through distributors to traditional wholesaling / retailing stores.

3) Out of Home, through special channels e.g. hotels, restaurants, cafes, airports, golf courses, gyms, universities, food courts, health stores, and sport stores etc.

4) E-Commerce, through Social Media Platform such as Facebook Fanpage, Sappe LINE Official Account (line@sappe) or Popular Market Place Platform such as Shoppe and Lazada

5) Brand Activation & Selling, the company developed product distribution through a mobile sale team, so called "commando squad," by adding product introduction to this channel. Thus, the Sappe's commando squad would sell and introduce products at the same time when they distribute products in Bangkok and nearby provinces.

Overseas distribution channels include 1) Subsidiary, 2) Importer and 3) Local distributors in 98 countries in Asia, South East Asia, Middle East, Europe, Africa, North America and South America. In 2022, the International sales was 77% of total sales revenue, breaking down into 43.4% Asian countries, 12.7% European, 5.2% American countries and 15.7% Middle East and other countries.

1.2.2 Product Information

(1) Nature of Products or Services and Business Innovation Development

SAPPE, Thailand's leading innovative beverage brand, has been running business with a strong determination that **"We better people's lives through our innovative spirit,"** brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture.

Although in 2022, the domestic market situation remained a challenge, the team has used this opportunity to understand and reach more consumers in order to develop products that are more liked, including targeted communication, as well as integrated work perspective where all activities are connected in the same direction for good and effective feedback.

SAPPE currently has 24 quality product brands in 5 categories to meet consumer needs. The brands being distributed in both domestic and oversea markets are as follows:

1. Functional Beverage Segment

- **Sappe Beauti Drink.**

A pioneer and leader of functional drink for women's health and beauty, Sappe Beauti Drink is a delicious sugar-free beverage, with nutrition benefits and low in calorie. It was created exclusively to boost women's health and beauty from head to toe, and Beauti Shot Stix, concentrated functional beauty stick in small sachet, easy to carry, convenient at any time.

- **B'lue.**

A new creation of fruit flavored vitamin water, rich in vitamin B3, B6 and B12. The B'lue brand, developed by Danone Sappe Beverages Co., Ltd., is a product that matches a new generation's lifestyle with distinguished and modern packaging. Besides, B'lue vitamin water also attracts consumers with its flavorful taste and beneficial ingredients to respond to dynamic consumers who prefer water plus or flavored water to plain water. The brand also offers sugar-free formula as new choice for health-conscious consumers.

2. Functional Powder Segment

- **Preaw Coffee and SlimFit Coffee**

The top-selling in weight control coffee for health and beauty created by Preaw offers various formulas to meet consumer needs.

- **Preaw Chlorophyll**

Chlorophyll powder imported from Japan with detoxifying quality.

- **Maxtive Coffee**

Special coffee for men's health in two formulas: Maxtive with cordyceps and Maxtive with black ginger.

3. Fruit Juice/Juice Drink Segment

- **Mogu Mogu**

The first fruit juice with coconut jelly in the market, known as the origin of the "chewable drink" which offers a new experience in the global beverage market. Mogu Mogu is exported to over 90 countries worldwide. With its unique taste and exceptional package, customers around the world like it. Additionally, the big aloe vera pulps are selected to meet export requirements and distributed in bottles of 320 ml and 1,000 ml. The product has been growing during the COVID-19 pandemic, due to an increase in consumption at home.

- **Sappe Aloe Vera**

Fruit juice mixed with aloe vera in various flavors. The Sappe Aloe Vera drink has been popular among customers for a long time with its taste and big aloe vera pulps.

- **All Coco**

Nam Hom coconut water (aromatic coconut water) from the best cultivated area in Banphaeo district, Samut Sakhon province. All Coco coconut water is processed to preserve its best quality, taste and freshness.

- **Gumi Gumi by Mogu Mogu**

Fruit juice with coconut jelly distributed only in the domestic market for loyal customers of Mogu Mogu, now a global brand which is popular and available in more than 90 countries worldwide. Gumi Gumi also maintains the Mogu Mogu brand's strong point with big pieces of coconut jelly which allow customers to chew them with fun under export standards.

4. Healthier Snack

- **Sappe Beauti Jelly**

Thailand's first innovative jelly product created to bolster Sappe's portfolio to compete in the premium mass market. Sappe Beauti Jelly is a special snack full of essential ingredients for health and beauty.

- **ZeaMax**

A crispy grilled fish snack with 90% of marine fish meat, which is higher than competitors in the market. Instead of frying fish, ZeaMax is made by grilling fish to have crispy and fat-free meat. This delicious snack is rich in Omega 3, 6 and 9 which are essential for a body system and meet the needs of health-conscious customers.

- **Maxtive**

An innovative "energy gel" product in a pouch which targets consumers who love all types of exercise. Maxtive functional jelly has Gros Michel banana (Kluai Hom Thong) as its main ingredient. The quality bananas are from the farmers under the support of Sappe as Gros Michel banana is among Thailand's top exporting fruits. It contains BCAA, vitamin B3 and B6 that help improve nerve function and ease muscle spasm symptoms. Maxtive energy jelly generates 200 calories per one pouch.

- **Mogu Mogu Jelly**

An easy to eat jelly product in pouch format, focusing on target group of children tanners with delicious taste and useful vitamin. A product with fun style and full of taste, filling stomach with carrageenan jelly mixed with konjac.

- **Gumi Gumi Jelly**

Fruit jelly mixed with carrageenan and konjac under the Gumi Gumi brand created to promote Sappe's portfolio to compete in the mass market. The delicious jelly makes your stomach full with healthy ingredients with notable selling points to respond to consumer needs amid the COVID-19 pandemic. Gumi Gumi jelly, in lychee and grape flavours, is high with vital vitamins to improve a body system. Gumi Gumi lychee jelly reflects Sappe's taste identity and is rich in vitamin C to help boost immunity and collagen while Gumi Gumi grape jelly contains vitamins to improve brain function and nerve system. The mellow grape jelly can also help ease irritability and stress.

- **Preaw Pudding**

Preaw Pudding with konjac is Thailand's first pudding in pouch, ready to eat in Taiwanese milk tea and macchiato flavors. Consumers can enjoy a taste of milk tea in Taiwanese milk tea flavor while macchiato flavor is delicious with an intense coffee taste. They generate only 40 kcal of energy with no sugar added. Health-conscious consumers can enjoy them anytime with guilt free.

- **All Coco Pudding**

The product is a result from the success of organic Nam Hom coconut, offering healthy dessert with three unique touches of All Coco Pudding.

- **Kru Pensri Candy**

The product is from Sappe's achievement in its partnership with a business ally, Workpoint Entertainment, to create an innovative item for the confectionary market. Kru Pensri chewing candy is made with the strong points of the two companies. It offers mouth-watering candy in two unique flavours, Kru Pensri Spicy Maxx and Kru Pensri Sour Maxx.

- **Limitless lozenge**

As there are a lot of activities for children and teenagers, these consumers need to be awake in order to be ready for all activities. SAPPE, therefore, launched Limitless lozenge with nutrients for brain nourishment to help customers being awake and enjoy their activities.

5. Supplement & Others

- **SAPPE InnoSci**

A supplement product which is the answer to the new way of living after the COVID-19 outbreak by boosting immunity and strengthen parts of the body with supplement tablets which were launched in two flavors in the first phase. In addition, the company continues its developing process to respond to the need of consumers, particularly those of a new generation. To build an understanding and accessibility, SAPPE has collaborated with Dekdee.com to jointly develop products with two brands introduced to the market in 2022.

- **Sappe x Takabb**

The product is from a collaboration between two companies with different fames and expertise like Sappe, Thailand's functional drink leader, and Hatakabb, which has been making the popular cough-relief pills for more than 80 years. The Sappe x Takabb functional shot was launched in 2021 with qualities in relieving cough and soothing a throat with various herbs like monk fruit, licorice, lime and Indian gooseberry. This easy to drink refreshment also contains vitamin C at 100% which gives you confidence that you will be free from an irritated throat. Sappe x Takabb soothes your throat at the first sip as we select fine Thai herbs and maintain both the taste and scent of Hatakabb cough pill. This innovative refreshment is delicious and easy to drink and helps relieve sore throat anytime you need. Sappe x

Takabb is listed as a supplement so it can be used on a daily basis. You can drink a whole shot in one time or sip it when you have a sore throat.

- **Ruby Lady**

the Beauti Drink Ruby Lady functional shot exclusively for women during their period. The Ruby Lady drink was the debut of a product in a new series under the Beauti Drink brand, which is rich in herbal benefit and antioxidants but still easy to drink. Extracts from dong quai, safflower and black pepper are mixed with pomegranate juice to create tasty-savory refreshment which is more refreshing when it is cold. The sugar-free drink, with only 15 kcal, is a hot item to help women overcome their menstrual symptoms smoothly and beautifully.

- **Sood Sud herbal inhaler**

It helps the company reach teenaged consumers by studying consumer behavior and developing a product to meet the liftstyle of the target group.

- **Keaf hemp tea (Keaf Tea Bag)**

Herbal tea for health products (Herbal Tea Bag) are a new product category from SAPPE created following the government's decriminalization of cannabis and hemp. The hemp tea under the Keaf brand (Keaf Tea Bag) was developed to become a product that plays a vital part in physical nourishment with chemical-free CBD extract from hemp leaves. It is blended with peppermint imported from the United Kingdom resulting in the latest hemp product. The Keaf Tea Bag is available only at SAPPE's E-Commerce or online channels in order to reach the target group and to achieve a maximum effect of marketing.

Business Innovation Development

Sappe emphasizes on research and development of new products, focusing on creating different ones to meet consumer needs both in domestic and international markets. The company has been regularly conducting consumer research and brainstorming with the relevant divisions and stakeholders both inside and outside the organization, including customers and trade partners as well as making business partnership to increase the opportunities and competitive potential. This is demonstrated by the launches of new products which are existing brand extensions that the company has been continuously launching every year. In addition, Sappe has also collaborated with potential companies in co-branding projects to mutually promote business performance by introducing new products to the market, such as Sappe x Takabb herbal functional shot and Kru Pensri candy under the Sappe x Workpoint partnership.

To respond to consumers' health-conscious trend and dynamic environment, the company has faith in innovation development by Thais and eyes developing products from outside the firm. Therefore, Inno Studio was established to seek and to "jointly" create more innovations by working with SMEs, startup companies, community enterprises, research institutes, schools and leading

universities across the country. The main focus is food and beverage products for the future, such as the studies about plant-based food, nutraceuticals and functional food which contain additional benefits apart from normal nutrition. The year 2022 was also the beginning of seeking innovations from overseas organizations.

Regarding commercial disruption from COVID-19, which affected normal distribution channels, particularly the company's offline channels, Sappe has turned its focus to online platforms, making E-commerce/social commerce in 2022 grew by leaps and bounds at 118.7% comparing to the year before. Although this was not considerably high comparing to the sale revenue, the online platform has the potential to significantly grow in the future. In November 2021, Sappe acquired 16.2% of shares in M Intelligence Co., Ltd. (M-Intel), a Thai startup company specializing in solution in Customer Relationship Management (CRM), data analysis and digital technology, which will help improve the company's ability to reach consumers through technology. With the share acquisition in M-Intel, Sappe targets marketing and increase sale volume with efficiency and effectiveness. Additionally, getting closer to consumers is also vital, along with expanding Sappe's business to grow sustainably in the future.

The cost of research and development, an additional investment in a mini factory to be used as a small production base for other products apart from the beverage production, and the investment in M-Intel was worth 141.6 million baht in the past 3 years.

(2) Marketing and Competition

In 2022, the company still encountered challenges to grow both from domestic and international factors. In particular, the slowdown in domestic economic conditions and the increase in production capacity to cope with the increasing demand in the international market.

International markets recovered quickly after the COVID-19 pandemic. Economies of many countries have returned to their pre-pandemic conditions, and many countries have increased demand to order products as a result of the company's good management and response during the pandemic. In addition, most of the goods disappeared from the market during the pandemic, providing the consumers opportunity to try the company's products, resulting to repeat purchases because they are attracted to the taste and quality. This has led to a steady increase in orders, especially after the pandemic, with prominent growth regions in the Middle East, Europe and Asia.

The domestic market is still affected after the recovery from the COVID-19 outbreak, especially the slowdown in economic conditions, rising cost of living and declining purchasing power. The domestic beverage business in 2022 is increasingly competitive to win market share, hence the industry grew slightly at 6.2% from 2021. In 2021, the company conducted an in-depth study to understand the changing needs of consumers but at the same time competitors have released products similar to the company's products to the market, intensifying the competition. However, the Company maintained its

market leadership position in the Functional Drink segment by holding a market share in 2022 at 39.8% (based on data from The Nielsen Company (Thailand) Co., Ltd.).

For domestic distribution channels, 7-11 convenience stores continue to be the main channel. Meanwhile, traditional trade stores continue to be the second largest channel for instant coffee product, under the brand Preaw Coffee and the Jelly with vitamins product, under the brand Gumi Gumi jelly.

The company's e-commerce distribution channel is another channel that has been growing continuously from the past year. Specific products have been launched for distribution in this channel, doubling the sales in this channel. This is a quick adaptation to the changes in consumer behavior and technology.

Overall Marketing and Competition in Each Category

1. Functional Beverage Segment

1.1 Sappe Beauti Drink

In 2022, Sappe Beauty Drink has changed its communication to improve its image to be able to communicate with consumers more broadly and comprehensively. By adjusting the communication from the original focus on beauty with the concept "Because beauty is not a coincidence" to "Good health is the best you" to reinforce the image of health and beauty drinks that do not have to be within the limits of beauty according to society's norms, but rather the beauty that comes from having good health from within which affects the mind and confidence in life. Sappe Beauti Drink believes that being yourself is true beauty. With this concept, Sappe Beauti Drink will expand its customer base to health care and fitness enthusiasts, potential customers of the new generation who are growing in accordance with global health care trend.

In addition, the company has launched new products under the brand Sappe Beauti Series, a product group that focuses on functional beauty in the form of a concentrated shot in a small sachet called Sappe Beauti Shot Stix to match lifestyle and behavior of the new generation that emphasizes convenience to nourish beauty with 2 formulas:

- **Sappe Beauti shot Stix Immu - C**

To meet healthcare needs with 200% vitamin C concentrate in a small, compact, easy-to-carry sachet. It helps to strengthen the immune system and adds additional benefits with Zinc in exotic flavors, Elderberry, for everyone to experiment with.

- **Sappe Beauti Shot Stix Colla - C**

To meet skin care needs with 2,000 ml. of collagen and 200% concentrated vitamin C that will enhance and enhance collagen performance in tropical fruit flavors.

1.2 B'lue

In 2022, competition in the category of Vitamin water with vitamins was lively with competition in price and new product launches from existing players in the market, while B'lue was in a correction in the price war in the vitamin water segment and continued to stand

amidst a deteriorating segment. Due to the effective management of cost, price and marketing, B'lue has maintained its market share in the competitive situation and shrinking vitamin water market.

2. Functional Powder Segment

2.1 Preaw Coffee

It continued to reinforce its position as the No. 1 health and beauty coffee product in the Traditional Trade market. In addition, distribution in E-commerce channel from the previous year has significantly increased the proportion of sales through increase in marketing activities directly to the target audience via various online platforms.

In addition, a new product, Preaw Fiber, has been added in 2022 to meet the needs of bowel movements, the number one problem for Thai women, with Thai herbal ingredients that help nourish the intestines for bowel movements.

2.2 Maxtive Coffee

Continue to market with men's nourishing coffee products by focusing on elderly men who are looking for help in health care and maintenance under the concept of "energy boosting coffee". Herbal extract ingredients nourish the body and help to refresh and rejuvenate for all types of activities. Product distribution is focused in Traditional Trade channel with 2 formulas as follows:

- Maxtive Coffee with Cordyceps
- Maxtive Coffee with Black Galingale

3. Fruit Juice/Juice Drink Segment

3.1 Sappe Aloe Vera

In 2022, Sappe Aloe Vera has maintained its existing customer base with the quality and taste of its products and has expanded its new customer base by starting to distribute its distribution into distribution channels in the school group to expand its base to schoolchildren. It was found that there was a significant increase in consumption of Sappe Alo Vera products, while still highlighting the quality of large pieces of juicy aloe vera meat, the selling point of the product. Sappe Aloe Vera is currently available in 6 flavors: Grape, Lychee, Apple, Red grape, Lemon honey and Peach.

3.2 Gumi Gumi by Mugu Mugu

Similar with Gumi Gumi Jelly, to maintain a young customer base, young people who love deliciousness with affordable price. The product focuses on distribution channel in traditional trade channel through community stores and school stores.

In 2022, Gumi Gumi Jelly has launched a new flavor to the market, adding 1 flavor of vitamin-infused jelly to the portfolio, Strawberry yoghurt flavor, for a total of 6 flavors, including:

- Gumi Gumi Jelly Grape with Vitamin B Complex
- Gumi Gumi Jelly Lychee with Vitamin C
- Gumi Gumi Jelly Orange with Vitamin C
- Gumi Gumi Jelly Yoghurt with Vitamin B Complex
- Gumi Gumi Jelly Mixed Berries with Vitamin A
- Gumi Gumi Jelly Strawberry yoghurt with Vitamin C (New)

3.3 All Coco

In 2022, the All coco brand grew by expanding its new customer base, focusing on customers who use coconut raw materials such as coconut water or coconut meat for cooking, bakery and beverages, through distribution with business partners such as Siam Makro. It focuses on building confidence in quality coconut raw materials through the All Coco brand. At the same time, it maintains an existing loyal customer base in its main distribution channels, such as the café business. It focuses on scaling café stores smaller but more efficiently due to customer behavior that often buys to consume at home or outside the store. In addition, new products from coconuts are introduced in the café to create novelty and increase sales, such as vegetarian products, waffles, burnt coconuts, and seasonal menus during the New Year festival.

In addition, the All Coco brand has developed ingredients for the beverage menu in All Café of 7-11, which began selling at the end of 2021, and has continued to expand its sales in 2022

4. Healthier Snack

4.1 Maxtive Banana

The current trend of significant growth among health and fitness lovers led to a group of consumer who looks for products that help meet the challenges of exercising and doing heavy activities continuously for a long time. One of the products that accounts for a significant growth is the Energy Gel, which increases blood sugar levels and allows the body to absorb and use it to rapidly increase the energy of continuous heavy activities. Therefore, the company launched "Maxtive Banana", under brand Maxtive, bringing innovative gels to provide energy from local ingredients such as Golden banana, a unique breed of Thai banana. The product is distributed only through electronic channels (E-commerce). Marketing activities, product trials were conducted through mobile stores and sport events to increase awareness.

5. Supplement & Others

5.1 Keaf Tea Bag

Herbal tea for health products (Herbal Tea Bag) are a new product category from SAPPE created following the government's decriminalization of cannabis and hemp. The hemp tea under the Keaf brand (Keaf Tea Bag) was developed to become a product that plays a vital part in physical nourishment with chemical-free CBD extract from hemp leaves. It is blended with peppermint imported from the United Kingdom resulting in the latest hemp product. The Keaf Tea Bag is available only at SAPPE's E-Commerce or online channels in order to reach the target group and to achieve a maximum effect of marketing.

Characteristic of Customers and Target Groups

Sappe's customers are varied, depending on particular products but all of the items are able to cover all target groups, ranging from gender, age, occupation and interest, lifestyle and level of income as listed below:

Products	Target Customers
Sappe Beuti Drink	• Health and beauty conscious women.
B'lue	• Teenage group or people of working age with young spirit who look for new and sensational things but care for health and seek items that meet their lifestyles.
All Coco	• People who care about health and look for the best item in the market to meet their requirements of taste, benefit and social image..
Preaw Coffee	• Ready mix coffee powder for health and beauty conscious women
Preaw Chlorophyll	• Ready mix chlorophyll powder imported from Japan for health-conscious consumers of all ages.
SlimFit Coffee	• Ready mix coffee powder for health and beauty conscious women, available in an affordable price.
Maxtive	• Health-conscious men who want to boost confidence
Mogu Mogu, Gumi Gumi by Mogu Mogu	• People who want products that meet the needs of deliciousness & refreshing with coconut jelly
Sappe Aloe Vera Drink	• A new generation in all genders who are passionate about novelties and pleasure and prefer a delicious and refreshing product with aloe vera pulps.
All Coco and All Coco Pudding	• A new generation of both teenagers and working people who love snacks but still care about health.
Sappe Beuti Jelly	• Jelly products for young people of all ages, who want to take good care of their health.
ZeaMax	• Teenagers and working people who like to eat snacks but prefer being healthy.
Mogu Mogu Jelly	• Children and teenagers, the new generation, who focus on deliciousness, convenience and benefit from vitamins.
Gumi Gumi Jelly	• The new generation ranging from school-age to working age who like having sweet as a snack but favor the delicious and refreshing item, full of benefit and make stomach full. The affordable price is also preferable to make it the routine snack.
Preaw Pudding	• Young people, both teenagers and working adults, who love to eat sweets but prefer being healthy
Kru Pensri	• Students and working people, being influenced by social media and look for candy with creative flavors.
Limitless lozenge	• School and university students who want to live a full life in studying hard and playing hard.
SAPPE InnoSci	• People with health concerns and prefer self-caring. Each product under the brand will directly meet the consumers' need and reduce difficulties in taking supplements.
Sappe x Takabb	• Mid-aged and elderly groups who are familiar with the brand, which has been developed and being presented in an innovative pattern.
Ruby Lady	• Women during menstruation. The product helps alleviate women's problems during menstruation, under the concept "Delicious and easy to drink"
Sood Sud herbal inhaler	• Teenagers who like inhaling aromatic scent for stress relief and refreshment, and have interest in artworks and buy products based on their lifestyle.
Keaf hemp tea leaf	• Middle-aged to elderly consumers who know CBD benefit or have experience using CBD extract in physical therapy or nourishment.

Sale and Distribution Channels

In 2022, the company's products were distributed to both domestic and foreign markets around 98 countries worldwide. The proportion of the domestic market was 23% and that of the foreign market was 77% of the total sales.

• Domestic Distribution Channels

In 2022, the domestic beverage business is in a state of slight growth in terms of value. It experienced slightly less quantitative growth. The covid-19 pandemic continues to affect the domestic economy, especially the rising cost of living due to rising prices of various goods, which directly affects the purchasing power of

consumers in the country. As a result, consumers are increasingly looking for value-for-money products as well as looking for products that meet their health care needs.

The company focuses on changing consumer behavior. Therefore, we are dedicated to conducting research to understand consumers' needs to develop products to better suit the target consumer group.

The negative impact of the COVID-19 pandemic continues to be long-standing. As a result, the country's economic growth has been steadily decreasing since the beginning of 2021, coupled with the disruption of freight across all channels, which puts pressure on business operations to be more challenging than in previous years. However,

the Company continues to develop and introduce new products to the market through 6 main sales channels in the country. as follows:

1) Modern Trade: A direct sale to the following modern trades:

- Convenience stores such as 7-11, Family Mart, Lawson108, Jiffy, and gas stations such as Susco and PTT.
- Hypermarkets, supermarkets such as Lotus, Big C, Tops, Maxvalu, The Mall, CJ Express, etc.
- Cash & Carry such as Makro
- Beauty stores such as Watsons and Boots

The company will deliver the goods to the distribution center of each customer so that the distribution center will continue to distribute the product to the sub-branches.

In addition, the Company has focused on the placement of products in various stores, with employees sorting products by product group, making it easy for consumers to find products and have sufficient products to meet their needs.

For overall market, in 2022, convenience store channel has a better direction through promotional activities, both in-store and delivery. Hypermarket & supermarket channels grew less than other channels. In addition, the coconut water with coconut meat, which has been delivered to 7-11 since the end of 2021, has continued to grow through the increase in the number of All Café in more than 5,000 branches.

2) Traditional Trade: Products distributed to retail stores nationwide through the company's sale distributors. In 2022, the company increased distributors to three categories as follow:

2.1) National Distributors: Two national distributors in this category are external legal entities without connection with the company. The two distributors act as wholesalers who distribute products to retail stores across the country and oversee the company's products for sale.

2.2) Local distributors: Taking care of specific areas assigned by the Company to cover deeper distribution and increase the frequency of visits to stores in strategic areas. In 2022, the company has 9 local distributors.

2.3) Specialty Stores: The company's employees are the salespersons to distribute products to beauty salons, schools, restaurants, wholesale stores and their branches, as well as automatic vending machines with the stores different from those overseen by the official distributors.

In addition, the company has restructured salespeople to collaborate with dealers in each area and build business relationships with store owners in each region.

3) Out of Home: from more lenient measures and reopening of the country, outdoor consumption channels are becoming more active, especially airports, restaurants, cafes, golf courses, food court. The company has also increased the distribution of vending machines in airports.

4) Industrial: The company has developed an industrial channel from an expansion of coconut products (coconut meat and water) to be used as raw materials in producing various products such as ice cream, sweets, soup and pastries.

5) E-Commerce: In 2022, SAPPE increased the number of products exclusively on sale on Facebook and received good feedback from customers. This prompted the company to add products from InnoSci, which is in the supplement category, to the portfolio of this distribution channel. This strategy was implemented to respond to the behavior of consumers who tend to buy products through online channels and take care of their health more. Additionally, the company expanded the connection of activities between channels to increase sales volume by connecting with mobile shops and offering free tasting through adding friends to the E-Commerce platform. The company also enlarged its team for a better service and made an in-depth information analysis in order to improve the quality of customer service in this channel.

6) Brand Activation & Selling: The company has built up from this activity introduced in 2021 by increasing an access to consumers/ customers through gathering activities and sport events which made a return in 2022. The company was able to organize this activity in sport events in international schools and increasing friends in the E-Commerce platform in order to bring about a continuous sales volume after the events. Furthermore, SAPPE still maintained the free-tasting channel (outside the modern trade) at venues such as vaccination centers for consumers to know more about SAPPE items.

• International Distribution Channels

In 2022, the export business continued to be challenging due to recession in many countries after Covid-19 became endemic, including the declaration of war on Russia-Ukraine, alarming consumers in many countries, affecting their shopping. However, by working together with overseas partners, including more efficient transportation management and a weaker baht, the growth of the international sales department continues and becomes the foundation of growth in the coming year.

In addition to selling main products, brand Mogu Mogu from 2017 to 2022, the Company continues to implement a risk mitigation strategy by increasing the proportion of products sold under other brands, including Sappe, Aloe Vera, Sappe Beauti Jelly, as well as products from its affiliates, All Coco, B'lue and Kru Phensri Candy to target other consumers in each country. For European subsidiary, SAPPE Europe s.r.o., it continues to focus on distribution of Sappe Aloe Vera to cover more parts of Europe

Competition Strategy

The company has set both short and long-term strategies to respond to the need of the market and consumers to be in line with the ever-changing technology trend and competition. The strategies were planned and coordinated by the entire organization. It does not only involve the sales and production departments, but also the other supportive sections in order to create and produce tasty and high-quality products which meet the need of the health, beauty and lifestyle. Incessant improvement and development of the manufacturing procedure are also included in the strategic planning. In 2022, the company introduced more products under the Mogu Mogu brand in order to upgrade its flagship brand for a better response to consumers of a new generation.

Moreover, the company still emphasized the development of the organization and staff to make them enjoy working and keep learning about research, production, transportation and overall environment to increase their working capability amid a crisis like the COVID-19 pandemic. The company has also been developing products for high quality and variety. The key objectives of development include responding to the need of consumers of all groups, ages and occasions through the company's products and build confidence as well as brand loyalty and brand value for the products. The strategies of marketing competition are as follows:

• From Thai brand to global brand

Sappe's executives and a working group have set the business direction of the company and product development to make Sappe a global brand. As one of the key players are the employees, the company, therefore, arranged training courses for them conducted by experienced people including the executives and guest speakers. Furthermore, the company also tried to make the staff understand the direction as they play a role of image builders and represent all brands of the company in moving towards to a global brand. This focus is not a short-term target but a creation of organizational DNA for all players to unite and cooperate to build a sustainable corporate culture.

For the foreign market, the company planned strategies and brand investment for each country differently, depending on the readiness of the market considering from size, growth rate, product distribution coverage in different channels and trade partners. Strategies have been planned to suit competition and consumer needs in each market. The company did more marketing through the digital platform and encourage consumers in particular countries to interact and love the brand, or introduce it to friends and buy the products through the online platform during the Covid lockdown.

• Partner Relationship Management

Sappe has established good relationships with business partners in all countries by adhering and emphasizing the "win-win" principle, leading to business expansion in over 98 countries across the globe. In the relationship management, the company does not treat the partners only as importers or distributors but representatives to build and promote the brand together with the company.

Moving in the same direction of the company and partners is always vital to jointly drive business to success. The company will support and give advice in building brand foundation and branding through information exchange to develop a complete "marketing mix." The company also created the Partnership Platform to develop and select partners for business expansion and branding in steps to become a global brand.

In addition, the company has bolstered the relationships with the partners through operational performance analysis and efficiency assessment of joint activities in every quarter of the year. The outcome has been given to the partners to be used in planning and applying to their business in the future. The company also enlarged the working network with the partners, including the teams responsible for product stocks, procurement system and accounting, to make the joint business running smoothly.

• Good Product Development with Consumer Oriented

The company has been considering consumers as the top priority, so, it is determined to develop quality products and emphasize on consumers' benefit. The two principles have been the company's strength from past to present, and have been counted as our key points of the success for over a decade.

The company always sells high-quality products with health benefits, values and reasonable prices for target groups, for utmost satisfaction of global customers with different needs. Furthermore, the company has been developing and inventing new products through marketing research in order to insightfully understand customer needs with focus on "customer insight" for consumers in each country to "win local" with products, packaging and marketing.

Regarding product development for new consumer groups in business expansion and to build sustainability in the future, the company has studied market trends and consumers, as well as new technology in food and beverage production both in Thailand and overseas to develop innovations. However, Sappe still maintains its speciality which is the company's identity to offer "preferred choice" for consumers who are regarded as the "heart" of the company's operation.

(3) Procurement of Goods and Services

Manufacturing Facility

Currently, the company's manufacturing base is at the Khlong 13 factory at No.8, Moo 7 in Puet Udon Sub-district, Lam Luk Ka District of Pathum Thani Province on a plot of 154 rai, five ngan and 82 sq. wah. Construction of the factory started in 2010 and the manufacturing operation began in 2012. The factory is well-equipped with advanced technologies including modern machines and tools that help protect the environment by reducing pollution.

The Khlong 13 factory compound consists of two manufacturing buildings and a warehouse. The first building is equipped with machines to produce functional drink, fruit juice and fruit-flavored refreshments in four production lines, with a maximum production capacity of 136,078 tons per year. The second building is equipped with machines for the functional powder category with a maximum capacity of 1,100 tons per year. The production line of the pouch product category has a maximum capacity of 2,400 tons a year, plus three more sub-production lines for new products development to be in line with the company's business plan in the future.

As the company puts importance on environment and society by reducing electric power usage from the electricity authorities and using electric power generating from solar technology, in 2022 the company was able to reduce electric power usage from the relevant authorities by approximately 3,200 MWh.

For quality management, we have never stopped improving the product quality. In 2022, we obtained the Food Safety Systems Certification standard version 5.1 (FSSC22000 Version 5.1), and two more certificates of ISO/IEC 17025:2017, from the previous obtained standard certificates of GMP HACCP, ISO9001:2015, ISO14001:2015, HALAL MUI, HALAL CICOT and KOSHER.

Regarding the human resources and working system in the factory in the past year, we have improved the Short Interval Management (SIM) in line with SAPPE principles resulting in "SAPPE Short Interval Management" (SSIM). The company currently uses this system to drive the work and to create a concrete corporate culture of "We, Fight, Commitment and Courage."

Due to the external impact from the war and the power shortages that affected the cost of production, the company adjusted the strategies and working plans for maximum efficiency of cost management through continuous improvement activities. It also improved the working environment to allow the employees to work with happiness and in accordance with the company's business plan.

Production Capacity and Production Volume

The company's capacity in beverage production between 2020 and 2022 at the factory were as follows:

Khlong 13 factory	2022	2021	2020
Maximum production capacity	158,976	136,078	129,598
Production volume	114,917	97,815	88,790
Capacity utilization rate	72%	72%	69%

The company's production depends on the sale and marketing plans at certain periods and demand in the market to have enough products for both domestic and international markets. Finished goods inventory will also be considered to prevent oversupply.

Raw Materials and Suppliers

Main raw materials of beverage products include concentrates, fruit bits such as Nata de coco, active ingredients such as fiber, collagen, and vitamins, and packages, such as PET bottles and paper cartons. Bottle preforms and PET bottles are produced in the Company's factory by using polyethylene terephthalate as main raw material for production.

Details of raw materials procurement are as follows:

- 1) Juice concentrates are domestically procured via importers.
- 2) Fruit bits, such as Nata de coco, are procured domestically, from the largest supplier in Samut Songkhram and from some small suppliers. This raw material can be supplied all year round and would not be cyclically affected.
- 3) Active ingredients, such as fiber, collagen, and vitamins, are domestically procured via importers.
- 4) PET resin (Polyethylene Terephthalate) used for bottle preforms production is procured domestically and internationally at 70% and 30% respectively. Since the company is aware of environmentally friendly raw materials and packaging, in 2022, recycled PET resins will be tested to bring back waste from the production process to make the most of the product. This will be implemented in 2023.
- 5) In 2022, the company started changing bottle labels from PVC to PET for better decomposition. In the same year, it changed 92% of labels to PET and planned to make it 100% in 2023. SAPPE also teamed up with suppliers to develop eco-friendly packaging in other categories.
- 6) In 2022, the company did not have a purchase order from any particular supplier in a proportion of than 30% of the total purchase order. Also in 2022, there were several factors that made the cost of materials and packages, which are the production's main elements, rise. Those factors included weaken baht, rising price of plastic pellets, COVID-19 outbreak and the war between Russia and Ukraine that

caused fuel hikes. Moreover, China's energy law, which has been effective since 2021 and continued until now, caused difficulties for material producers as they could not carry out the production in full capacity, resulting in product shortages and a surge in product prices in the same category in foreign countries.

7) In 2022, the company assessed the risk of suppliers by setting order of priorities with top 20 of the purchasing volume in order to find a strategy with the suppliers before signing contracts to get materials to prevent possible price fluctuation leading to shortages in the future. For the rest, the company made short term contracts of one quarter and six months based on suitability but it did not keep redundant stocks. In 2022, the company developed the key suppliers and remained looking for new strategies to help improve procurement.

8) In 2022, the company compared the prices, quality and other conditions from at least 2-3 suppliers to prevent exploitation. Additionally, the company exchanged information with its suppliers under interdependent manner to allow it to plan material procurement in line with the production plan and help prevent material shortages. The company also stocked the right amount of products without storing for the best production cost in order to prevent price volatility and build confidence that it would not face material shortages in the production. The risk factors were placed in the meeting agenda of the company's task force in charge of risk management quarterly to assure that the risk management goes in line with the plan without any risk.

For the selection of suppliers, the company places importance on environmental protection, and it will prioritize the suppliers who emphasize and have a system about environment.

Policy Credit Term

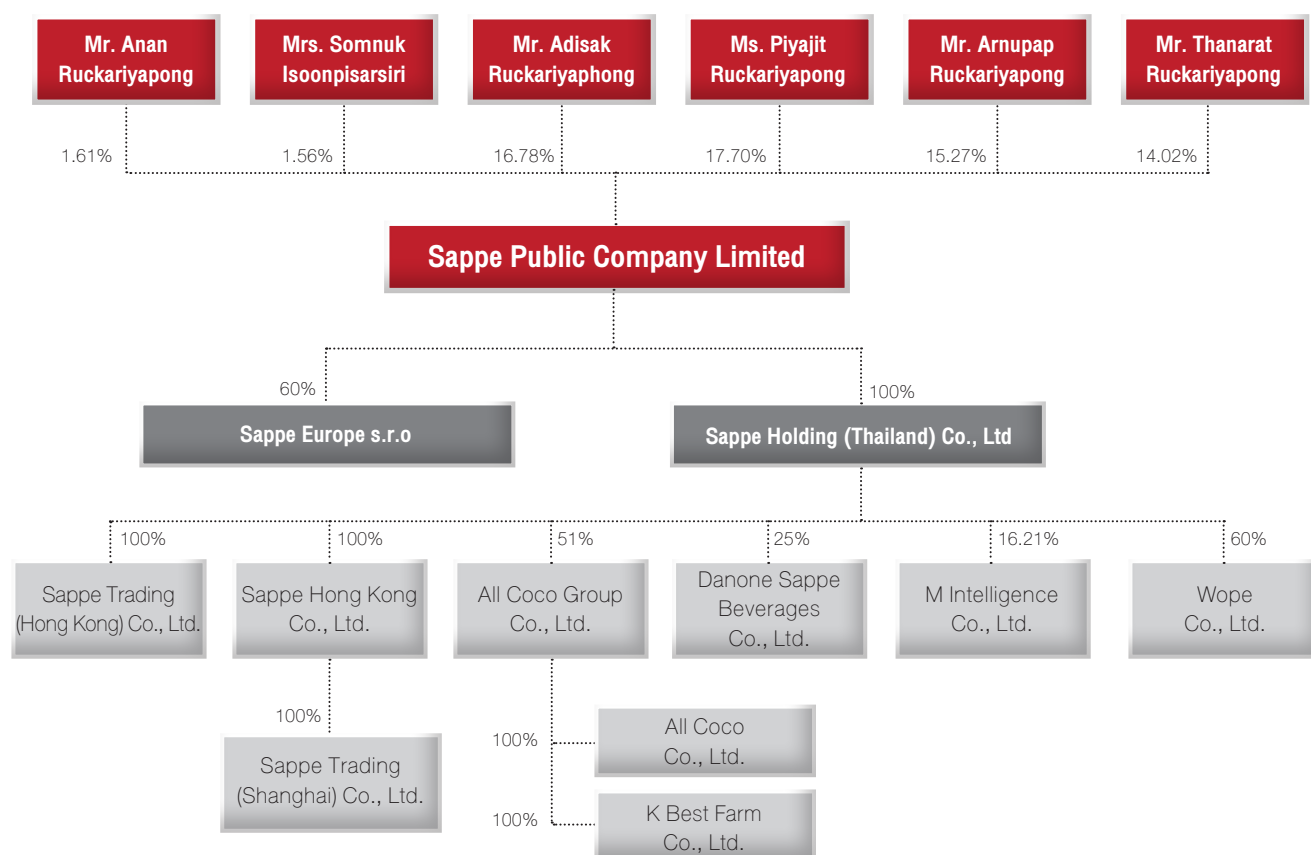
The company places importance on liquidity and cash cycle management. Credit term policy is set within 7- 90 days, depending on work duration with business partners, type of product, product turnover and product quality standard. The credit term duration is set according to the principle of fairness between the Company and its business partners.

(4) Assets for business operations

Shown in Attachment 4. Assets for business operations

1.3 Shareholding Structure

1.3.1 Shareholding Structure as of 31 December 2022



The Company has determined the control and the supervision of the operations of subsidiaries and associates. The policies ensure that the management and operations of these subsidiaries and associates are controllable as if they were an internal unit. Moreover, measures have been devised to monitor the management of the subsidiaries and associates to protect the Company's investments.

Subsidiaries and Associates

As of 31 December 2022, the Company has 2 Direct Subsidiaries, 6 Indirect Subsidiaries and 2 Associate and 1 Indirect Joint Venture as follows:

Direct Subsidiaries

- 1) Sappe Europe s.r.o :** A registered company in Slovakia, operating business in distributing healthy beverages in European countries
Office : Golánova 3140/5 Bratislava 821 03
Paid-up Capital : 6,639 EURO (equivalent to 0.27 million Baht)
Type of share : Common share
% Shareholding : 60

- 2) Sappe Holding (Thailand) Company Limited:** A registered company in Thailand, operating business in providing management services to group of companies
Office : 8 Moo 7 Tambon Puech-udom, Amphoe Lamlukka, Pathumthani
Registered Capital : 420,000,000 Baht
Paid-up Capital : 420,000,000 Baht (or 100 percent of registered capital)
Price per share : 10 Baht
Type of share : Common share
% Shareholding : 100

Indirect Subsidiaries

- 1) Sappe Trading (Hong Kong) Company Limited:** A registered company in Hong Kong, operating business in importing, exporting and trading
Office : RM 907, 9/F KENBO COMM BLDG, 335-339 QUEEN'S RD, WEST, HK
Registered Capital : 100,000 Hong Kong Dollar (equivalent to 0.45 million Baht)
Paid-up Capital : 100,000 Hong Kong Dollar (100% of registered capital)
Price per share : 10 Hong Kong Dollar
Type of share : Common share
% Shareholding : 100% shares held by Sappe Holding (Thailand) Co., Ltd.

- 2) Sappe Hong Kong Company Limited:** A registered company in Hong Kong, operating business in providing management services to group of companies
Office : RM 907, 9/F KENBO COMM BLDG, 335-339 QUEEN'S RD, WEST, HK
Registered Capital : 3,000,000 Hong Kong Dollar (equivalent to 13.98 million Baht)
Paid-up Capital : 3,000,000 Hong Kong Dollar (100% of registered capital)
Price per share : 10 Hong Kong Dollar
Type of share : Common share
% Shareholding : 100% Shares held by Sappe Holding (Thailand) Co., Ltd.

- 3) Sappe Trading (Shanghai) Company Limited:** A registered company in China, operating business in distributing healthy beverages
Office : Room 806,8/F, Building#2, 55 Meisheng Road, China (Shanghai)
Registered Capital : 2,000,000 RMB (equivalent to 10.17 million Baht)
Paid-up Capital : Nil
% Shareholding : 100% shares held by Sappe Holding (Thailand) Co., Ltd.

- 4) All Coco Group Company Limited:** A registered company in Thailand, operating business in manufacturing and distributing coconut-based products under "ALL COCO" trademark
Office : 139/6 Moo 2, Tambon Laksam, Amphoe Baanpoew, Samut Sakorn
Registered Capital : 168,000,000 Baht
Paid-up Capital : 168,000,000 Baht (100% of registered capital)
Price per share : 100 Baht
Type of share : Common share
% Shareholding : 51% shares held by Sappe Holding (Thailand) Co., Ltd.

- 5) **All Coco Company Limited:** A registered company in Thailand, operating business in distributing coconut-based products under “ALL COCO” trademark
- | | | |
|--------------------|---|---|
| Office | : | 98/38 Moo 6, Tambon Bang Mueng Mai, Amphoe Mueng, Samut Prakarn |
| Registered Capital | : | 15,000,000 Baht |
| Paid-up Capital | : | 15,000,000 Baht (100% of registered capital) |
| Price per share | : | 100 Baht |
| Type of share | : | Common share |
| % Shareholding | : | 100% shares held by All Coco Group Co., Ltd. |
- 6) **K Best Farm Company Limited:** A registered company in Thailand, operating business in sourcing and distributing fresh coconut in Thailand
- | | | |
|--------------------|---|---|
| Office | : | 98/38 Moo 6, Tambon Bang Mueng Mai, Amphoe Mueng, Samut Prakarn |
| Registered Capital | : | 2,430,000 Baht |
| Paid-up Capital | : | 2,430,000 Baht (100% of registered capital) |
| Price per share | : | 100 Baht |
| Type of share | : | Common share |
| % Shareholding | : | 100% shares held by All Coco Group Co., Ltd. |

Affiliates

- 1) **Danone Sappe Beverages Company Limited:** A registered company in Thailand, operating business in developing, manufacturing, marketing and distribution healthy beverages in Thailand
- | | | |
|--------------------|---|--|
| Office | : | 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok |
| Registered Capital | : | 300,000,000 Baht |
| Paid-up Capital | : | 00,000,000 Baht (100% of registered capital) |
| Price per share | : | 100 Baht |
| Type of share | : | Common share |
| % Shareholding | : | 25% shares held by Sappe Holding (Thailand) Co., Ltd. |
- 2) **M Intelligence Company Limited:** The company is registered in Thailand to provide complete consulting service about digital transformation, including Customer Relationship Management (CRM), data analysis, and digital technology to help improve marketing, sale and one-stop service.
- | | | |
|--------------------|---|---|
| Office | : | 2, K.C.C. Building, Soi Silom 9 (Soi Suksa Witaya), Silom Road, Silom Sub-district, Bangrak District, Bangkok |
| Registered Capital | : | 7,196,670 baht |
| Paid-up Capital | : | 4,946,670 baht (68.74% of registered capital) |
| Price per share | : | 10 baht |
| Type of share | : | Common share |
| % Shareholding | : | Sappe Holding (Thailand) Co.,Ltd. (direct subsidiary) holds 16.21% of total shares. |

Indirect Joint Venture

- 1) **Wope Company Limited:** The company is registered in Thailand, operating business in developing, manufacturing, planning and marketing for all kinds of consumer products.
- | | | |
|--------------------|---|--|
| Office | : | 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok |
| Registered Capital | : | 50,000,000 baht |
| Paid-up Capital | : | 50,000,000 baht (100% of registered capital) |
| Price per share | : | 100 baht |
| Type of share | : | Common share |
| % Shareholding | : | Sappe Holding (Thailand) Co.,Ltd. (direct subsidiary) holds 60% of total shares. |

1.3.2 Persons who may have conflict of interest by holding shares in subsidiaries or associates more than 10% of total number of shares with voting rights in that company.

-None-

1.3.3 Relationship with the Major Shareholder's Business Sectors

The Ruckariyapongs is the major shareholder of the Company with a 66.93% share of the total paid-in shares. Currently, the Company is the only key business of the family. The list of relationships with other businesses of the major shareholder of the Company is available in Attachment 2, Details of the directors of subsidiaries.

1.3.4 Shareholders

(a) List of major shareholders listed in the share register of shareholders as of 31 December 2022 are summarized as follows:

No.	Name	No. of shares	%
1.	Ms. Piyajit Ruckariyapong	54,560,223	17.70
2.	Mr. Adisak Ruckariyaphong	51,739,257	16.78
3.	Mr. Arnupap Ruckariyapong	47,066,574	15.27
4.	Mr. Thanarat Ruckariyapong	43,208,242	14.02
5.	UBS AG SINGAPORE BRANCH by Mr. Arnupap Ruckariyapong and Mr. Thanarat Ruckariyapong	20,000,000	6.49
6.	THAI NVDR Co., Ltd.	12,808,639	4.15
7.	Mr. Mongkol Prakitchaiwattana	5,700,000	1.85
8.	Mr. Anan Ruckariyapong	4,950,392	1.61
9.	Mrs. Somnuk Isoonpisansiri	4,805,632	1.56
10.	Mr. Kachen Benjakul	3,396,800	1.10
Total		248,235,759	80.52

(b) Major Shareholders Whose Actions Significantly Influence the Company's Management Policies or Operations Due

to the fact that the Ruckariyapongs is the major shareholder of the Company, its role significantly influences the Company's management and operational policies through the approval of the Board of Directors at the meeting. However, on December 31, 2022, there were 4 major shareholders holding 4 positions out of 9 company directors, namely Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, Mr. Anan Ruckariyapong and Mr. Arnupap Ruckariyapong.

1.4 Number of Registered Capital and Paid-up Capital

Currently, the company's registered capital is 308,438,080 baht and paid up capital is 308,289,080 baht. The common shares is 308,289,080 shares with a par value of Baht 1 per share.

1.5 Issuance of other securities

In the year 2022, the Company has no issuance of other securities

1.6 Dividend Payment Policy

With the same guidelines, the Company and subsidiaries have established the dividend payment policy of the said subsidiaries as follows: The Company has established the dividend payment policy for the shareholders not less than 40% of the net profit, from the separate financial statements, after corporate income tax and all legal reserves. However, each dividend payment may be subject to change due to various factors to maximize benefits of shareholders, such as performance, financial status, liquidity, cash flow, working capital requirement, investment plans, terms and conditions in various contracts the Company is bound, legal restrictions, other needs and suitability in the future as the Board of Directors may deem suitable. The dividend payment must not entail any significant impact on the Company's normal operations. The Company proposes a resolution of the dividend payment the Board of Directors, and an approval will be sought at the shareholders' meeting, except the interim dividend payment which the Board of Directors has the authority to approve when it agrees that the Company had sufficient profits to do so, and then the Board reports a resolution at the next shareholders' meeting.

Report on the Shareholding of Directors from 1 January 2022 – 31 December 2022 as follows:

No.	Name	Position	% Of Shareholding			Remark
			1 January 2022	Increase (Decrease)	31 December 2022	
1.	Mr. Natee Onin	Chairman	0.00	0.00	0.00	
2.	Mr. Adisak Ruckariphong	Vice Chairman and Chairman of Executive Committee	17.07	(0.29)	16.78	
3.	Mr. Anan Ruckariyapong	Director and President	1.62	(0.01)	1.61	
4.	Ms. Piyajit Ruckariyapong	Director and Chief Executive Officer	17.73	(0.03)	17.70	Entitled to receive Company's shares regarding SAPPE-WA2 program
5.	Mr. Arnupap Ruckariyapong	Director and Chief Operating Officer	15.33	(0.06)	15.27	Entitled to receive Company's shares regarding SAPPE-WA2 program
6.	Mrs. Niratchara Siriamphunkul	Independent Director and Audit Committee	0.00	0.00	0.00	Appointed as a member of Audit Committee with effective from 1 November 2022
7.	Mr. Thana Thienachariya	Independent Director	0.00	0.00	0.00	
8.	Mr. Padungdej Indralak	Independent Director and Chairman of Audit Committee	0.00	0.00	0.00	
9.	Ms. Kunnigar Triyangkulsri	Independent Director and Audit Committee	0.02	(0.02)	0.00	Resigned from the positions of Independent Director and Audit Committee with effective from 10 August 2022
10.	Mr. Surath Pralongsilp	Independent Director and Audit Committee	0.00	0.00	0.00	

2. Risk Management

2.1 Policy and Risk Management Plan

As the company is determined to develop risk management to cover all activities of the organization, key issues have been set to handle risks under the risk management policy. The main issues in the company's risk focus are structuring risk management including roles and responsibilities, setting framework of risk management plus supportive mechanism, risk identification, risk assessment and reports in order to be used as the organization's proper risk management guidelines, in the acceptable level for the company.

2.2 Business Risk Factors

2.2.1 Possible Future Risk Factors

1) The risk of war between Russia and Ukraine

The Ukraine-Russia war had a direct impact on imports of goods by Russian and Ukrainian customers, including cross-border remittances for business use. This also indirectly affects some countries, e.g. USA and some European countries, that provide support to Ukraine such as stopping wheat exports or cutting off the sale of natural gas from Russia to Europe. As a result, the cost of living in food and energy has risen, leading to less shopping by consumers. However, the action plan to mitigate the risk will be continuously reviewed to be ready for the future.

2.2.2 Strategic Risk

1) Competition and Business Environment

Currently, competition in the beverage business is relatively high, due to several factors ranging from a large number of existing players and the entry of newcomers, ability to find substitute products, launches of new products, promotional activities to promotional budgets, which have been continually increasing. Furthermore, the business environment may be changed by relevant laws and regulations prompting fiercer competition that business operators have to adapt themselves to the situation.

To reduce such risk, Sappe has been preparing to respond to the changing competition while making adaptation to follow consumers' changing behaviors. The company has never stopped creating and developing a variety of products for different groups of consumers and strengthen the brand to add more value and make a difference. Aside from new and innovative drinks for health, taste and beauty, the company also invented and developed other products such as healthy snacks aiming at expanding the customer base from the current refreshment consumers. It also created attractive packages, made the products worth-buying and safe with aim to serve maximum needs of consumers with added value, and conducted promotional activities to access the target customers for the repeated purchases.

Regarding legal changes in consumer products such as a hike in excise tax for sugary drinks which is regarded as a risk factor which pushes the company to continuously conduct research to improve the products' recipes. In fact, the company has started developing product recipes that still maintain tastiness and provide health benefits as required by consumers. In the meantime, the company also tries to understand consumers and make products acceptable to them.

Between 2019 and 2020, the company started production and distribution of vitamin water with fruit flavors under the "B'lue" brand through Danone Sappe Beverages Co., Ltd. (The company holds indirect shares of 25%), which is a rising category with many new competitors. The company allocated a large budget for sale and marketing to build brand awareness in the initial period of the company establishment for mid- to long-term benefits as planned. The company may record a share of loss from investment in the joint venture but the budget was still in line with the joint venture establishment plan.

Apart from what mentioned above, the company also made adaptation by increasing consumers' product access through new distribution channels for product visibility & product trials. For example, consumers can buy the company's products through E-Commerce platform in various marketplaces during the lockdown period. In addition, the products were placed and distributed in sports channels such as golf courses and fitness centers (when they are reopened). In 2021, the company began selling products through TV home shopping which is also a channel to promote the products.

The company also made in-depth development in the existing channels to reach the quality goal more, such as making business plans with partners and using in-depth data for analysis to boost sale volume and reduce risks.

2) Investment in Oversea Subsidiaries

The company currently invested in one overseas subsidiary which is Sappe Europe s.r.o. ("Sappe Europe"), registered in Slovakia. The subsidiary's operation is providing manufacturing service and distributing and marketing Sappe beverage products in Europe with 60% of shares held by Sappe. Additionally, Sappe has three indirect subsidiaries overseas which are 1) Sappe Trading (Hong Kong) Company Limited, registered in Hong Kong Special Administrative Region of the People's Republic of China (HKSAR), which runs import-export business and carries out product distribution, 2) Sappe Hong Kong Company Limited, also registered in HKSAR, which runs management business, and 3) Sappe Trading (Shanghai) Company Limited, registered in China, which operates product distributing business. Sappe Holding (Thailand) Company Limited (a subsidiary in which the company holds 100% of shares) currently holds 100% of shares in all three indirect subsidiaries.

These overseas subsidiaries may have been affected by the risk from both internal factors under their operation and external factors such as the economic situation, consumers' behaviors, purchasing power, political stability, laws, tax and foreign exchange rate in that particular country. If any incident does significantly impact the subsidiaries, it could also affect the company's performance.

However, the company has set a clear investment policy in both subsidiaries and joint ventures. In the past investment, the company carefully considered relevant factors including growth opportunity, size and risk of investment by reports and monitoring the subsidiary's operations on a regular basis.

2.2.3 Operational Risk

1) New Product Development

The investment in launching a new product is rather high, especially expense in marketing, public relations and advertisement, and promotional activities to make the product recognized, receive good feedback from consumers and boost sale volume at a satisfactory level. The costly investment could pose risk to the company if the product is not impressed by consumers, particularly during a time when competition is fierce and a large number of new products were launched by the other competitors in the market.

The company realizes the risk and prioritizes preparations in launching a new product to minimize the risk of failure. The plans include research and development process conducted by the independent R&D division to develop a product by steps ranging from analysis of business opportunity, marketing strategy, product development, design, laboratory testing to selection of a new product to meet the need of the target customers.

In each product launch, the company focuses on "Newness," a distinction and the heart of the product that satisfy consumers. Relevant procedures including taste test, quality, market testing and planning to introduce the new product to the market are conducted for the best output. Moreover, public relations and advertisement campaigns and marketing activities are also carried out to encourage the target consumers to try the new product and buy it repeatedly. All procedures are implemented to ensure satisfactory achievement in the product launch, and to keep developing the existing products with research and market exploration in order to know what consumers need. The company also focuses on products that provide health benefits & come with delicious flavors to meet the needs of consumers in each product category. This is to allow consumers to have more options to take care of themselves or enjoy drinks that meet their lifestyles.

2) Cyber Threat

The risk from cyber threat is crucial and affects the company's operation, particularly important working systems such as network, finance and accounting, internal management and human resources management plus personal data held by the company. If the company's information technology system encounters problems and the personal data under the company's ownership is accessed by ill-intentioned people, it will affect the company's operation and reputation.

Therefore, the company has planned and invested in working system enhancement to keep up with new technology and prevent the risk from cyber threat. The counter-cyber attack measures include improving the computer system to be ready to work to avoid network and server failures and make the system functional continuously. In addition, the company has been promoting awareness about cyber security among the employees through training and relevant activities, allowing them to understand how to apply information technology accurately and safely.

The company has been conducting cyber risk assessment in the internal computer system to proceed the risk prevention by both internal and external bodies, and issued stringent measures for safety control, such as installation of computer firewall, setting the rights for data accessibility and establishing a data backup center to handle emergency cases to make the business run smooth. The company also created the Disaster Recovery Planning (DRP) to prepare for an emergency situation, allowing the users to continue their work through a backup site. It also has plans of counter cyber attack for the employees to practice, and prevent business deadlock caused by cyber attack.

3) Recession

In the past year, the business sector was hit hard by economic problems stemming from the ongoing Russia-Ukraine war which remains intense, the surging inflation and the persisting COVID-19 outbreak. Therefore, it is expected that the global economy will be in a recession and affect the global trade including the trade market and employment in Thailand especially in the exporting and tourism sectors which have been directly affected. Although the government issued economic stimulus measures and the central bank continued to reduce its policy interest rate to boost the Thai economy, concerns over an economic slowdown still remained and it affected consumers' confidence, prompting them to be more cautious in spending. However, SAPPE's products are impulsive goods which consumers can make decision to buy without advanced planning. The company's items are also rapid turnover products with reasonable retail prices, therefore, the revenue from product sales has low volatility in economic situations in each country.

In addition, the company runs business cautiously and emphasizes improvement of internal process in order to increase its ability and to reduce the cost, such as, the solar roof and solar floating projects to save electric expense. The company also has other projects for maximum productivity including the machine learning project to examine and control product quality, the improving project of taking coconut jelly into production, the project to cut the cost of maintenance and duration of production line cleaning, the automation from bottling to crating, and the production planning and human resources management. Additional reduction of the other costs was also carried out for continuous growth of business performance as well as the financial stability of the company.

2.2.4 Financial Risk

1) Fluctuation of Foreign Exchange Rate

Exporting products to foreign market is one of the company's sources of income, and the revenue from exports in 2022 was 77% of the total sales. Since most of the exporting sales are in U.S. dollar while nearly all of raw materials are ordered within Thailand, it leads to the company facing risk from the exchange rate. In case the exchange rate is fluctuated, the company's price setting and sale volume may encounter the risk as appreciation of baht will decrease the export revenue when converting from U.S. dollar to Thai baht, resulting in negative impacts on revenue and profit of the company.

Therefore, the company has established a policy to enter into foreign exchange forward contracts to reduce the foreign exchange risk. This includes setting sales prices in each export market to cover a certain level of foreign exchange rate risk, as well as closely monitoring news to make decisions quickly and promptly. The policy requires executives and finance department to enter into forward contracts of no more than 75% of the estimated foreign currency sales in the next 6 months.

2) Fluctuation of Raw Material Prices

The main raw materials used in the beverage production include sugar or liquid sucrose, and Polyethylene Terephthalate (PET), used to produce PET bottles. The company procures raw materials from both domestic and foreign suppliers. As the raw materials used in the production are commodity products with fluctuated prices, subject to demand and supply, the cost of the production may increase in accordance with a rise in raw material prices. Additional materials in the production include concentrated fruit juice and coffee powder but the cost of the purchase order of these materials is quite small, not over 10% of the total purchase order.

PET: Most of the products are put into hot-fill PET bottles, which are in-house products, so, the cost in bottle production is also counted as one of the main production costs. Generally, the PET price in the bottle production is subjected to change according to the global market price or crude oil price. Therefore, an increase or decrease in the PET price will directly affect the bottle production cost because the majority of the bottle production cost is from PET.

Sugar: Produced from cane which is agricultural crop whose output depends on the weather and changing environment caused by global warming or natural disasters. These factors have affected the sugar supply which may experience shortage in some periods or higher price, from the imbalance of demand and supply in the market. However, the company has ordered granulated sugar or liquid sucrose from domestic suppliers. The price is currently set and controlled by the Office of the Cane and Sugar Board, making it relatively stable. Since the company has received purchase quantity confirmation from the suppliers to ensure sufficient materials for the target sale each year, shortage of sugary materials is unlikely.

Coconut Jelly: Produced from coconut water, which is an agricultural crop. The yield depends on weather and the environment that has changed a lot due to the current global warming or may be affected by natural disasters which could affect the yield of coconut

jelly. In 2022, the cost has been higher than the past years, whether from fertilizer used for planting, transportation costs and other raw materials (mainly comes from China) that are factored in the production of coconut jelly. The Company has pre-ordered to lock in the quantity and prices with main partners to meet the sales targets. Therefore, it is expected that there will be no impact on the shortage of such raw materials.

In addition, the Company has managed the risk of raw material shortages and adjustments in raw material prices by ranking the top 20 of purchases and monitoring them every month to keep up with the changes in prices in each period as well as analyzing the trend of raw material prices.

In 2022, there is a risk of tapioca starch production due to the war between Ukraine and Russia, causing a shortage in wheat flour used to make bakeries, so manufacturers have adapted to find alternatives such as corn starch and tapioca starch, etc., thus raising the demand and price for such crops. Since tapioca starch is the main raw material used in fructose production, fructose price has risen by 4-6%. Moreover, the war has caused oil price to rebound as well as the Chinese government tightened energy consumption and ordered manufacturers in China to not fully produce, forcing the company to source raw materials from other sources to compensate for the lack of supplies to support the production plan.

The company has assessed the risks of its partners by prioritizing the top 20 of the purchase amount by entering into a contract to lock in raw materials to prevent volatile prices and shortages in the future. For the rest, the company has entered into short-term contracts (3 months or 6 months period). Moreover, products have been stored adequately for the best production cost without excessive stocks of raw materials. Regarding some materials to be used in a large quantity, the company will set the quantity demand with the suppliers on a yearly basis, and makes some advanced orders under the price agreed by both sides to prevent price fluctuation and to boost confidence that the company will not face material shortage in the production. Besides, the company compares prices, quality and other conditions of two to three suppliers in each purchase of important materials, to prevent being exploited and also exchanges information with the suppliers for mutual benefit.

2.2.5 Risk from Regulations

1) Compliance of operations in accordance with the law

The company emphasizes on running business in compliance with the laws, such as the Food Act B.E. 2522, Consumer Protection Act B.E. 2522, Enhancement and Conservation of National Environmental Quality Act B.E. 2535, and relevant regulations issued by standard certification institutes both in Thailand and overseas, as

well as those issued by the company.

However, If the personnel in the company lack legal knowledge and understanding, or make mistakes at work, it could affect the company's revenue as the actions will lead to 'non-compliance' in the operation which may affect the company's image and product distribution to the market. Apart from the effect on revenue, the company could lose customers and market share and have additional cost in the process to resolve the issues, or legal proceedings if being fined by non-compliance actions.

To manage the risk, the company has established a Corporate Affair unit to review the operational handbook of all departments in order to boost confidence that the company runs business in compliance with the laws and relevant regulations both in Thailand and overseas. In addition, the company arranges training and provides knowledge on relevant laws and regulations to the employees, and tests will be conducted following the training. Punishments are in place when a case of non-compliance with regulations occurs. In the meantime, regulations and legal information have been managed as important database of the company.

Currently, the environmental preservation and packaging management campaigns are getting intensified, seen from the Ministry of Public Health's notification (No. 435) B.E. 2565 (2022) issued by the Food and Drug Administration prescribing quality or standard of plastic containers. The notification is aimed at promoting the sustainable use of plastic in accordance with circular economy based on the protection of consumers' safety from food packaging. Due to this notification, the company have prepared to comply with the law, starting from using recycled plastic packages, and sorting waste within the company to prepare for packaging management which will lead to recycling process. This notification has been in effect since June 18, 2022 and has a grace period until June 18, 2025.

2.2.6 Other Risks

1) Risk of Not Having Own Land for Factory

Current, the company's manufacturing factory is the Khlong 13 factory, located in Lam Luk Ka District, Pathum Thani Province on a plot of 97 rai, three ngan and 49 sq. wah. Another facility is the Bangchan office, located in Bangchan Industrial Estate, Seri Thai Road, Kannayao District on a plot of two rai, one ngan and 88.2 sq. wah. The two facilities are located on the land owned by a group of major shareholders which the company leases both vacant land/land with building from the group with rental rates in accordance with the market rate as appraised by independent asset appraisers.

Bangchan Office: The company's first factory which has been transformed into other facilities after the manufacturing base was relocated to the Khlong 13 factory. Shortly after the relocation, the old Bangchan factory was modified into the product research and development base. The land with factory and other structures is owned by one of the shareholders who made a lease agreement of three years with the company, starting from October 1, 2013 to September 30, 2016, with a renewal option every three years. The lease agreement has been renewed three times and the current one will expire on September 30, 2025. The company has also constructed

buildings and other facilities on the land including a cafeteria building and open space covered by roof.

Khlong 13 Factory: The current production base of the company is on a plot of land co-owned by all major shareholders. The company has invested in construction of the factory buildings and other structures that started in 2010 and commenced production in April, 2012. The company and the land owners made a lease agreement for 20 years, from October 1, 2012 to September 30, 2033. After the first three years of the lease agreement, the company is entitled to purchase the land at an average price of appraised values, evaluated by two independent appraisers which has received approval from the Securities and Exchange Commission. However, the issue is still under consideration.

As the company saw market opportunities and prioritized the investment to expand production base for future growth rather than making land investment, the company decided to make a lease agreement rather than buying it. As the area of the Bangchan factory was quite small and could not be expanded, the company moved the production base to the Khlong 13 factory of which construction was complete in 2015. The Khlong 13 factory was new and big enough to support further production expansion so the company moved facilities from the Bangchan factory to the Klong 13 factory. The production centralization makes management and joint usage of resources efficient, ranging from production, warehouses and logistics system. It also helps the company reduce cost and other expenses in the long term. Regarding the Khlong 13 factory's land lease, the company may consider purchasing the land from the owners under the principle presented at the Board of Directors meeting No. 11/2013 on 29 November, 2013, if it has cash flow from the operation and business expansion. In addition, the process has to follow the rules and regulations related to transaction, and requires approval from the Audit Committee, the Board of Directors and/or a shareholders' meeting. Currently, the company's remaining cash flow is prepared for business expansion to support the growth in the future. Therefore, the rights to purchase this land is still under consideration.

During the lease period, the company could face risk in case it breaches the lease agreement, resulting in contract termination. In this case, the factory buildings and other structures invested by the company will become the properties of the land owners. The company will not be able to get any compensation and also has to set impairment of investment in fixed assets which were constructed on the leased land.

However, the company is responsible to pay monthly rental fee for a total of 542,136 baht per month plus an increased rate of 2.0-3.0% per year, from June 2014 onwards. In 2022, the company had to pay rental fee of 672,210 baht per month in the first three quarters and 690,583 baht per month in the last quarter and still had enough cash flow to handle the expense. The company also complied with other conditions under the agreement, such as maintaining and repairing the factory buildings plus other structures to be ready to use and paying taxes related to the leased assets as they are the obligations in which the company must follow. The company also believed it will be able to act according to the agreement without any cause leading to early termination. More importantly, the leasers

are major shareholders of the company with 68.36% of shares, and have been taking part in the management and leading the company's business to grow. Therefore, it is certain that this lease of land/land with structures will not affect the production and operation of the company in the future.

2) Risk Towards Investment of Securities Holders from Major Shareholders with Management Authority

Currently, the Ruckariyapong's family holds the majority of the company's shares at 66.93% of the total shares. The proportion enables the Ruckariyapongs to control nearly all resolutions of shareholders' meetings, ranging from appointments of directors, or approval of agendas which requires a majority of votes and matters which need 3/4 of votes at a shareholders' meeting as required by law or the company's regulations. Consequently, the other shareholders may counter the risk from inability to secure votes for power balance with the major shareholders.

To ensure business transparency and counterbalance of power, the company has established a management structure with knowledgeable and experienced persons, and clearly set working scope and delegation of authority to directors and executives. Four independent outsiders have been appointed as independent directors in the Board of Directors consisting of 9 members and three of them are audit committee members. Responsibilities of the three directors include audit, counterbalance of decision making and approving matters before being proposed to a shareholders' meeting.

Additionally, the company has set measures in transaction with persons who may have conflict of interest by limiting votes of those involved. The company also established an internal team by hiring an external company with expertise and independence to work under the supervision of the Audit Committee. The audit team has main duties in overseeing internal control system to conform with the established system in order to assure the shareholders of transparency and balance of management power in the company.

Note:

1. Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022 so the total number of Directors in 2022 is 9 persons.

2. Mrs. Niratchara Siriamphunkul was appointed as Member of the Audit Committee with effective from 1 November 2022

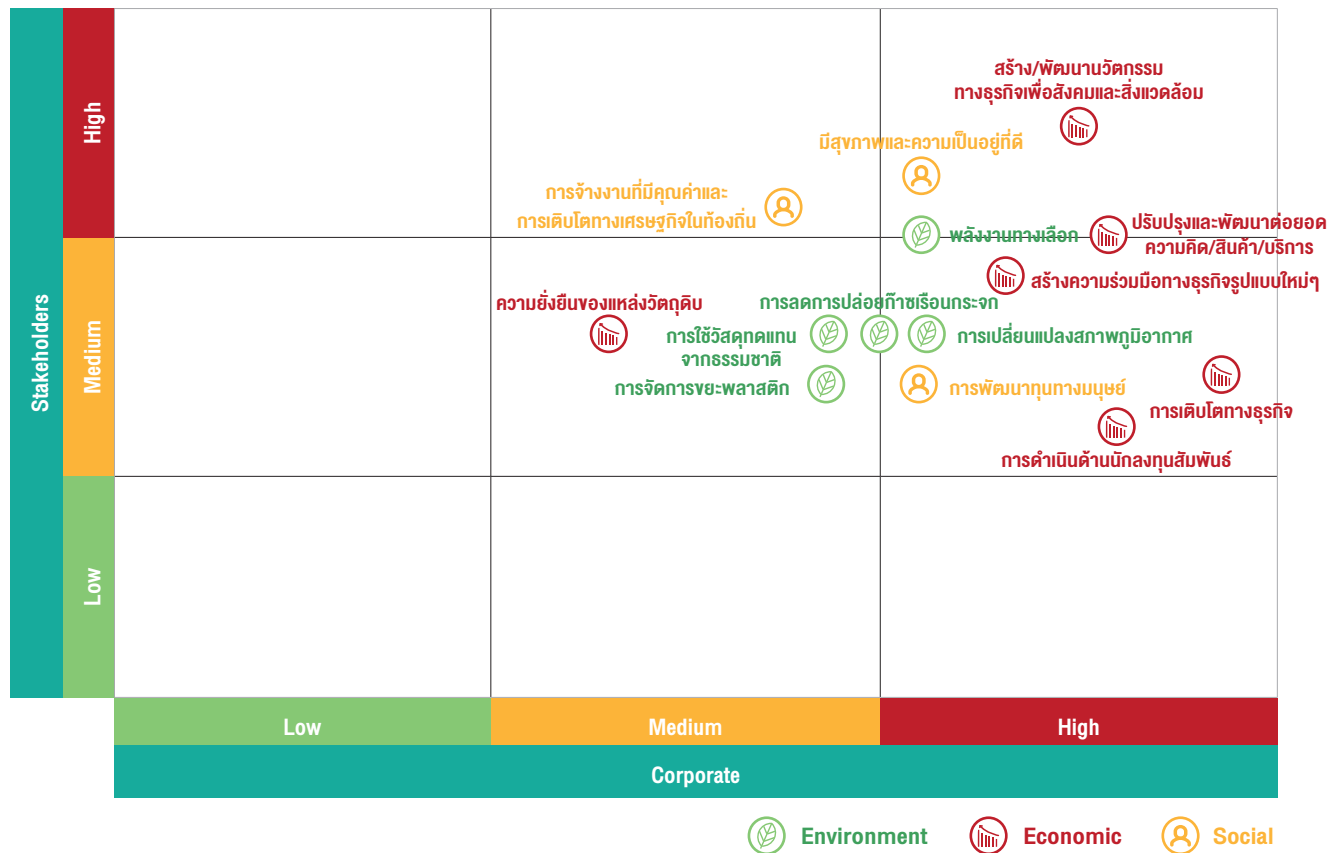
3) Natural Disasters

From January to June 2022, although the company was not directly affected by drought, it was a crucial period for water management in the factory as salinity in freshwater used in tap water production exceeded the standard level. The increased salinity level affected the reverse osmosis water treatment system, resulting in low water supply which might affect the production. In 2022, the company has prepared backup plan by conserving water only in the rainy season as the salinity in the water still meets the standard level. If the source of freshwater has exceeding salinity level, the company will use reserved water in the production to make business running smoothly.

Between August and October 2022, Thailand was affected by climate variability caused heavy rains and flooding in many areas and the Khlong 13 factory was also at risk of flooding as it locates in the downstream area and close to the floodway mentioned in the government's Master Plan of Water Resources Management. Aside from the design of factory building and layout of machines and equipment which can prevent flooding to some extent as the ground floor was elevated approximately 2.20 meters from the road surface, the company also closely monitored the information about water management from both the government and private sector in order to assess and plan emergency response in case of flash flooding. Therefore, the company did not have any effect from the floods in the past rainy season.

3. Driving Business for Sustainability

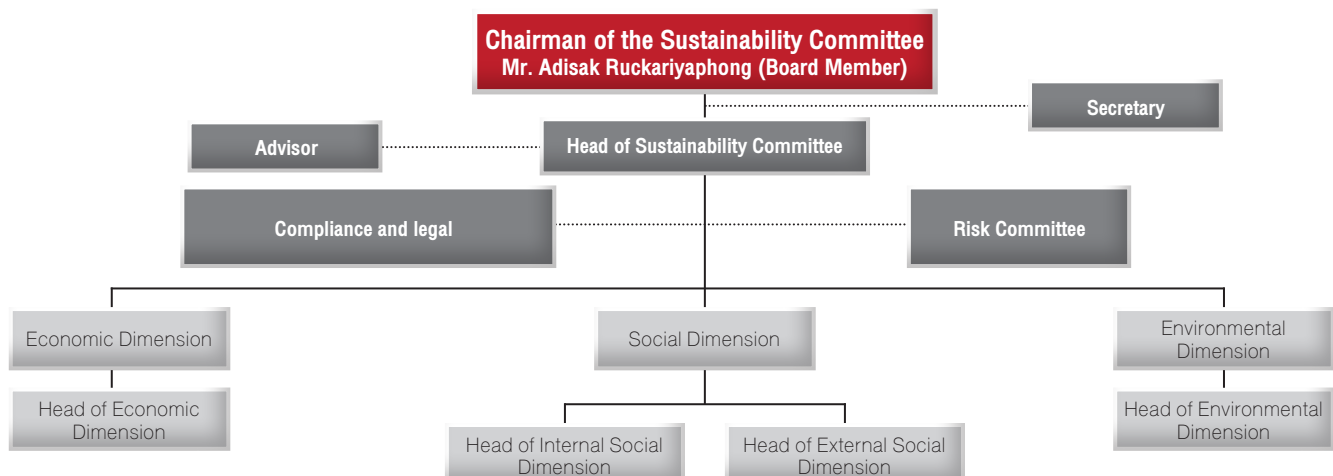
Sappe has studied the organizational context, analyzed impacts and expectations of the stakeholders as well as set points and priority of sustainable operation as followed:



From the above materiality, we found the first three important issues in order to set policies and guidelines under Sappe's sustainable operation, and they are:

1. Building and developing business innovation for society and environment.
2. Having good health and good living.
3. Alternative energy, and improvement and development of ideas, goods and service.

In order to drive sustainability to achieve the goals in accordance with the organization's sustainability strategy, as well as to ensure efficient operation and continuous improvement. On May 12, 2022, the Board of Directors resolved to appoint the Sustainability Working Group, with Mr. Adisak RakAriyapong, Director of the Company, as chairman of the Sustainability Working Group.



3.1 Policy and Goal of Sustainability Management

“We better people’s lives through our innovative spirit” is the heart of Sappe’s business operation. We place great importance on all stakeholders with the principle of good governance, transparency, and anti-corruption by setting policies and sustainable guidelines throughout SAPPE’s value chain. The key missions are as followed:

Build Sustainable Economic Growth

- Determined to create innovative and quality products to serve various needs and continuously gain access to the consumers’ ways of life.
- Create product understanding for consumers with responsibility, ready to accept all feedbacks, and always identify new customers’ needs.
- Deliver quality products to as many consumers as possible.
- Constantly enhance business growth and development with business allies and look for new approaches in boosting business growth and use them for maximum efficiency.

Promote Quality of Life of Our Key Players to Grow Together

- Promote the employees’ potential to allow them to develop, grow and enjoy working with fairness and equality.
- Create “Innovative Spirit” in the entire organization.
- Elevate standards of suppliers.
- Support community members to have better standards of living.
- Promote sourcing of raw materials from output of Thai farmers and develop them with SAPPE’s innovative knowledge and expertise.
- Create inspiration and pass on the “knowledge of creative seeds” to society.

Promote Sustainable Environment with Innovation and Technology

- Determined to implement efficient management of value chain with innovation and advanced technology to reduce environmental impacts to maximum effect.
- Determined to use natural resources for maximum efficiency and reduce environmental impacts.
- Determined to obtain high-quality and eco-friendly materials and packaging.
- Elevate usage of alternative energy and find new models to reduce greenhouse gas emissions.

The SAPPE’s blueprint of sustainable policy has been enforced in all sections of the company, ranging from the board of directors, board of executives, executives and employees at all levels. Additionally, SAPPE will support its suppliers in setting their sustainable mission in accordance with this policy.

Goals of Sustainable Operation in 3 Dimensions

Goal of economic dimension:

- Make triple growth in revenue to reach 10 billion baht by 2026.
- Launch innovative products no less than 20 SKUs in various segments in order to better people’s quality of life.

Goal of social dimension:

- The result of employee engagement survey is not less than 80%, and the turnover rate of employees at the management level is less than 5%.
- The result of satisfactory survey among the factory’s surrounding communities toward the company is no less 80%.

Goal of environmental dimension:

- Adjust packaging material from plastic pellets to recycled PET with a target of 30% by 2026.
- Become Carbon Neutrality in 2050 and achieve Net Zero Emissions in 2065.

Strategy to achieve sustainable 10-billion-baht goal

- To be global brand: Exposing Thai brand to the world
- To be inno social: Creating innovation and promote society of learning.
- To be eco company: Preserving sustainable environment

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
To be global brand, exposing Thai brand to the world	Build this Thai brand to strongly become global brand.	Build business growth in 98 countries worldwide with revenue of 4,566.4 million baht or to grow by 32.6% from the previous year by boosting the growth in the foreign market, emphasizing brand building in line with the competition and consumers' needs in the global market, along with brand loyalty building to grab the consumers' hearts and make them buy the products repeatedly.	Achieve triple growth in revenue to reach 10 billion baht by 2026 from 4 business sections which are foreign market, domestic market, All Coco, and M&A, and continue launching new products in the remaining period of the year. The company is also determined to strengthen the brand both in the existing and new markets in order to serve the consumers' needs.
	Constantly create innovative and trendy products for the market.	Produce innovative goods for the market continuously over 20 SKUs both in the domestic and foreign markets. The products have been created by the company members and feedback from the consumers as well as analysis of marketing information and consumers' behaviors, using global trends, population figures, regional and national cultures plus relevant matters to help develop innovative products which will lift the living standard of people.	Launch innovative products no less than 20 SKUs per year in various segments while communicating and delivering the items to all consumers with fairness and responsibility.
	Carry out production management and operation for maximum efficiency.	The company's standard is widely accepted and acknowledged by the customers leading to the Thailand's Best Managed Companies award in the category of beverage manufacturing and distributing industry from Deloitte (Thailand). Broke the records in three consecutive quarters for production and sales volume, and also broke the record of cost of goods sold for two quarters as well as effectively managed the cost of production and produced quality products.	Built a smart warehouse with 350-million-baht budget, expected to be completed in 2023. Established subsidiaries overseas to increase capability in the competition and business expansion, expected to complete the registration of the subsidiaries by June 2023.
	Becoming a leader in using technology, E- Commerce and Metaverse.	Brought Mogu Mogu brand into the ZEPETO platform which is Asia's biggest Metaverse with over 300 million users around the world, advancing with modern marketing to reach Gen Z consumers. It was a move toward becoming a "Top of Mind" brand as the company is ready to elevate the image of Mogu Mogu to be a lifestyle brand, not just a beverage brand, in the future. Implemented mixed marketing both online and offline in order to create product visibility and increase new consumer groups. The company also used global influencer marketing by hiring BTS band to promote Mogu Mogu to make the brand image more well-known. This helped increase the sales volume in foreign countries both in Asia and Europe	Bringing the product brands into the touch point on various platforms of the target group through the Mogu Mogu character, allowing the Gen Z people and the brand's target group to have a joint experience with the brand directly, leading to their decision to buy the products. Building credibility in the world market's competition through a cooperation with BTS, the popular K-Pop artists who have the highest number of fans and are widely renowned around the world by introducing the product from their real experience in drinking and impression of Mogu Mogu.

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
	Uphold good governance and transparency.	No violation of the company's business code of conduct and became a member of the Thai Private Sector Collective Action Against Corruption (CAC).	No violation of the company's business code of conduct.
To be inno social, creating innovation and promote society of learning	Protect human rights and equality, and not violate human rights.	No violation of human rights in the organization.	No violation of human rights in the organization.
	Developing and overseeing the employees and helping them to have a better standard of living.	Received an excellent establishment award 2022 from the Social Security Office as an organization which focuses on looking after the employees with fairness in accordance with the government's policy, and being part of the mechanism to drive the country to achieve sustainable development of labor welfare. SAPPE was one of four among 19,500 companies in area 9 to receive the award. The result of employee engagement survey was at 74%. The turnover rate of the executive employees in 2022 was 4.17% from the less than 5% target of the employees at this level. Organized the "Sappe DNA Workshop" activity for all new employees.	Have the result of employee engagement at no less than 80%, and the goal to reduce turnover rate of executive employees at less than 5% All employees have to participate in the "Sappe DNA Workshop" activity which will make everybody become Sappe players with the same DNA.
	Build the growth of thought for people in society	Held activities to promote creative thinking and pass on knowledge to society, school and college students, community enterprises and suppliers. Representatives from the sales, marketing, HR, BD and RD departments visited Srinakharinwirot University's Ongkharak Campus as guest speakers to share knowledge and experience to the students. Shared knowledge about making aloe vera liquid soap to local residents under the Thai Women Empowerment Fund in Lamlukka District, Pathum Thani Province to add value to aloe vera as a local plant, and create jobs for community residents. The local people from around 40 households participated in the scheme as part of the "knowledge to community" project in which Sappe and local people have been joining hands in sharing mutual knowledge for five years. The result of satisfactory survey in the communities around the factory showed that the local residents were satisfied with Sappe's community relations mission at 88%.	Sappe's teams from various departments visit students at universities every year to support planting of creative ideas for the new generation. Promote gender equality with the company's knowledge through joint activities with communities and local development agencies to build sustainability of the factory's surrounding society. The result of satisfactory survey of communities around the factory is no less than 80%

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
	Accept feedbacks and make the right response to all stakeholders.	Collected information with questionnaires from various sources such as the business development department. Such information will be collected before product launching (in order to find insight or the needs of customers), during product designing (to get feedback for further development to match the needs of customers), and after product launching (to check the result of product launch and the other factors that may affect the purchase). The information collections are conducted more than 50 times per year. In addition, Sappe's marketing, sales, community relations and human resources departments also collect information through questionnaires yearly in order to make understanding among the stakeholders and bring the obtained information to develop the company's strategies and operation.	Input new technology to help collect and gather information as well as feedback from all stakeholders.
To be eco company, preserving sustainable environment	Use eco-friendly packaging.	Sappe started using rPET in packaging production and changing bottle labels from PVC to rPET for easier recycling and was ready to enter circular economy. In 2022, 92% of packaging material was changed to rPET	Adjust a proportion of plastic in packaging by changing to rPET at 30% in 2023, and jointly develop the other packages with suppliers to protect the environment, expected to be implemented in 2023
	Use alternative energy.	Used electricity from the solar rooftop, together with the power from the state enterprise. This helped decrease the company's expense on electricity and be part of the campaign for clean energy usage and to reduce greenhouse gas emissions	Use electric power from the solar rooftop and continue seeking new alternative energy.
	Focus on climate change	Instructed the relevant departments and committees to work with experienced private agencies to collect the factory's carbon footprint information and drafted a management plan to reduce carbon footprint until reaching Carbon Neutrality and Net Zero Emissions respectively.	Reduce carbon footprint in the operation to reach Carbon Neutrality in 2050 and Net Zero Emissions in 2065.
	Raise awareness among members of the organization and society.	Held activities to raise awareness about waste sorting under the "Separate, Exchange, Trip" activity which encouraged the participants to sort the waste, send it to recycle or upcycle process and reuse it with maximum value. The activity also brought about learning among the employees, allowing them to take part in garbage disposal.	Organize activities constantly to create participation in being aware of climate change for both employees and communities every year.

3.2 Managing Impact on Stakeholders in Business Value Chain

All through Sappe's value chain, we focus on the process of inventing, creating innovative and quality products, effective management of production and storage of products, and delivery of products to as many consumers as possible, as well as marketing communication and sales with highest responsibility. The company conducted analysis of all stakeholders throughout its business value chain, going deep into the key procedures including the related sustainability, practices responding to expectations together with the communication channels and participation as listed below:

Value Chain	Creative Exploration	Co-Value Creation	Eco- Distributor	Trendy Accessibility
	Invent and create innovative, quality products to respond to various needs, and to continuously reach consumers. The exploration also includes looking for new partners and new options to help create innovative, unique, and more eco-friendly products and packaging.	Efficiently manage the production and product storage with advanced technology, cost reduction, and use of natural resources for maximum efficiency and to minimize environmental impact.	Efficiently manage distribution in terms of energy and time. Expand distribution channels to maximize access to consumers in order the get the quality products ready on the shelves and reach the consumers for them to have delicious and beneficial products to better their quality of life.	Communicate with customers and society with transparency, sincerity and straightforward manner to make them and stakeholders clearly understand the products and select the most preferable items in fair prices. Ready for all comments, feedbacks and criticism for further development and improvement, and to find the new insight to create innovative products in response to the consumers' needs.
Key Procedures	• HR • R&D • Knowledge management / sharing • SME • Inno studio (In house) • JV / Collaborations	• Procurement • Production • Community • Supplier • Warehouse	• Modern trade • Traditional trade • Out of home • E-commerce • Brand Activation & Selling	• Pricing • Marketing communication / campaigns • Consumer survey • Consumer feedback • Ecommerce
Our key players	• Employees • Business partners • Educational institutes • SMEs • Government agencies • State enterprises • Communities	• Employees • Business partners • SMEs • Government agencies • State enterprises • Communities	• Employees • Business partners • Government agencies • Shipping • Certification bodies	• Employees • Customers • Media • Government agencies • Investors / Shareholders • Competitors in the market ,online platform / marketplace

Value Chain	Creative Exploration	Co-Value Creation	Eco- Distributor	Trendy Accessibility
Relevant sustainable issues	• Create new platforms of business cooperation (Partnership & Collaboration) • Create / develop business innovation for society and environment (Strategic Innovation) • Sustainability of material sources (Sustainable Agriculture) • Human capital development • Have good health and wellness (Good Health and Well-being) • Using natural renewal materials • Carbon footprint reduction (Carbon Footprint) • Studying consumers' in-dept data (Customer Insight) • Innovative development from the organization's internal personnel (In-house innovation) • Building good relationship with customers (Customer relations) • Ensure sustainable production and consumption (Responsible consumption & production)	• Improve and develop ideas / products / service (Product Development) • Create/develop business innovation for society and environment (Strategic Innovation) • Decent work and economic growth in locality • Using natural renewal materials • Using alternative energy (Solar cell, wind energy and coal) • Carbon footprint reduction (Carbon Footprint) • Waste management • Water management (Clean water & sanitation) • Ensure sustainable production and consumption (Responsible consumption & production) • Sustainability of material sources (Sustainable Agriculture)	• Ensure healthy life and well-being (Good Health and Well-being) • Using natural renewal materials • Using alternative energy (Solar cell, wind energy and coal) • Plastic waste management • Carbon footprint reduction (Carbon Footprint) • Using clean energy (Affordable & clean energy) • Waste management	• Create new platforms of business cooperation (Partnership & Collaboration) • Investor relations operation • Business growth • Sustainable production and consumption (Responsible consumption & production) • Ensure good health and wellness (Good health & well-being) • Implementing marketing strategy with responsibility (Responsible Marketing) • Holding responsibility to produce quality products (Product Responsibility) • Implementation of circular economy (Circular Economy)

Accordance with United Nations Sustainable Development Goals (SDGs)



Participation of Stakeholders

After conducting an analysis of stakeholders throughout the business value chain, Sappe has divided them into five categories: employees, customers, business partners, investors, and communities and society. The grouping was made to set guidelines for management of stakeholders with expectations for communication channels to be efficiently accessible to each group to bring about benefits and direct response as follows:

Stakeholders	Expectations	Practices	Communication Channels
Employees	- Welfare - Work-life balance - Advancement of career path - Safety at workplace - Fair wage - Perception of the company's information and direction, and organization participation.	- Promote proper welfare for employees - Promote happy and fun environment at workplace, assessed by NPS method. - Promote working capability of employees - Promote safe working environment at workplace. - Have systematic annual performance assessment - Have clear communication within the organization	- Town hall - Seminars - Workshops - Meetings - Intranet - HR Hot line - Sappe playground - Facebook page - Line Official Sappe Player - Telephone and E-mail - Suggestion box - Suggestion board
Customers	- High Quality, reliability, and trustworthiness - Delicious taste - New, innovative experiences - Help solve health and beauty problems - Best value for money - Eco-friendly	- Adhere to regulations and production standards - Study and do research in new innovation to respond to consumers' needs - Create products and innovation with social and environmental responsibilities	- Company's website, Facebook page, IG - Telephone and E-mail - Annual report - Annual questionnaires to survey customers' satisfaction
Business partners / Suppliers	- Run business with fairness and transparency - Promote sustainable business growth - Respect intellectual property and copyright	- Fair selection of business partners - Not disclose confidential business information without consent or legal permission - Emphasize on equality and mutual interest with business partners	- Company's website, Facebook page, IG - Telephone and E-mail - Annual report - Annual audit - Meetings
Investors	- Yield, sales volume, and profit - Disclose information openly and transparently - Service from investor relations officers	- Make summary of operational performance and present to the investors every quarter - Disclose the company's information on website - Conduct service assessment of investor relations	- Annual report - Company's website - Telephone and E-mail - Shareholders' meetings - Meeting with investors (Opportunity Day) - Press releases

Stakeholders	Expectations	Practices	Communication Channels
Communities and Society	• Management of waste from production • Activity participation of communities • Reduction of business operation impact towards communities • Provide assistance to build sustainable community development • Contribute to economic stimulation in communities • Give support or help for activities or during crises	• Comply to zero discharge project • Support community events, including religious, cultural and environmental activities • Inquire community satisfaction toward the business operation and solve problems • Jointly support community projects with the government and private sector to help strengthen the communities • Support projects which help generate income and increase employment in communities • Provide assistance to community activities as well as other aid during crises	• The company's sustainable development team in charge of community and society (SD Team) • Company's website, Facebook, IG • Annual survey on satisfaction of communities • Telephone and E-mail • Company's complaint channels.

3.3 Sustainability Management in Environmental Dimension

3.3.1 Environmental Policy and Practice

As the company is determined to mitigate environmental impacts, it firmly emphasizes producing goods to meet the “Green Product” standards, developing the production process under the “Green Factory” practice and implementing new innovative technology to reduce pollution from the production and protect the environment. The eco-friendly production is always carried out along with running the operations with social and environmental responsibilities. The company uses the environmental management system ISO 14001:2015 to apply in its business and requires all employees to comply with the policy and publicize it as followed:

“We will comply with the law and standard, and continuously develop environmental management”

1) Strictly follow the law and environmental standards. Even activities which the law and standard practices do not cover, the company will still establish its stringent standards to be used as guidelines in conducting green activities. Protective measures are also in place to protect the environment from pollution caused by the operations.

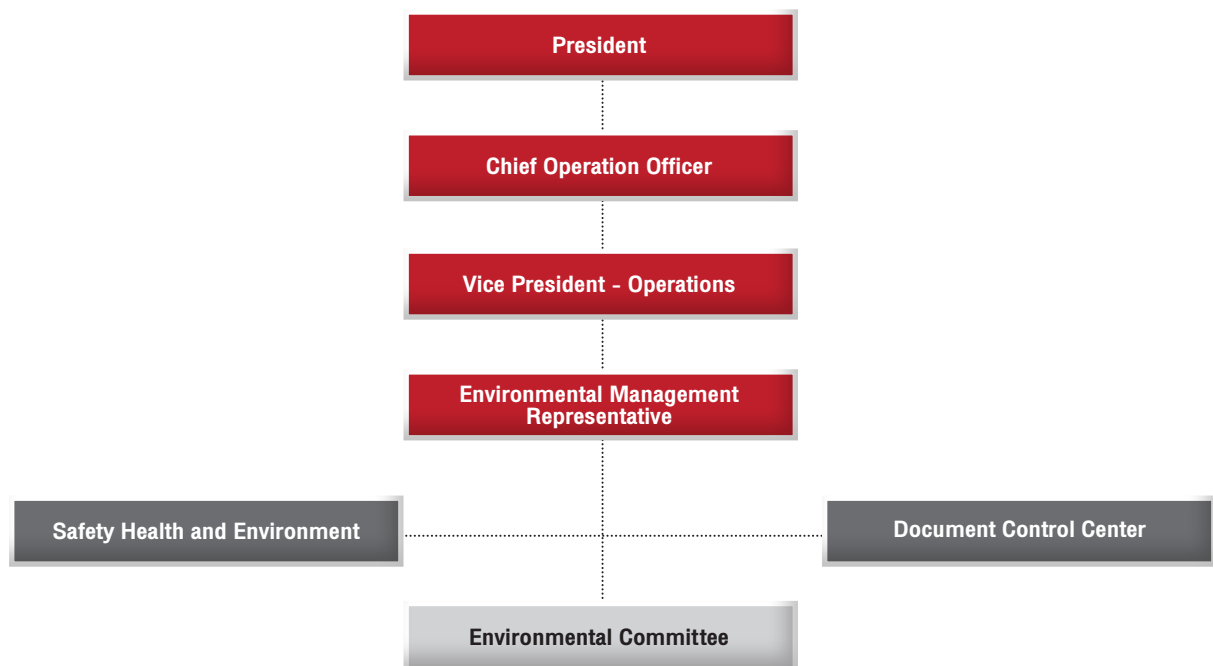
2) Set environmental measures to be in accordance with the context of the organization and expectation of stakeholders by creating an environmental management plan and review it regularly.

3) Prevent accident occurrence from the operations that may affect the environment and be ready to respond to possible emergency.

4) Use energy properly and worthily for the maximum effectiveness.

5) Constantly improve the environmental management system

To ensure efficiency of the environmental management operation, the company has established an environmental committee to control the ISO14001 environmental management system. The committee is under the direct supervision of Mr. Anan Ruckariyapong, director and president of the company.



In addition, the company has implemented a policy on a reduction in plastic usage, using plastic recycle and studying alternative and eco-friendly materials to be used in the production. It also cooperates with the government and private sector to study new guidelines and technology for continuous improvement. Also, the operations related to safety, power conservation and using the factory resources for the maximum benefit are in place for all employees, including newcomers. The new employees will obtain environmental management knowledge which will make them realize its importance and use it for tangible results. The company's new staff also take part in the activities organized by the local government agencies as well as local leaders to make the community members become healthy and live happily with the factory

3.3.2 Performance on Environment

• Energy Management

The company efficiently manages energy both thermal and electric energies, particularly thermal energy which focuses on an increase in the biomass energy usage to be in accordance with the climate change campaign in boosting the use of renewable energy.

Type of Fuel	2022	2021
Fuel oil Grade C	466 ton	604 ton
Palm kernel shell	100 ton	6,968 ton
Wood pellet	7,039 ton	-

Throughout 2022, the company used electricity from the solar rooftop along with the power from the state enterprises which helped reduce electricity usage in the company. It was also part of the campaign to promote the use of clean energy and reduce greenhouse gas emissions.

Type of Fuel	2022	2021
Power from electricity authorities	23,522 MWh	18,494 MWh
Solar rooftop	3,151 MWh	1,967 MWh
Reduction of carbon footprint	3,243 ton	1,960 ton

Furthermore, the company is still committed to emphasizing and promoting related activities such as encouraging the employees to turn off the lights and computer screens during lunch break or after work as part of the activity to reduce energy usage.

• Water Management

In 2022, the company still continued focusing on bringing waste water treated by internationally standardized process of water treatment process to be used in sanitary and utility systems both inside and outside the building. More importantly, it also clearly indicated types of water in various areas of the compound and conveyed messages to the employees asking them to acknowledge and follow the instruction for the worthiest usage of water as water is the key material in the company's beverage products and is an essential resource for living. The company realizes it shares raw water from the irrigation canal with the communities around the factory, so, the worthiest usage of water must be carried out as well as reducing the impact towards the communities that use water from the same source.

• Garbage, Waste (Hazardous waste) and Pollution Management

The company has systematic management to handle garbage and waste from the production under 3R practice (Reduce, Reuse and Recycle). It has efficient garbage classification and creates conscience and participation with those involved to reduce garbage disposal. Additionally, the company has procured an outsourcing company with certified standards of waste management to turn garbage and general waste into renewable energy. The company conducts environment quality measurement in the factory and surrounding areas at least twice a year. In 2022, quality of air, smell, noise and lighting in the building met the standard level according to the law, and chemical leak from the business operations was not found.

Moreover, the company has been organizing campaigns to create awareness in garbage classification including the latest activity, "Separate Exchange Trip" project, to encourage the company staff to sort garbage, take it into the recycle and upcycle process and bring back to use for greater value. The company also encouraged the employees to learn and join force in waste management activities.

Waste Management					
No.	List	Unit of Measurement	2022	2021	2020
1	Total waste	Metric ton	506.00	1,032.15	759.87
2	Hazardous waste	Metric ton	1.15	2.410	1.540
3	Percentage of hazardous waste	Percent	0.12%	0.24%	0.20%
4	Non-hazardous waste	Metric ton	504.85	1,029.744	758.330
5	Percentage of non-hazardous waste	Percent	99.88%	99.76%	99.80%

Waste classified by types and methods of management					
No.	List	Unit of Measurement	2022	2021	2020
1	Quantity of total hazardous waste	Metric ton	504.85	1,029.74	758.33
2	Quantity of total non-hazardous waste	Metric ton	1.15	2.41	1.54
3	Percentage of waste not being disposed in landfill	Percent	100%	100%	100%
4	Reuse and recycle waste	Percent	39.15%	19.16%	23.04%
5	Waste disposed by other processes	Percent	9.89%	11.13%	16.01%
6	Waste disposed by being turned in to fuel (alternative fuel/fuel blending)	Percent	50.97%	63.75%	60.30%
7	Waste disposed without waste-to-energy	Percent	0.00%	0.00%	0.00%
8	Waste disposed by other methods	Percent	0.00%	0.01%	0.00%
9	Sanitary landfill	Percent	0.00%	5.95%	0.65%

3.3.3 Climate Change Impact

Currently, global warming is the main cause of climate change which affects natural resources. Human activities that cause climate change are those that increase emissions of greenhouse gas in the atmosphere, making the greenhouse effect become more severe than it should be, and increasing the earth's temperature or "global warming". Thailand is among the countries at high risk of climate variability and change as people's living and the country's overall development depend on natural resources and output which is also at high risk of climate variability and change, ranging from crop yields to coastal resources, particularly water resources. As the company is among the manufacturers that cause the global warming, it emphasizes mitigation of greenhouse gas emissions in all activities.

In 2022, the company placed importance on the greenhouse gas problems, seen from the establishment of the environmental section and committee to work with experienced private agencies, and prepare reports on greenhouse gas emissions covering three scopes in order to know information about greenhouse gas emissions in all production activities, raw material purchase and shipment. The greenhouse gas report enables the company to have information about the activities which tend to emit high greenhouse gases in order to set guidelines to manage, reduce, replace, recycle, and reuse.

Details of Greenhouse Gas Emissions	2022
Scope 1 Direct greenhouse gas emissions that occur from sources controlled by the organization (Direct GHG Emissions)	3,824 ton
Scope 2 Indirect Greenhouse Gas Emissions from Energy Usage (Energy Indirect GHG Emissions)	11,759 ton
Scope 3 Other Indirect Emissions	32,272 ton

In 2022, the company did not have any environmental dispute with external organizations and the surrounding communities.

3.4 Sustainability Management in Social Dimension

3.4.1 Social Policy and Practice

Sappe believes that every business growth can create better sustainable society together like we have been doing under our resolution that “We better people’s lives through our innovative spirit”. To demonstrate our commitment to society, the company sets the guidelines as followed:

1. Employees: We will support activities which can improve the employees’ life in all aspects such as creating safe and happy workplace, enhancing their working and innovation potential, promoting equality, and adhering to human rights practices.

2. Consumers: We are determined to develop and produce products with innovative ideas to deliver quality items to consumers as many as we can. We are ready to provide products’ information with responsibility, accept all feedbacks without bias, and avoid discrimination in order to maximally serve the needs of customers.

3. Communities and Society: We will help enhance people’s quality of life with measures such as pushing for the use of raw materials from the output of Thai farmers and develop them with Sappe’s innovative knowledge and expertise. We also support local employment and promote social equality as well as build inspiration and pass on knowledge of creative seeds to society.

4. Suppliers: We will create business growth by constantly developing products with our business allies, looking for new investment models, or creating business models to sustainably improve people’s quality of life.

Apart from following Sappe’s policy on sustainability, we are also determined to carry out the operation in accordance with the United Nations Sustainable Development Goals (SDGs).

3.4.2 Social Performance

Employees: “We adhere to our determination that ‘We better people’s lives through our innovative spirit’,” we, therefore, place important on our employees who are like friends and family. We call them “Sappe Players”. We make the workplace like an amusement park where everybody is a game player who has fun and dares to do and to propose new things. Thus, our Sappe players must be ready to work and have energy for enjoyment which includes dynamic creativity and fun. From the severe outbreak of COVID-19 at the start to gradual improvement at present, the impact could not make our Sappe players exhausted. On the contrary, they are still determined and have more hunger for success. As we have a target of becoming better, we equip all players with capability development covering mind set, tool set and skill set under the theme of being aware, keeping up and finishing job in time. In other words, our Sappe players have to aware of new things, and keep up with the changing situation outside the organization. After obtaining knowledge from these two aspects, the following output is to get work done in time which will lead them to achieve the goal.

In addition, we have a trainer team, which is a supportive team established to analyze and conduct focus groups with intensive and constant monitoring. The activities in the focus groups include sharing knowledge, problems and solutions among employee representatives from the factory and office. This aims to adjust teaching process, communication, content settling and create atmosphere of Sappe trainer to allow Sappe players to obtain the provided knowledge to be substantially implemented in their work. We are determined to make our organization grow with innovation, and power of knowledge, ability and positive attitude will drive Sappe to success. We are proud to be part of the success in creating innovation and being an example for other Thai companies. These elements are regarded as the factors to help the company, Sappe players, customers, suppliers, shareholders, society and communities grow together with sustainability. To achieve the goal, we focus on establishing successors for continual development, providing our players with a capability development policy to help them work with fun and be able to fulfil their dreams.

In the operation, we brought in the Work and Development Plans (WDP) as a tool to assess the performance and plan self-development for good career development or constantly build their dreams. We foster the employees to have self-improvement as value added for themselves and the organization. This will help Sappe players acquire learning about problem solving, decision-making and leadership management.

Our players have been trained to give feedbacks and implement the development strategy particularly for each section and each person. These approaches enable Sappe players to evaluate their own performance and inform their desire in self-development to the section heads before drafting the development plan together. This will allow Sappe players to take part in a self-development design, leading to a bond in the organization, and encourage them to be aware and keep up with the changes.

In 2022, we boosted our Sappe players with a number of training courses and projects covering soft skill and hard skill developments. For soft skill, the “Great Leader, Great Team, Great Result” was among the key programs to enhance leadership in the employees as we believe good leaders will build good teams and produce good work for the organization. For the hard skill, courses about food and nutrient innovation were conducted for our Sappe players. Sappe’s innovation team designed a “Talk Show” learning model entitled the “Refrigerator Next Door” to be used in carrying out the training. The course is full of fun and substantive information which can be applied both at work and in daily life.

The company has a policy to promote the employees’ good health and well-being to help them work happily. We believe that, if the employees receive good treatment and caring from the company, they will be happy at work and generate the will power to produce efficient performance. Hence, Sappe emphasizes looking after capable employees with good welfare to make them stay with the company for a long time with effective performance. We provide appropriate benefit, security and good quality of life which are comparable to welfare of the same or similar industry, or in accordance with the law.

Furthermore, the company also encourage the employees to take part in activities in compliance with the law, such as the welfare committee, health and sports clubs and other recreational activities. An employee committee was also set up to represent all employees to help look into requirements and suggestions in welfare and organizational management from the employees to constantly discuss them with the company's executives. The company collaborated with the Government Housing Bank to provide housing loan welfare with special interest rate, a reduction for floating rate and a maximum of 100% loan approval. The housing loan program provided relevant benefits for the employees who wanted to have houses for themselves and their families. Apart from this, the company increased the years of service rewards for employees to express its appreciation for their loyalty. Originally, Sappe rewarded its most loyal employees with a maximum of 15 years in service, but the company added two more prizes for those who have been with the company for 20 and 30 years as they are recognized as the important employees. The awards are aimed at repaying the employees for their dedication and long service. We also improve the group insurance by increasing life insurance limit and treatment limit when being admitted to hospital.

Customers: In 2022, Sappe delivered more innovative products to meet consumers' lifestyles with a total of 25 SKUs. The items came from the product development for new consumer groups, enhancing and building future sustainability through new distribution channels in the foreign markets, particularly Asia, the United States, Europe, and the Middle East. The company implemented O2O or Online to Online/Offline Marketing, which is mixed marketing in both online and offline channels, to suit rapid changes. For the domestic market, the lockdown measures had accelerated our entry to the online market, ranging from communication to sales channels through the marketplace platform or Sappe online. In 2022, more than 20 product brands from Sappe were distributed to 98 countries worldwide and generated a total revenue of 4.5 billion baht, growing 30% with 25% from domestic sales and 75% from overseas.

Suppliers: Sappe has a good relationship with all suppliers and business partners in every country with its adherence to "Win-Win" business which enabled the company to expand its business to over 90 countries worldwide. The company considers them as not only suppliers but also its representatives to jointly build and promote the brand. In 2022, Sappe and its suppliers moved in the same direction, and it was regarded as an important factor to drive the business to achieve success together. To reach the goal of success, the company performed its duty in supporting and giving advice in laying foundation of the brand and build the brand through information exchanging to develop a proper marketing mixture. It also created partnership platform in developing and selecting suppliers in order to enhance business and make the brand become a global brand.

Additionally, the company has increased its closeness with its suppliers through conversations about market situations and economic impacts and analyzing the past performance. It also assessed efficiency of activities with the suppliers quarterly in order to use the information in planning and applying it to the business in the future. The company also expanded its joint working with the suppliers which includes teams to oversee product stocks and the order

system and an accounting team to help the business collaboration go smoothly.

As the company recognizes the code of conduct in running business and professions, it gathered and set a code of conduct and practices for suppliers which adheres to transparency, honesty and legitimacy. This goes along with strong determination to support and promote society and the environment in line with the sustainable development which will lead to a balanced society, environment and business to grow with sustainability.

Sappe aims to promote these principles in its suppliers and is determined to jointly develop the capability of the suppliers, who are vital in the company's business, under the same principles of honesty, transparency, fairness and accountability. This will help the company and its suppliers to grow together and broadly expand to society.

In 2022, the company did not receive any complaint about violation of the supplier code of conduct.

The company compiled and distributed its code of conduct for suppliers in order to explain practices to those who want to have partnerships with the company, and the code of conduct is listed below:

Code of Conduct Practices for Suppliers

1. Business Ethics

Integrity, honesty, and fairness: Run business based on righteousness, transparency and compliance with the law and regulations related to the business operation, and firmly adhere to fair business operation and fair competition.

- Conflict of Interest: Not involve in any relationship with the company's directors, executives or employees in order to obtain benefit illegitimately.
- Anti-Corruption: Must cooperate with the company to fight all forms of corruption.
- Intellectual Property Rights: Run business in compliance with the law or regulations related to intellectual property rights.
- Confidentiality: Protect confidential information of the company or concerned parties.

2. Human Rights and Labor Rights

- Non-discrimination and equality: The suppliers must treat their employees with equality and fairness without discrimination stemming from differences of race, religion, gender, skin color, native origin, marital status, expression, physical condition or social status.
- Labor Protection: Must not use child laborers who are under the minimum age limit as stipulated by the law and illegal laborers and must treat all workers in accordance with the law.
- Wages and benefits: Wages payable for the employees must be paid accurately and fairly in accordance with the law.

3. Safety and Occupational Health

- Create safe and healthy environment in the workplace to ensure effective operations in accordance with the law and relevant regulations. The suppliers are required to apply safety measures to the operations accurately and promptly to prevent occurrence of accident from working operations or an emergency situation.

4. Sustainable Environment Management and Business Development

- Carry out the operation in compliance with the environmental law or the law related to health and safety by considering the effect on communities, society and environment. Measures to prevent and reduce the environmental effects from the production and transportation must be implemented both before and after the operations while using energy and resources with the maximum benefit.

Important Suppliers

- The company has set the order of priority for its suppliers as top 20 of the total purchase to jointly plan and develop the business for 'win-win' results for both sides. The company shared its goal of 10 billion baht growth in 2026 to find strategies with the suppliers as preparation to grow together. In 2022, several strategies were set with the business allies such as cementing both long-term and short-term agreements and implementing the joint development with the partners for higher quality of products and services.

Goal

- The company wants suppliers to develop its efficiency in producing quality of products and services and be ready for the 10 billion baht sales volume in 2026. As the result of risk management found that some key suppliers were still at risk with insufficient capability for the plan, we expanded the business structure and product development for the suppliers.

Operations

- In 2023, the company plans to expand business structure and develop production process for two main suppliers to ensure sufficient materials for the production.
- The company jointly developed 20 main suppliers and signed contracts of sale, managed risks, and made the suppliers have confidence in growing together.
- Develop product labels from PVC to 100% PET in Q2 of 2023.

Strategy in 2022

- Jointly sought strategies with the top 20 suppliers.
- Developed 20 key suppliers, signed contracts of sale and eliminated risk to give them confidence in growing together.
- Signed contracts of main materials to eliminate risk.

- Developed the use of recycled PET resin to reduce global warming from the bottle production with a plan to be used in 2024.
- Developed coconut shells from the production to have value added and not being left as waste to affect the environment.

Strategy in 2023

- Share the company's goals with partners at 100% to find strategies together.
- Develop suppliers and find more business partnerships.
- Make long-term contracts with key partners.
- Use PET recycling to reduce global warming in the second quarter of 2023.
- Change product labels from PVC to PET 100% in Q2 of 2023.
- Bring coconut shells from the production back to use in the factory as renewable material to reduce waste which affects the environment. The coconut shell product is planned to be launched in Q3 of 2023.
- Reduce the amount of plastic from 18 to 17 grams in 2023.

Operational Performance

- The company has monitored the supplier code of conduct 100% in 2022 covering social and environmental issues to assure that the suppliers realized the issues, and there was no code of conduct violation in the suppliers' business in 2022.
- The company realized that the sources of materials and packaging must be eco-friendly.
- In 2022, the company conduct a survey on expectations of suppliers and used the results in a joint strategy for future sustainability.
- In selection of new suppliers, the company will prioritize those with eco-friendly operations.
- Duration of payment for suppliers is between 4 and 60 days from the date of receiving products and services.
- There was no delay payment for suppliers in 2022.
- Changed the product labels from PVC to PET at 92%.

Investors and Shareholders

Sappe has an investor relations section which provides necessary and important financial information to shareholders, investors, securities analysts and supervising agencies. It gave its reports to the Stock Exchange of Thailand, the Securities and Exchange Commission, and the company website in the subject of "Investor Relations" for convenience of those who want to get more information about investment with Sappe. Furthermore, a number of activities were organized to provide and explain information, while giving chances for the participants to openly ask questions,

which were replied by the relevant personnel including high-ranking executives. The investor relations activities attended by executive members in 2022 were summarized as followed:

Held four analyst meetings to explain the company's quarterly performance and all meetings were conducted through VDO conferences. The first one was held on March 28, 2022, and the analysis was published by five securities companies. The second meeting was held on May 19, 2022, and the analysis was published by 11 securities companies. The third meeting was held on August 18, 2022, and the analysis was published by three securities companies. The final meeting of 2022 was held on November 16, and the analysis was published by four securities companies.

The company also attended the SET Opportunity Day organized by the Stock Exchange of Thailand three times in 2022. (Not include the 2022 quarterly performance to be published in newspapers and online media)

In addition, the company provided information through 34 conference calls attended by high-ranking executives. In case they could not attend the meetings, the investor relations executives and team will be assigned to constantly provide information to the investors both in Thailand and overseas.

Community and Society: The "Wan Wan Wan" Project entered its 6th year in 2022, and the performance was relatively good as the project generated output and income to the members throughout the year. Moreover, the number of members increased after the success of the project attracted newcomers to join. The total revenue of the Wan Wan Wan project in 2022 was 207,547 baht.

In 2022, the project was affected by heavy downpours caused by typhoon Noru and the project is located in Pathum Thani province which was designated as a disaster zone. Around 40% of the project area was affected by the storm, prompting the Wan Wan Wan project to provide assistance for members. The aid was divided into two periods which included relief efforts during flooding and restoration after the flooding. For the long-term measure, we plan to expand the cultivated area by analyzing area suitability for new members in order to reduce risk.

Apart from helping the Wan Wan Wan members, we also provided assistance to 120 households of flood victims in Pathum Thani. Over 24,000 bottles of Sappe products were given to voluntary groups which were the donation centers to distribute relief packages to the victims in Chai Nat, Lop Buri, Sing Buri and Nakhon Sawan.

To respond to the community's need in all aspects, the company sent its representatives to attend monthly meetings with officials from the Department of Provincial Administration to know the needs of local communities. The Sappe team also analyzed the problems with local leaders, government and local agencies in order to give quick response to the needs of community residents or solve their problems in time like the help provided for people during typhoon Noru.

Regarding the innovation for society under our determination "We better people's lives through our innovative spirit", Sappe, in 2022, launched "Sood Sud" inhaler under the brand "Sappe x Dek-D". The product was made from the output of the Puech-Udom community enterprise in Lam Lukka district, Pathum Thani province to generate income to the community and help them obtain knowledge of production standards. The company sent a product and quality development team to constantly provide relevant knowledge and understanding for the local enterprises involving both the product from joint projects with the company and their own products. This enabled the community members to bring new innovation to develop the products and sustainably generate income to them.

In addition, the company conducted a survey on satisfaction of the communities around the factory with a target of no less than 80%, and the result was 75.32% in 2022.

4. Management Discussion and Analysis

Thai Economic Performance in 2022 and Outlook for 2023

The Office of the National Economic and Social Development Council (NESDC) reported that the Thai economy in the fourth quarter of 2022 expanded by 1.4%, decelerating from the growth of 4.6% in the third quarter. After seasonally adjusted, the Thai economy in the final quarter of 2022 decreased by 1.5% from the previous quarter. In 2022, the Thai economy grew by 2.6%, increasing from 1.5% in 2021 with the following explanation.

In 2022, the total export in US dollar was 285 billion, increasing by 5.5% while the export value in Thai baht expanded by 15.4% comparing to 22.1% growth in 2021. However, the export value in the fourth quarter of 2022 decreased by 7.5% compared to 6.7% growth in the previous quarter, and it was the first decline in eight quarters following the economic slowdown in the countries of trading partners.

The private consumption expenditure expanded by 6.3% in 2022 while the public expenditure slightly decreased by 0.04%. In the fourth quarter of 2022, the private consumption expenditure expanded by 5.7%, decelerating from the previous quarter with a high growth rate of 9.1%. The decline was caused by decreased expenditures in durable goods (particularly the deceleration of vehicle purchase) while the expenditures in services and non-durable goods made favorable growth.

The government consumption expenditure in the fourth quarter decreased by 8.0%, continuing from 1.5% contraction in the previous quarter due to lower medical treatment spending for COVID-19. The disbursement rate of current budget was 34.1%, lower than 35% in the same quarter of the last fiscal year.

In other areas of the Thai economy, the total investment expanded by 3.9% due to an expansion of private investment at 5.1% while public investment decreased by 4.9%. The total import value was recorded at US\$275 billion, increased by 15.3%, compared to an expansion of 27.7% in 2021 in accordance with the headline inflation average at 6.1%, and core inflation at 2.5%, comparing to the figure of the previous year at 1.2% and 0.2% respectively.

At a press conference on February 17, 2023, the NESDC predicted that the Thai economy would grow by 2.7% to 3.7% in 2023. The key supportive factors are: (1) the recovery of tourism sector, (2) the expansion in both private and public investments such as shifting production bases of electric vehicles and high-speed rail projects, (3) the continual expansion of private consumption after recovering from the COVID-19 outbreak and returning to normalcy, and (4) the growth of the agricultural sector. Meanwhile, the export value of goods is expected to decline by 1.6% while the private consumption and total investment are expected to expand by 3.2% and 2.2% respectively. The headline inflation is estimated to be in the range of 2.5%-3.5%, and the current account is projected to record surplus of 1.5% of GDP.

However, the recovery of the Thai economy in 2023 requires efficient management in following issues: (1) overseeing and

resolving retail debts, (2) sustaining agricultural products and farmers' income, (3) maintaining growth momentum from the export sector, (4) bolstering the recovery of tourism and related service sector, (5) stimulating private investment, (6) following, monitoring and assessing the volatilities of global economy and global financial conditions, and (7) maintaining the domestic economic and political atmospheres.

Discussion and Analysis of Operating Performance and Financial Position

Overview of Operation and Financial Position

In 2022, Sappe PCL and its subsidiaries' consolidated revenue was 4,899.5 million baht, an all-time-high revenue since the establishment of the company or 32.0% growth from the previous years. The significant rise was mainly a result of the sales growth in the foreign market ranging from Asia, Europe to the Middle East as the company could expand its distribution channels in the international market particularly the modern trade as we have national chains.

The ratio of the cost of goods sold in 2022 to the sales revenue was 59.2%, dropping by 1.5 pts. compared to 2021. The company obtained a partially positive factor from the weaken baht (against US dollar) but still could not be able to compensate the continuing increase in the production cost. The key factor causing increasing in the cost of goods sold was the production management such as increasing of capacity utilization rate, reduction of loss as well as efficient management of the cost, human resources, fuel, energy, and other production costs.

The selling and management expense in 2022 (excluding profit/loss from exchange rate) was 1,366.1 million baht, increasing by 26.7% from 1,078.1 million baht in the previous year. The increased expense was a result of the surge in sales and marketing activities to stimulate sales volume in the foreign market in particular. But if comparing proportion to sales volume, the expense was 29.9%, dropping from 31.1% in 2021, due to improved efficiency of budget spending. The container shortage situation also started becoming better in 2022.

The decreased expense also caused a decrease in expense in other income in the fourth quarter. The 2022 net profit was 653.2 million baht, the highest net profit since the establishment of the company, increasing by 59.0% from 410.8 million baht in the previous year.

Currently, the company has two subsidiaries: Sappe Europe s.r.o. registered in Slovakia, and Sappe Holding (Thailand), registered in Thailand. Sappe Europe's business involves producing, distributing and marketing Sappe Aloe Vera drink in Europe while Sappe Holding provides management service for the affiliates.

Between 2019 and 2022, the company recorded total revenues of 3,386.9 million baht, 3,320.9 million baht, 3,712.8 million baht and 4,899.5 million baht respectively. Almost all of the income was from sales.

Revenue from Sales of Goods

During 2019-2022, the sales revenue was geographically analyzed in the following table:

Sales Revenue	2022		2021		2020		2019	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Total	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0
Domestic	1,055.0	23.1	1,209.9	35.1	1,481.3	45.3	1,377.8	42.0
International	3,511.4	76.9	2,234.3	64.9	1,786.8	54.7	1,921.7	58.0

The company recorded the sales revenue in 2022 at 4,566.4 million baht, an all-time high since the establishment of the company, growing by 32.6 % compared to the previous year.

The revenue from international sales was 3,511.4 million baht, increasing by 57.2% from the previous year. It was a base adjustment of the foreign market this year, thanks to the capability in expanding the customer base into various main channels. The company has expanded the distribution channel to the modern trade in France and increased channels to comprehensively cover many countries, resulting in a significant increase of purchase orders in all regions.

For Asia where Sappe expanded the distribution channel to cover the whole country in countries such as the Philippines, South Korea and Indonesia, the company launched marketing campaigns to attract more Gen Z customers, especially the online marketing through loyalty campaigns, the Zepeto metaverse platform, presentation of products in the reality show program of the famous Korean boyband BTS and communication campaigns on Instagram and Facebook to encourage 'food paring'. These activities were part of the strategy to sustainably achieve the 10 billion baht goal. (For additional details, see the Driving Business for Sustainability topic).

The most popular products in the foreign market are Mogu Mogu, fruit juice mixed with coconut jelly, and Sappe Aloe Vera, fruit juice drink with aloe vera pulps, which are exported to over 90 countries around the world. Their popularity could be seen from the growth of sales volume this year comparing to the previous years in each region: Europe, Asia and the Middle East which grew by 148.6%, 56.1% and 43.2% respectively. Although the fourth quarter of the year is regarded as the low season for the refreshment industry, Sappe still grew significantly in Q4 of 2022, compared to the same quarter of 2021, proven by the continual increase in purchase orders. In 2023, the company still eyes continuing growth from an increase in product consumption from the existing customers with incessant marketing investment plans and capability in expanding the distribution channel in the new customer group.

The revenue from domestic sales was 1,055.0 million baht, dropping by 12.8% from the previous year, due to an external factor about the domestic consumption which has yet fully recovered and internal factor of limitation of production capacity which had to support the skyrocketing growth in the foreign market. This was in line with the plan to launch fewer new products compared to the previous year. However, the company began to see recovery of the overall economy and adjusted the new product launch plan for 2023. The company also expects the revenue from the domestic sales will return to grow from the product launch plan in Q1/2023 with around 20 SKUs into the market and marketing strategies in online channel and e-commerce which are the channels the company sees potential and opportunity for high-level growth in the future.

The main income generating products in the foreign market were Mogu Mogu and Sappe Aloe Vera, which are fruit juice/fruit flavored drink with coconut jelly/aloe vera pulps. With the strong point of selective ingredients and refreshing fruit juice, Mogu Mogu was the top selling product in the foreign market. For the domestic market, the income generating products were the health and beauty drinks such as Sappe Beauti Drink and B'lue Vitamin Water, Preaw instant coffee, and sweets and heathy snacks such as Sappe Beauti Jelly and Gumi Gumi Jelly. The total sales can be divided by product categories as follow:

Product Category	2022		2021		2020		2019	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
1. Functional Beverage	478.7	10.5	541.4	15.7	692.3	21.2	547.6	16.6
2. Fruit Juice / Juice Drink	3,718.8	81.4	2,468.7	71.7	2,083.0	63.7	2,265.1	68.6
3. Functional Powder	212.5	4.7	242.6	7.0	247.5	7.6	296.9	9.0
4. Healthier Snack	28.6	0.6	47.4	1.4	25.5	0.8	31.5	1.0
5. Supplement and Others	127.8	2.8	144.1	4.2	219.8	6.7	158.4	4.8
Grand Total	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0

Other Income

Other income of the company during 2019-2022 were 69.9 million baht, 52.9 million baht, 268.6 million baht and 333.1 million baht respectively. The main income included transportation fee which is additional charge in providing transportation service on the customers' request, selling scrap materials, interest and others as follow:

Other Income	Consolidated Financial Statements							
	2022		2021		2020		2019	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Transportation Income	287.2	86.2	232.6	86.6	17.7	33.5	18.1	25.9
Interest	3.0	0.9	1.3	0.5	5.2	9.8	2.6	3.7
Scrap material selling	0.0	0.0	0.3	0.1	1.3	2.5	2.7	3.9
Others	42.9	12.9	34.4	12.8	28.7	54.2	46.5	66.5
Total other income	333.1	100.0	268.6	100.0	52.9	100.0	69.9	100.0

During 2021-2022, the income from transportation fee significantly increased due to the rise of international freight cost, resulting in an increase in shipment service fee for some foreign customers. However, the company managed to find ships with a low transportation rate for customers and later charged them with this rate which was lower than they had previously. As a result, the cost of distribution and other income have increased since the first quarter of 2021 but did not affect the company's net profit.

The company's gross profit during 2019-2022 were 36.8%, 36.8%, 39.3% and 40.8% respectively, increasing from the previous year. The cost of goods sold in 2022 accounted for 59.2% of the sales revenue, dropping from 60.7% in the previous year.

Unit : Million baht	Consolidated Financial Statements							
	2022		2021		2020		2019	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Sales Revenue	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0
Cost of Goods Sold	2,702.9	59.2	2,089.1	60.7	2,067.2	63.2	2,083.8	63.2
Gross Profit	1,863.5	40.8	1,355.1	39.3	1,200.9	36.8	1,215.7	36.8

The company started realizing the rise of the material and packaging costs throughout the year, especially the cost of PET Resin, which rose in accordance with the oil price, as well as other materials such as sugar, coconut jelly and other packages. However, the company still managed to reduce the cost with the cost of goods sold at 59.2%, decreasing by 1.5 pts. comparing to 60.7% in the previous year. The main causes were as follow:

1. An increase in the international sales volume which has a higher margin of profit than the domestic market.
2. An increase in partial international sales as a result of the weak baht to US dollar.
3. An increase in capacity utilization rate to accommodate the base adjustment in the foreign market which has grown a lot.
4. Cost management in the production which has been constantly implemented such as efficient production planning, management of production personnel, increase in yield and reduction of loss from the production.
5. Other cost reduction in the production including the solar cell project to reduce expense on energy, using machine learning to check product quality and switching to automation process to replace regular laboring.

The company gives importance to cost savings with environmental protection, seen from approval to increase solar cell installment on buoys in 2022. This is part of the strategies to sustainably achieve the 10 billion baht goal (Additional details refer to the Driving Business for Sustainability topic).

Selling and Administrative Expenses

The company's proportion of selling expense to the total revenue in 2022 was 21.5% of the total revenue, decreasing by 0.5 pts. comparing to 22.1% in the previous years. The drop was caused by efficient expense management which affected sales and marketing activities and the decrease in freight cost, starting in the second quarter of 2022, which directly affected the decreased export expense. This also included the decrease of other income and selling expense from shipping service provided for foreign customers as some of them were able to find ships for goods transportation.

The administrative expense in 2022 was 383.3 million baht, or 8.4% of the sales revenue. The figure decreased from the previous year which accounted for 9.2% of the sales revenue as the growth of the total revenue was significantly higher than the increase in the administrative expense.

Unit: Million baht	Consolidated Financial Statements							
	2022		2021		2020		2019	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Selling Expense	982.8	21.5	759.9	22.1	451.5	13.8	490.1	15.0
Administrative Expense	383.3	8.4	318.3	9.2	298.4	9.1	290.7	8.9
Total Selling and Administrative Expenses	1,366.1	29.9	1,078.2	31.3	749.9	22.9	780.8	23.9
Sales Revenue	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0	3,299.5	100.0

Financial Cost

The company's financial cost in 2022 was 2.3 million baht, decreasing from the previous year which was 2.5 million baht. The decrease was a result of cancellation of some long-term rental contracts.

Corporate Income Tax

In 2022, the company had corporate income tax expense at 161.7 million baht, or 19.8% of the profit before tax.

Share of Profit (Loss) of Associates and Joint Ventures

The company recognized share of profit of associates and joint ventures of 0.3 million baht this year, which significantly increased from the previous year mainly from investment profits in the joint-investment in Danone Sappe Beverages Company Limited (calculated from 25% of shareholding) at 1.4 million baht, the investment in WOPE Co., Ltd (calculated from 60.0% of shareholding) at 0.2 million baht, and the loss from the investment in M Intelligence Co., Ltd (calculated from 16.2%) at 1.2 million baht.

Net Profit (loss) Attributable to Owners of Parent Company

In 2022, the net profit attributable to owners of parent company was 653.2 million baht which was highest since the establishment of the company, or 14.3% of the sales revenue, increasing by 59.0% compared to 410.8 million baht in the previous year.

Financial Position Analysis

Asset

The total assets of the company and its subsidiaries as of the end of 2022 were 4,561.3 million baht, consisting of current assets of 3,079.3 million baht and non-current assets of 1,482.0 million baht. The total assets increased by 712.9 million baht, or 18.5%, comparing to 3,848.4 million in 2021. The increase was mainly a result of increasing cash and inventories following business expansion, investment in land, property and equipment for the company's cost reduction program, and investment in the associates.

Liabilities

The total liabilities of the company and its subsidiaries as of the end of 2022 were 1,201.3 million baht, consisting of current liabilities of 1,071.1 million baht and non-current liabilities of 130.1 million baht. The 202s total liabilities increased by 359.4 million baht or 42.7% compared to 841.9 million baht in 2021. This was mainly a result of the rising deferred income for the foreign customers.

Shareholders' Equity

The shareholders' equity of the company and its subsidiaries as of the end of 2022 was 3,360.1 million baht, increasing by 353.6 million baht compared to 3,006.5 million baht in 2021, or increasing by 11.8%. The main reason was an increase in the retained earnings to 305.7 million baht, from the net profit of 654.4 million baht deducted the dividend payment of 338.1 million baht.

Cash Flow

A summary of the cash flow statement of Sappe Public Company Limited and its subsidiaries.

Summary of Cash Flow Statement	2022	2021	2020	2019
Net cash from (used in) operating activities	1,014,952,626	693,388,814	539,910,069	605,655,849
Net cash from (used in) investing activities	(792,091,491)	(215,802,827)	(251,551,165)	(387,579,109)
Net cash from (used in) financing activities	(306,667,556)	(289,372,337)	(275,663,481)	(209,018,592)
Cash and cash equivalents as of January 1	382,609,637	194,389,005	181,695,045	172,637,193
Effect from the balance of exchange rates at the end of the year	2,312	6,982	(1,463)	(296)
Total cash and cash equivalents as of December 31	298,805,528	382,609,637	194,389,005	181,695,045

The company and its subsidiaries had net cash carried from December 31, 2021 at 382.6 million baht with the net profit from the operation at 1,014.9 million baht. The main factor was related to an increase in the net profit in 2022 to 654.4 million baht and the adjustment of depreciation and amortization of 187.2 million baht, and the income tax of 161.7 million baht.

The net cash spent in the investing activities was 792.1 million baht. The key components included the investment in the current and long-term investments at 450.1 million baht, the investment in buildings and equipment at 314.8 million baht and the investment in the subsidiaries and the associates at 30.0 million baht. The net cash spent in financing activities was 306.7 million baht in which the key component was the cash used in the dividend payment at 338.1 million baht.

From the cash received and used in the activities mentioned earlier, the company and its subsidiaries had remaining cash balance as of December 31, 2022 at 298.8 million baht.

5. General information and other material facts

5.1 General information

Company	:	Sappe Public Company Limited
Nature of Business Operations	:	Manufacturer and distributor of healthy food and beverages
Office	:	1) Head Office: 9/3 Bangchan Industrial Estate, Soi Serithai 56, Serithai Road, Kannayao, Bangkok 2) Branch Office and Factory: 8 Moo 7 Tambon Puech-udom, Amphoe Lam Lukka, Prathumthani 3) Branch Office: 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok
Registration No.	:	0107556000591
Website	:	www.sappe.com
Telephone	:	0-2319-4949
Fax	:	0-2319-7337
Email	:	ir@sappe.com
Registered Capital	:	308,438,080 Baht, divided into 308,438,080 Common shares at 1 Baht per share
Paid-up Capital	:	306,289,080 Baht, divided into 306,289,080 Common shares at 1 Baht per share

References

1) Company Registrar

Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Rajadapisek Road, Dindaeng, Dindaeng, Bangkok

Telephone	:	02-009-9000
Fax	:	02-009-9991
Website	:	http://www.set.or.th/tsd

2) Auditor

1. Ms. Sureerat Thon-Arunsaeng	CPA No. 4409 and/or
2. Mr. Bundit Tungpakorn	CPA No. 8509 and/or
3. Mr. Chokechai Ngamwutikul	CPA No. 9728
4. Ms. Thitima Pongchaiyong	CPA No. 10728

KPMG Phoomchai Audit Ltd.

Empire Tower 1, 50th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok

Telephone	:	02-677-2000
Website	:	http://www.kpmg.com/th

3) Coordinators

1. Company Secretary: Ms. Sutatip Chantharangsee
Telephone: 02-319-4949 ext. 9709
E-mail: comsec@sappe.com
2. Company Secretary Assistant: Ms. Intiporn Tanampai
Telephone: 02-319-4949 ext. 2503
E-mail: comsec@sappe.com
3. Investor Relations: Mr. Chinnavit Lertbannaphong
Telephone: 02-319-4949 ext. 1805
E-mail: comsec@sappe.com

5.2 Other material facts

-Nil-

5.3 Legal Dispute

In the year 2022, the Company has no significant legal disputes.

5.4 Secondary Market

the Company has listed in a stock exchange of Thailand.

2

**Corporate
Governance**

6. Corporate Governance Policy

6.1 Overview of the Policy and Guidelines

The Company realizes the significance of effective, transparent, accountable management system which shall build the confidence to all stakeholders and will bring the sustainable growth of the business by operating the business with ethics and complies with relevant law. Therefore, the Company has established its Corporate Governance Policies so as to improve its existing operation to be the apparent system and diverse the practice to all employees of the Company which shall truly enhance the building of Corporate Governance culture. In order to do so, **the Company adopted a guideline from Corporate Governance Code For a Listed Company 2017 (Corporate Governance Code: CG Code) which the Board of the Company acknowledge a guideline of CG code and aware of the role of the leader (Governing Body) in building the value for the business in sustainable manner and also evaluate the compliance of CG Code in general by considering to the evaluation result prepared and briefed by the Management. Whereas in Year 2022, the Company still determine in compliance with CG Code as much as practicable;** the entire guideline in evaluation is composed of 5 sections as follows:

Section 1 The Rights of Shareholders

The Company is aware of and realizes the significance of the basic rights of shareholders, both as an investor and corporate owner e.g. right to buy, sell and transfer their securities freely; right to receive dividend; right to receive sufficient information; right to attend a Shareholders' Meeting; right to express an opinion; right to join in deciding on an important matter of the Company e.g. an allocation of dividend, a selection and a dismissal of a director, an appointment of auditor and an approval of important business transactions that will impact on the Company's business direction, an amendment of the Articles of Association or the Company's regulations etc..

Besides the abovementioned basic rights, the Company also encourages and facilitates shareholders to use their rights as follows:

1. The Company shall send a notice of Shareholders' Meeting together with sufficient information on each of the agenda in order that the shareholders will have the opportunity to be acknowledged in advance according to relevant law. The Company shall prepare such notice explicitly stating the venue, date and time, agenda, subject that will be proposed to the meeting. Each agenda shall be provided together with the Board of Directors' opinion and the publication of such notice shall be not less than 3 days prior to the date of meeting and shall be publicized for 3 days consecutive. The Company also publicizes such notice in the Company's website so that the shareholders shall be able to study the information prior to the meeting.

2. The Company encourages all shareholders including institutional shareholders, the Board of Directors, management and relevant government agencies as well as an auditor to attend the Shareholders' Meeting.

3. In case that a shareholder cannot attend the meeting by him/ herself, the Company allows such shareholder to appoint an independent director or any person as a proxy to attend the meeting by using a proxy form, enclosed in the notice, which enables him/ her to indicate the direction of the votes.

4. The Company has established a policy, providing an opportunity to shareholders to propose their opinions, suggestions or questions in advance.

5. In the meeting, the Company provides fair opportunity for all shareholders to express their opinions and suggestions and to ask questions prior to the voting on each agenda. In the Shareholders' Meeting, the Board of Directors and management team are to be presented at the meeting to answer any questions. Questions and material recommendations shall be recorded in the minutes of meeting so that the shareholders are able to inspect.

6. The Company encourages the implementation of technology in the Shareholders' Meeting, such as shareholder registration system, vote counting and display of vote results, so that the meeting can be convened in brief, correct and precise manner.

7. In the meeting to appoint director, the Company provides an opportunity to shareholders to vote for a nominee of one whereas the shareholders are entitled to vote for their representatives of which they seem most suitable to be the director in order to protect their interests which will result in diversity and truly being the representative of the shareholders.

8. The Company encourages independent person to inspect vote counting and disclose vote results to the meeting and record such results in the minutes of meeting.

9. In an important agenda such as related person transactions, the acquisition or distribution of assets etc., the Company shall use the voting card for transparency and accountability.

10. After a meeting, the Company shall record the minutes of meeting, containing the vote process, the procedure to display vote results to the meeting prior the meeting's official commencement, the vote result of each agenda, list of directors who attend or absent from a meeting, including material issues raised in the meeting for shareholders' review. In addition, the Company will publish the minutes of Shareholders' Meeting on the Company's website.

Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat all types of shareholders - majority shareholders, minority shareholders, shareholders vesting management position, as well as foreign shareholders - equally. The Company encourages the preparation of bilingual, Thai - English, meeting invitations and publication of such invitations on the Company's website. The Company also offers shareholders an opportunity to propose meeting agenda considered material and to nominate qualified and suitable persons for consideration of being

elected as a board of directors member before the Shareholders' Meeting takes place so that the Board of Directors is able to review and prepare and adopt the proposed agenda in an Annual General Meeting of Shareholders.

The qualification of a shareholder to propose an agenda as abovementioned shall be in accordance with the provision set forth in section 89/28 of Securities and Exchange Act stipulating that a shareholder or shareholders who hold voting shares with the right to vote of not less than five percent of the total number of voting rights may submit a written proposal in order to request the Board of Directors to include such proposal as an agenda of the Shareholders' Meeting. A proposal shall include an objective and details as well as any useful information. In the nomination of a director, a shareholder is required to provide the nominated person's qualification as well as other useful information including such person's consent. Such person shall be fully qualified in accordance with Public Company Limited Act, Securities and Exchange Act and all relevant regulations of the Office of Securities and Exchange, Capital Market Supervisory Board, Stock Exchange of Thailand and the Company's Objectives as well as possesses the qualification set forth by the Company e.g. equipped with knowledges and experiences that support the Company's business operation, and be able to carry out duties of directors with fidelity, morality, ethic as well as be able to consistently join the Board of Directors' Meetings etc.

In a submission of an agenda or a nomination of the Company's director, a shareholder is required to provide the relevant information to the Company in advance as the time period set by the Company so that the Board of Directors is able to review and include such proposal to be the agenda of the Shareholders' Meeting as well as to disseminate the invitation and relevant documents to other shareholders before a meeting.

The Company, however, reserves its right to exclude the following proposals in the agenda of the meeting e.g. a proposal related to the ordinary business operation but the fact given by the shareholders does not indicate reasonable ground to suspect the irregularity of such matter, a proposal beyond the company's power to produce proposed result; a proposal the nature of which is normally obliged by law to include into an agenda and the Company has always complied with such law; a proposal not giving any benefit to the operation of the Company; a proposal the nature of which violates law, notification, regulations of any government / regulatory bodies, or against the Company's Objective, Articles of Association, a resolution of the Shareholders' Meeting or Corporate Governance Code, a proposal of which shareholder gives incomplete information or incorrect information or the Company is unable to contact such shareholder to acquire additional information, a proposal submitted to the Shareholders' Meeting for consideration within the previous twelve months and received the supporting votes of less than ten percent of the total number of the voting rights and the fact pertaining in the resubmission has not significantly changed from that of the previous Shareholders' Meeting or the Company has already performed such proposal or it is the same proposal proposed etc. This also includes the case where shareholders have not complied with relevant regulations. The Company shall notify such exclusions to its shareholders through

news channel of Stock Exchange of Thailand and the Company's website

A proposal, that will be included in the agenda of the Annual General Meeting of Shareholders and/or list of person to be nominated to be the Company's director, the independent directors shall consider and present to the Board of Directors for consideration and conclusion of whether to be included in the agenda of the meeting. The opinion of the Board of Directors shall be ultimatum.

In the meeting, the Company provides fair opportunity for shareholders. Before the meeting commences, the Chairman of the meeting shall describe the exercise of voting right, the voting right required for resolution in each agenda and shall provide the session for shareholders to express their opinions and suggestions and to ask questions on each agenda with the proper amount of time. The Chairman shall conduct the meeting in accordance with agenda of meeting consecutively. The Company shall not deprive a shareholder of any right in examining the information required to be disclosed in accordance with relevant regulations and any right to attend in the shareholder's meeting e.g. the Company has a policy of not adding any agenda in the meeting without prior notification to shareholders, for example.

The Company has strictly regulated the use of inside information in order to prevent the unlawful use of such information for oneself or for third person (Abusive self-dealing) as well as to encourage the fairness to all stakeholders. For such purpose, the Company has established in writing an order which is a guideline in keeping of inside information and a guideline in prevention of Abusive Self-Dealing including setting that all directors, managements and employees shall not trade the Company's securities and/or enter into any transactions by using any confidential information and/ or inside information of the Company and or of the associated companies which will cause any damages whether directly or indirectly to the Company. Moreover, **all directors, managements and employees who are working for the Company and receiving inside information shall not use such information before public disclosure and all persons relating to any inside information shall be restricted in trading of the Company's securities through their self, spouses, minor children, either direct and indirect (e.g. using Nominee through private funds) within period of 1 month prior to the release of Quarterly Financial Statements and Yearly Financial Statements and 24 hours after such information is revealed.**

The Company sets the disciplinary penalty for the person who violates abovementioned regulation and order or commits any disclosure causing damages to the Company according to the circumstance of a case e.g. through a verbal warning, a warning letter, a probation as well as a termination of employment etc.

The Company provides information to directors and management regarding their duties to report any changes on holding of the Company's securities and the penalty provision set forth in Securities and Exchange Act B.E. 2535 and the regulation of Stock Exchange of Thailand. In case that directors or management trade the Company's securities, they are obliged to report to the Office of Securities and Exchange Commission of such change of themselves, their spouses and their minor children in accordance with section 59

of Securities and Exchange Act B.E. 2535 within 3 working days for further public disclosure. This includes the obligation to provide the changes in securities and derivatives holding report (Form 59-2) to the Company Secretary for further report to the Board of Directors every time that there is a report of such change to the Office of Securities and Exchange Commission.

Moreover, the Company adheres to a principle to treat every shareholder equally and set the guideline to manage any conflicts of interest with transparency and accountability. **Especially, in the case where the Company has committed any related transactions with director or executive who has conflict of interest or involves in the process of making decision regarding such transactions, it is necessary to obtain the approval from Audit Committee and the Board of Directors. Any director being in conflict of interest in any issue shall be unable to vote for such issue and in case that such related transaction is required for disclosure or an approval from shareholders according to the regulation of Stock Exchange of Thailand, the Company shall disclose details and rationale of such transaction for shareholders' acknowledgement prior to the execution of such transaction. The disclosure shall address shareholders (1) Name and relationship of the related person (2) pricing policy (3) total value of such transaction (4) the opinion of the Board of Directors and other significant and related information of such transaction.**

Section 3 The Role of Stakeholders

The Company has placed emphasis on the rights of all stakeholders, whether they are internal stakeholders e.g. shareholders, management and employees or external stakeholders e.g. creditors, customers, business partners, competitors, public sector, society and communities, etc. The Company is fully aware that supports and comments from all groups of stakeholders will benefit the Company's operations and business development. Therefore, the Company shall comply with relevant laws and regulations to ensure that the rights of the abovementioned stakeholders are well managed.

In addition, the Company's business operations consider the rights of all stakeholders in accordance with the following guidelines:

Employees: The company always recognizes that employees are valuable resources of the organization. The Company is determined to continuously develop the potential of its employees by developing their skills, knowledge, and abilities. and provide equal opportunities for career advancement and provide compensation at an appropriate rate along with ensuring the quality-of-life Safety and hygiene at work.

In addition, the Company attaches great importance to and takes into account the principles of human rights and therefore has no discriminatory policy and provides equal opportunities for all employees. This includes considering employment regardless of race, color, gender, religion, nationality and political opinion by taking care and treating all employees fairly

Shareholders: The Company is committed to equitable treatment of shareholders, protects the interests of shareholders and avoids committing any actions resulting in violation or depriving any rights of shareholders as well as respects the rights of shareholders to be acknowledged of the Company's disclosed information regarding an evaluation of management and the accuracy and reliability of

information of the Company's financial performance in order to create growth and business value for the long term benefit of shareholders.

Customers: The Company adheres to treat customers with honesty and fairness. The Company is committed to satisfying and assuring customers by paying attention to customers' needs, saving quality and safe products that meet standard with reasonable price and terms and conditions agreed between the Company and customers. The Company consistently develops and upgrades the standard of products and services to new higher level, while maintaining good relationship with customers, as well as avoids using customers' data for the benefit of the Company and related parties.

Suppliers and creditors: The Company are aware of equality, fairness, and honesty in business operation, protecting interests of suppliers and creditors; conducting business with ethics by not requesting, accepting or paying benefits in dishonest manner. The Company has an authority handbook for approval of purchasing transactions with varied amount of value to increase business flexibility. The Company strictly complies with terms and conditions in agreements between the Company and other parties including creditors.

Competitors: The Company commits itself to fair trade competition, aware of business ethics and relevant laws regarding trade competition and adheres to the rules of fair competition. The Company shall not enter into any agreements with competitors or anyone leading to limitation of trade competition. The Company shall not destroy the reputation of competitors by accusing or defaming the competitors with no ground or act in any way that is unfair to the competition.

Public sector: The Company places emphasis on transparent business activities with government officials / agencies to avoid any acts that may incite improper actions of those parties, which lead to the violation of good corporate governance principles.

Community and Society: The Company has established a policy to support and provide proper assistances to society and communities nearby. The Company shall provide good cooperation's to comply with international standard or agreements.

Environment: The Company are aware of production process to prevent negative impacts on environment. The Company shall cooperate in reducing waste from both production processes and general usages, conserving natural resources, as well as using resources, equipment, and raw materials with the most efficiency and effectiveness.

Guidelines on non-infringement of intellectual property or copyright

As the Company owns various types of intellectual property due to the nature of business operations, the Company is aware of creativity of works from thinking and intelligence and considers as proprietary assets which should be protected from illegal uses. Therefore, the Company has established a policy to strictly comply with all intellectual property laws, regarding trademarks, copyrights or patents. The Company shall check and ask for permission before using of any work or information possibly owned by third parties to prevent the infringement of intellectual property and at the same

time, the Company has provided employees trainings in accordance with intellectual property and the penalty resulting from intellectual property infringement. The Company also supports and encourages employees to use their knowledges in researching, developing and innovating without violation of the intellectual property of others.

Stakeholder Contact Channels: The Company provides an opportunity for the interested party to contact, share his/her opinions, make complaints and report unlawful actions as well as provide comments through various channels as follows:

Employee

- The Company has established a policy to allow employees to make any complaints, in both verbal and writing or Application, Line or Facebook as deemed appropriate, directly through direct supervisors.
- The Company provides complaint & suggestion boxes at the office and factory which shall be supervised by the Human Resources Department. The boxes will be opened once a month to screen the subjects and present to management for further consideration. In the case of a letter to the CEO, such letter with seal will be delivered directly to the CEO.

General Public

- Notify through Investor Relations via 02-3194949 ext. 312
E-mail: ir@sappe.com
- Notify through Company Secretary via 02-3194949 ext. 9709, 2503
E-mail: comsec@sappe.com
- Notify through Corporate Communications via 02-3194949 ext. 1669
E-mail: sd@sappe.com
- Notify through Human Resources via 02-3194949 ext. 1401, 1402
E-mail: hr@sappe.com

All suggestions will be collected, screened and reported to the top management of the Company for further solutions.

Section 4 Disclosure and Transparency

The Board of Directors places the emphasis on disclosure of information that affects the decisions of investors and stakeholders including financial and general information reports in accordance with the regulations of the Office of the Securities and Exchange Commission and Stock Exchange of Thailand as well as other essential information affecting the price of the Company's securities, to be accurate, complete, timely, reliable and transparent. The Company's information has been distributed to shareholders, investors and public through various media channels such as Stock Exchange of Thailand's channel, the Company's website as well as Form 56-1 One report.

The Company has established a guideline for good corporate governance regarding a report of the Company's securities holding that **a director or executive who trade the Company's securities must report such trading information of themselves, their spouses and their minor children, according to Section 59 of Securities and Exchange Act B.E. 2535, to the Company Secretary at least 1 day before the trading**

day and submit the changes in securities and derivatives holding report (Form 59-2) within 3 business days after trading to the Office of the Securities and Exchange Commission for further public disclosure.

The Board of Directors is responsible for the Company's financial statements and information in the Annual Report including the preparation of management discussion and analysis (MD&A). The financial statements shall be prepared in accordance with generally accepted accounting standards in Thailand by using appropriate accounting policies and consistently practice including complete and adequate disclosure in the financial statements. In this regard, Audit Committee will review the quality of financial reports and internal control systems including sufficient disclosure of material information in the notes of financial statements and report to the Board of Directors for acknowledgement.

The Board of Directors will oversee the disclosure of auditor's remuneration and other fees for other services provided including the disclosure of remuneration of directors and top-level management in order to reflect the duties and responsibilities of each person.

For the work of investor relations, the Company has an investor relations department responsible for disclosing financial information of the Company that is essential and important to shareholders, investors and securities analysts and related regulatory bodies, via reporting to The Stock Exchange of Thailand, the Office of Securities and Exchange Commission and the Company's website on the "Investor Relations" topic so that the interested person is able to easily study. Moreover, there are various activities to disseminate and clarify as well as provide investors the opportunity to ask questions transparently. The top-level management shall participate in the clarification as well. The participation of top-level management in the investor relations activities in 2022 can be summarized as follows:

- Analysts' meetings to explain the company's quarterly performance were held fourth. The first one was held on March 28, 2022 through video conference and the analysis was published by five securities companies. The second meeting was organized on May 19, 2022 through video conference and the analysis was published by eleven securities companies. The third meeting was held on August 18, 2022 through video conference and the analysis was published by 3 securities companies. The fourth meeting was organized on November 16, 2022 through video conference and the analysis was published by 4 securities companies.

The company also attended the SET Opportunity Day organized by the Stock Exchange of Thailand (not included the 2022 quarterly performance to be published in newspapers and online media).

- In addition, the company provided information through 34 conference calls with high-ranking executives. In case they could not attend the calls, the investor relation executives and team will be assigned to constantly provide information to the investors both in Thailand and overseas.

Section 5 Responsibilities of the Company's Board of Directors

1. Structure of the Board of Directors

The Board of Directors consists of individuals who possess knowledges, skills, competencies and experiences that can benefit the company. They play an important role in shaping the organization's policies, business plan & overview. The company's business plan is aligned with the company's business strategy through board skill matrix preparation and a variety of educational backgrounds, experiences, without limiting any other differences. In addition, they also play an important role in governance, audit and evaluate the company's performance and ensure the company conducts business in accordance with the law, regulations and resolutions of shareholders' meetings with honesty and ethics. This includes ensuring that the management's supervision is in accordance with the goals and established guidelines and brings maximum benefits to the company and its shareholders.

The structure of the Company's Board of Directors consists of independent directors not less than one-third of the directors leading to the balance of voting in consideration of various matters and there is an Audit Committee which includes at least 3 independent directors.

As of 31 December 2022, the Company's Board of Directors consists of nine members with five non-executive directors, four of which are independent directors, three of which are also members of Audit Committee. There are four members in charge of executive positions, including (1) Chairman of Executive Committee (2) President (3) Chief Executive Officer and (4) Senior advisor (Project & Technology), whereas the structure of the Company's Board of Directors consists of independent directors more than one-third of the total directors providing balance of votes in consideration of various matters and reviewing the performance of management team for the best interest of the Company. The number of independent directors of the Company is in accordance with the regulations set by the Office of the Securities and Exchange Commission which stipulates that it is obliged to have independent directors at least one-third of total directors.

According to the Company's Articles of Association, it is necessary that, in every Annual General Meeting, at least one-third of directors must retire by rotation. If the number of directors cannot be divided into three parts, then, the number of directors retiring in the first year shall be closest to one-third of directors. For the second year after the Company's registration, the selection of directors retiring shall be conducted by drawing lots. For the subsequent years, the directors holding the positions for the longest shall retire. However, the retiring directors may be nominated to retake a position.

In addition, the Company's Board of Directors has appointed Sub Committees consisting of Audit Committee and Executive Committee in order to perform specific duties and propose matters to the Board of Directors for consideration or acknowledgment, such committees have rights and duties as specified in the authority of each sub-committee.

The Board of Directors has a policy that the Chairman of the Board of Directors and Chairman of Executive Committee must not be the same person for the clarity of responsibility regarding policy making, supervising and routine management. The Company clearly separates the roles, duties and responsibilities between the Board of Directors and management team to balance the power. The Board of Directors is responsible for policy making and supervision of the work of management team in policy level, while the management team manages the company's operations in various functions to be in accordance with the specified policy.

In addition, the Board of Directors has appointed the Company Secretary to carry out duties and responsibilities under the Securities and Exchange Act.

2. Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors is responsible for consideration and approval of material issues regarding the Company's operations such as vision and mission, strategy, risk, work plan and budget, as well as supervises management team to proceed in accordance with the specified policy and plan in efficient and effective manner.

In year 2022, the Board of Directors considered, reviewed and approved the company's vision, mission, strategy, goals, and business direction as well as monitored and implemented the Company's strategy. In every quarterly meeting, the Board of Directors follows up the management team on the report of the Company's operations and financial performance as well as various work plans to meet the set goals.

Authority of the Board of Directors consists of:

- Approval of appointment of directors to replace the resigned directors and appointment of a Sub-Committee
- Approval of hiring, appointment, transfer, evaluation, punishment and termination of the Company's President, Chairman of Executive Committee and Chief Executive Officer
- Approval of compensation and other benefits of the President, Chairman of Executive Committee and Chief Executive Officer
- Approval of establishment of an organization, acquisition, merger, dissolution
- Approval of annual budget and quarterly financial statements
- Approval of interim dividend payment
- Approval of issuance of work regulations
- Approval of investment in new projects, buying / selling of non-financial investments, entering into credit agreements and obligations, and entertainment expenses / donations in the amount exceeding the authority of Executive Committee.

3. Separation of Duties between Policy Establishment and Routine Management

The Board of Directors has clearly delegated authorities, duties and responsibilities to determine corporate governance policy and daily management policy. The Chairman of the Board of Directors and the Chairman of Executive Committee are elected by the Board of Directors which are not the same persons. The

Chairman of the Board of Directors plays an important role in making decisions on a corporate policy as a result of the Board of Directors' Meeting that has considered and determined business goals with management, conducting the meeting in an efficient and effective way by encouraging participation of all directors and independent expression of individual opinions, as well as being the chairman of the Shareholders' Meeting of the Company. The Chairman of the Board shall not involve in daily management but shall regularly support and advise on the business operation through the Chairman of Executive Committee, who is responsible for the Company's management under the authority assigned by the Board of Directors.

4. Report of the Board of Directors

The Board of Directors is responsible for the company's financial statements and in doing so, the Board of Directors assigns Audit Committee to review financial reports and oversee the quality and accuracy of financial reports in accordance with generally accepted accounting standards as well as disclose the Company's significant information transparently and sufficiently by having the accounting department and / or the auditor to meet each other and to present financial reports to the Board of Directors in every quarter of the year. The Board of Directors is responsible for the financial statements of the Company including financial information (Report of the Company's Board of Directors' Responsibility for Financial Reports) and the Management Discussion and Analysis (MD&A) that appears in the annual report. The said financial statements were prepared in accordance with generally accepted accounting standards and audited by KPMG Phoomchai Audit Co., Ltd., the Company's auditor. Disclosure of important information, both financial and non-financial is performed on basis of completeness and consistency of facts.

5. The Meeting of the Board of Directors

The Company has regularly held a meeting of the Board of Directors in every 3 months and may hold special meetings as necessary, with clear meeting agenda in advance together with follow-up agenda regarding business operations. In order to hold the meeting of the Board of Directors, the Chairman or the assigned person shall send a meeting notice to the directors not less than 7 days prior to the meeting date, except in case of urgent and necessary to protect the rights or benefits of the Company, the meeting invitation may be informed by other methods and the meeting date may be earlier. Company Secretary is appointed to prepare the minutes of meeting and send the said minutes to the directors as well as systematically store such approved minutes and keep it ready for future verification by the Board of Directors and related parties.

At the meeting, the Chairman shall be entitled to determine the meeting's agenda and to consider the matters to be included in a meeting's agenda by providing opportunity to each director to propose any matter for consideration to be included in the meeting's agenda.

In consideration of any matter, the Chairman of the Board of Directors who acts as the chairman of the meeting, shall allow directors to freely express opinions. In some agenda, top-level management might attend the meeting to provide details and useful information as

well as to acknowledge the policy directly for effective implementation. In the resolution of the Board of Directors' meeting, the majority votes, in which one director has one vote; while directors vesting conflict of interests shall not attend the meeting and/or not exercise his/her voting rights on that matter. If the votes are equal, the chairman of the meeting will have an additional vote as the casting vote.

In addition, the Chairman plays an important role in making decisions on a corporate policy as a result of the Company's Board of Directors' meetings that has considered and has determined business goals with management including giving advice on business operations through the Chief Executive Officer on a regular basis without intrusive in the routine work which is the responsibility of executive. The Chairman acts as a leader of the Board of Directors in monitoring the performances of the Board of Directors, sub-committees and individual director to achieve the objectives in accordance with the business plan.

The Chairman is also the leader to conduct the meeting in an efficient and effective way, according to the meeting agenda, the Company's Articles of Association and relevant laws, to summarize the resolutions of the meeting and actions required as well as to support and be a role model to act in compliance with good corporate governance and business ethics.

Director has right to examine meeting documents and other significant supporting documents. If independent directors or Audit Committee have any questions, other directors and management shall respond such queries as rapidly and completely as possible.

In the event the directors disagree with the resolution of the meeting, such directors can request the Company Secretary to record the objections in the minutes of the meeting or submit an objection letter to the Chairman.

At each of the Board of Directors' Meeting, the Company Secretary shall also participate in the meeting to record minutes of meeting and submit to the Chairman for consideration and signing to certify the accuracy and propose such minutes to the Board of Directors in the next meeting for approval.

The Company Secretary shall also be responsible for keeping of any text or document regarding the meetings for convenience of referencing and searching. Normally, the Company's directors will attend every meeting by himself/herself except for necessary reasons which will be informed in advance. In addition, the Board of Directors has a policy that non-executive directors, without participation of management team, are able to meet among themselves as necessary to discuss any issues regarding business management that is of interest and inform the Chairman the meeting results.

6.2 Business Ethics

The Board of Directors adheres to righteous and fair business practices. The Company has announced the implementation of ethics and codes of conduct in writing, so that all directors, management, and staff have to comply with; support in complying with ethics; not neglect or ignore when witness a violation of ethics in order to show the intention of conducting business with transparency, morality, responsibility to the stakeholders and with consideration to society

and the environment. The Company has prescribed guidelines on ethics in various aspects e.g., the treatment to each other, giving or receiving of gifts, conflict of interest, the Company's business transaction, transactions with the state enterprises, environment, health and safety, procurement of marketing communications, trade competition, international business operations, treatment of data and assets, political actions, and the prevention of money laundering.

In this regard, the Company has announced and informed all directors, management, and employees to acknowledge and adhere strictly with such ethics including the implementation of the said guidelines.

In the last year, the company has not received any complaints related to the violation of the code of conduct.

6.3 Material changes and developments regarding policy, guidelines, and corporate governance system in the preceding year

Over the years The Company has always reviewed policies, practices, and corporate governance. To improve the standard of corporate governance of the Company to be in accordance with the good corporate governance rules for listed companies of the SEC. Criteria under the Corporate Governance Report of Thai Listed Companies (CGR) by Thai Institute of Directors Association (IOD).

In 2022, the Company received the Corporate Governance Report of Thai Listed Companies (CGR) assessment from the Thai Institute of Directors (IOD), with an average score of 87%, equivalent to 4 stars which was higher than the average score of previous year and higher than an average score of peers listed in SET. This is shown as the determination to be a good corporate governance company.

In addition, the Company received full score of 100% for the third year in a row from the AGM Checklist 2022, evaluated by the Thai Investors Association. This has shown that the Company attaches importance to sustainable business operations under good corporate governance along with consideration of all stakeholders.

The Company recognizes the importance of ethics in conducting business and various professions. The Company has therefore been compiled and formulated as a code of conduct including guidelines on ethics by adhering to the principle of conducting business with transparency, honesty, legality and contributing to society and the environment according to sustainable development guidelines which leads to the balance of society, environment, and business sustainably. In the year 2022, the Company has conducted supplier code of conduct, tax policy and human rights policy which has disclosed such policy on the company's website

6.4 Prevention of conflicts of interest, the use of internal information, internal control system

1. Conflict of Interest

The Board of Directors has established a policy regarding conflicts of interest prohibiting directors, management, and employees, and those involved with such persons, from seeking personal interests in conflict with the Company's interests and they should avoid any actions that cause conflicts of interest. Moreover, persons involved or connected with the considered transactions are required to inform the Company about the relationship or connection in the said transactions and shall not participate in considering, deciding, and possessing authority to approve such transactions.

Audit Committee shall present to the Board of Directors the related transactions and transactions whose natures hold conflicts of interest which has been considered carefully and that the Company has strictly complied with the regulations of the Office of the Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand regarding the execution of such transactions, setting of price and conditions with whom the Company may have conflicts of interest to be the same as if executing with a third party. All transactions shall be disclosed in the Company's financial statements and Form 56-1 One report.

The Company has prepared the report of conflict of interest of directors, management, and related persons in order to use as basic information for overseeing such conflict of interest which requires directors and management to prepare the said report annually and when there is any change. The Company Secretary shall have duty in collecting and copying the said report to the Chairman of the Board of Directors and the Chairman of Audit Committee for inspection and control.

2. The use of internal information and maintaining confidentiality

In supervision of the use of internal information, the Company has determined that the Board of Directors and the Company's executives are responsible for reporting the holdings of the Company's securities which belongs to themselves, their spouses, their minor children to the Securities and Exchange Commission within 30 days from the date of appointment as a director or executive of the Company as well as when there is any change in the holding of the securities. They are required to inform the Company and report any changes of securities holding to the Office of the Securities and Exchange Commission within 3 business days from the date of purchase, sale, transfer or acceptance of transfer in order to comply with Section 59 of Securities and Exchange Act B.E. 2535. Directors, management, or business units that have access to inside information are prohibited from disclosing inside information to external parties or non-related persons as well as trading the Company's securities for the period of 1 month prior to the publication of financial statements and within 24 hours after such information is revealed which is set to prevent the misuse of internal information.

3. Internal Control System

The Company's Board of Directors recognizes the significance of effective supervision and effective internal control, both at the management level and at operation level. Internal control system is an important mechanism to build confidence in management in terms of business risks mitigation, efficient business operation by allocating resources properly to achieve the goal, assets protection from leaks, loss or fraudulent mis conduction, accurate and reliable financial reports, personnel's compliance of relevant laws and regulations, and protection of shareholders' investment. Therefore, the Company has clearly determined obligations, authority of employees and management in various matters in writing. There is a control on utilization of the Company's assets for the highest benefits, and separation of duty between business operators and supervisors with separate results evaluation for checks and balances.

The Board of Directors has assigned Audit Committee to be responsible for reviewing the proper and efficiency of the internal control system, including establishing and reviewing control systems regarding operation, financial reporting, compliances of regulations and policies, risk management, as well as giving priority on early warning sign and unusual incident.

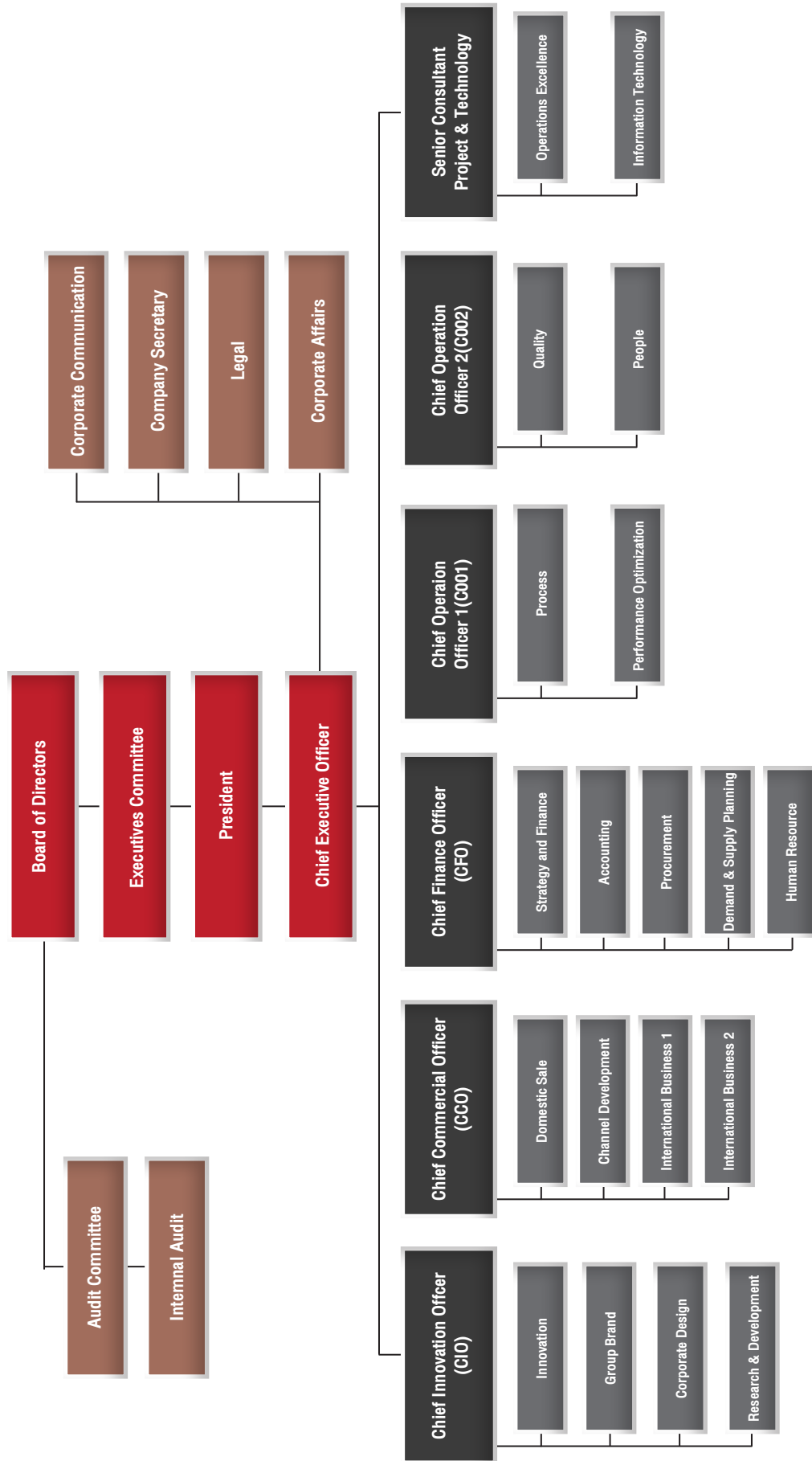
In this regard, the Company hired a third party, P&L Corporation Co., Ltd., to be responsible for quarterly internal audits and control system for the year 2022 in order to ensure that the Company has sufficient and proper internal control systems. To make the said internal auditor be independent and be able to fully check and balance, the internal auditor will report the audit results directly to Audit Committee. The Company regularly monitors and evaluates the results. The adequacy of the internal control system will be assessed at least once a year to ensure that the implemented system can be operated efficiently.

6.5 Anti-Corruption

The company has an anti-corruption policy. Including preparing written guidelines for not asking, not accepting, not paying, and not doing business with persons and entities related to corruption. which has been approved by the board. In 2020, the company was certified to join the Thai Private Sector Collective Action Against Corruption (CAC).

7. Corporate governance structure and significant information related to the Board of Directors, subcommittees, executives, employees and others

7.1 Corporate Governance Structure (As of 31 December 2022)



Note: P&L Corporation Co., Ltd. was hired as an internal audit company in each quarter of 2022

7.2 Information on the Board of Directors

Management structure of the Company consists of Board of Directors, Audit Committee, and Executive Committee. The Board of Directors, committees, and executives of the Company comprise personnel with qualifications as per Section 68 of Public Limited Companies Act B.E. 2535 and the relevant Notifications of the Capital Market Supervisory Board as supported by description below.

7.2.1 Board of Directors

Board of Directors Structure

The Board of Directors consists of experts who are valuable to the Company in the aspects of business knowledge, accounting & finance, management, business strategy, and corporate governance while possessing qualifications in line with laws regarding public limited companies and securities and exchange. They are persons who can dedicate themselves and their time to acting on duties and responsibilities. As of 31 December 2022, the Board of Directors consisted of 9 people as follows:

	Name		Position
1.	Mr. Natee	Onin	Chairman
2.	Mr. Adisak	Ruckariyaphong	Vice Chairman
3.	Mr. Anan	Ruckariyapong	Director
4.	Mr. Arnupap	Ruckariyapong	Director
5.	Ms. Piyajit	Ruckariyapong	Director
6.	Mr. Thana	Thienachariya	Independent Director
7.	Mr. Padungdej	Indralak	Independent Director and Chairman of the Audit Committee
8.	Ms. Kunnigar	Triyangkulsri ¹	Independent Director and Member of the Audit Committee
9.	Mrs. Niratchara	Siriamphunkul ²	Independent Director and Member of the Audit Committee
10.	Mr. Surath	Pralongsil	Independent Director and Member of the Audit Committee

Ms. Sutatip Chantharangsee, Assistant Vice President of New Business Partnership, Strategy and Finance Department, is the company secretary.

The Board of Directors structure consists of 9 people, appropriate for size of the business, including 5 non-executive directors. There are 4 independent directors which amount greater than one-third of total directors.

Authorized Director

2 of 3 directors, Mr. Anan Ruckariyapong, Mr. Adisak Ruckariyaphong, and Mr. Arnupap Ruckariyapong, shall jointly sign and stamp the seal of the Company.

In case of land lease agreements and trademark license agreements as well as any operation required and related to the agreements, including but not limited to the agreement registration with relevant government agencies and signing of relevant documents, Mr. Natee Onin shall sign and stamp the seal of the Company.

Term of Office of Directors

In an Annual General Meeting, one-third of directors shall vacate the office. If the number of directors makes it impossible to divide them into 3 equal parts, the number of directors nearest to one-third shall vacate the office. The directors who shall vacate the offices in the first and the second year after the registration of the company shall be decided by drawing lots. After that, the directors who have been in office the longest shall vacate the office. Vacating director may be re-elected.

Scope of Authority, Duties, and Responsibilities of Chairman

In order to make clear separation of authorities and duties regarding policy formulation and management of the Company, the Chairman possesses the authority, duties, and responsibilities as follows:

¹ Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022

² Mrs. Niratchara Siriamphunkul was appointed as Member of the Audit Committee with effective from 1 November 2022

1. Controlling the meeting to be effective in accordance with the regulations, Articles of Association, supporting and allowing directors to ask questions and express their opinions independently. Take control of the discussions and summarize the resolution of the meeting.
2. The chairman of the board or the person assigned by the chairman of the board has the duty to call the meeting of the board of directors. By sending the meeting invitation letter no less than 7 days before the meeting date so that the directors have enough time to study and consider and make the right decisions in various matters at the board meeting.
3. Support and promote the Board of Directors to Perform their duties to the best of their ability according to the scope of duties and responsibilities and in accordance with good corporate governance principles.
4. Oversee and monitor the management of the Board of Directors and other sub-committees to achieve the objectives
5. To be a casting vote in the event of votes on both sides are equal
4. Establish credible accounting, financial reporting, and auditing systems and documentation systems, which can check accuracy of information by tracing back to its origin, as well as efficient and effective internal control, internal audit, and risk management.
5. Ensure proper conduct of financial statements at end date of accounting period in order to display financial status and performance in the previous year accurately and completely as per generally accepted accounting principles and be audited by the Company's auditor before proposing to Annual General Meetings for consideration and approval.
6. Establish goals, guidelines, policies, action plans, and budgets of the Company, and monitor and supervise the management as specified in the established policies, action plans, and budgets efficiently and effectively.
7. Review, verify, and approve business expansion plans, major investment projects, and joint investments with other entrepreneurs as proposed by the management.
8. Consider appointment of the Audit Committee, Executive Committee, Chairman of Executive Committee, President, Chief Executive Officer ("CEO"), and other committees as deemed appropriate, and define scope of authority as well as remuneration of the appointed Executive Committee, Chairman of Executive Committee, President, CEO, and other committees.

Scope of Authority, Duties, and Responsibilities of Directors

The Board of Directors possesses the authority, duties, and responsibilities for management of the Company in accordance with laws, objectives, and regulations of the Company and resolutions of the Annual General Meeting through honesty and attention to the best interest of the Company, including significant duties and responsibilities as follows.

1. Hold Annual General Meetings within 4 months after accounting period end date of the Company. The Company shall send board of directors meeting and Annual General Meeting invitation letters in advance which should have adequate preparing time and shall not be lower than the required duration as dictated by the regulation of the Company.
2. Hold a board of directors meeting once every 3 months with everyone presented for consideration and resolution of significant transactions, which include acquisition or disposition of assets of companies and subsidiaries affecting the Company, purchase or sale of significant assets, investment project expansion, consideration and approval connected transactions as per criteria of Stock Exchange of Thailand determination of level of authority, establishment of finance and risk management policy for the Company's operations, etc.
3. Ensure clear and transparent processes and management regarding transaction between the Company and connected persons and acquisition or disposition of assets of the Company to prevent conflicts of interest by establishing an approval process as well as disseminating information in line with criteria, methodology, and procedures as specified in Securities and Exchange Act B.E. 2535 (including amendment) and relevant laws, rules, notifications, and regulations of the Stock exchange of Thailand.

Granting such mandate should not allow the Executive committee, Chairman of Executive Committee, President, CEO, and other committees to consider and approve transactions which may have conflicts of interest or other conflicts of interest with the Company or subsidiaries (if any) unless approving transactions are in accordance with policies and criteria which have already been considered and approved by the Board of Directors.

In case the Board of Directors assigns Chairman of Executive Committee, President, CEO, and other persons to act on behalf of the Board, the assignment shall include a proof in a written form or a resolution as recorded in minutes of meeting of the board of directors as well as a clear scope of delegated authority.

9. The Board of Directors may assign one or many directors or other persons to operate any particular actions on behalf of the Board under monitoring and supervision of the Board, or delegate authority to such persons with scope and duration as deemed appropriate. The Board may cancel, change, or rectify such authority as appropriate.

The authorization should not allow such persons to consider and approve transactions in which they or related persons may have conflicts of interest with the Company or subsidiaries (if any) unless approving normal transactions in accordance with normal trade terms, policies and criteria, which have already been considered and approved by the Board of Directors. The mandate shall follow criteria, conditions, and procedures regarding connected transactions and acquisition or disposition of significant assets of listed companies as per relevant Notifications of the Capital Market Supervisory Board and/or other notifications of relevant agencies.

10. Directors and executives shall report conflicts of interest of selves and connected persons who have conflicts of interest in business management of the Company or subsidiaries as per criteria, conditions, and procedures of relevant Notifications of the Capital Market Supervisory Board.

11. Both directors and executives shall be liable to any persons who trade the Company's securities and cause potential damage from disclosure of false information or hiding substantial information which is required to be disclosed as per Securities and Exchange Act unless such directors and executives can prove they are not in the position to know such information or the lack of such information to be disclosed.

12. Directors, executives, and spouses and minor children of directors or executives are not allowed to use internal information of the Company, subsidiaries, or associate companies whether from performing duties or other means which cause or may cause a significant impact to the Company, subsidiaries, or associate companies for benefits of selves or others, directly or indirectly, and whether receiving compensation or not.

13. Directors and executives of the Company including related persons of such directors and executives are obliged to inform the Company about their relationships and any connected transactions with the Company, subsidiaries, or associate companies which may cause conflicts of interest, and avoid making such transactions with the Company, subsidiaries, or associate companies.

7.3 Information on subcommittees

7.3.1 Audit Committee

As of 31 December 2022, the Audit Committee consisted of 3 people as follows.

	Name		Position
1.	Mr. Padungdej	Indralak	Chairman
2.	Ms. Kunnigar	Triyangkulsri ³	Member
3.	Mrs. Niratchara	Siriamphunkul ⁴	Member
4.	Mr. Surath	Pralongsil	Member

Mr. Padungdej Indralak is an expert with adequate skills and experience for auditing credibility of financial statements, and Ms. Sutapit Chantharangsee, the Assistant Vice President of the New Business Partnership, Strategy and Finance Department, is the secretary of the Audit Committee.

Term of Office of the Audit Committee Members

The Audit Committee has a term of office for a term of 3 years. The Audit Committee members hold office for a term of 3 years and in accordance with a term of office as the Director of the Company. When the term of office is expired, it may be re-appointed as the Board of Directors deems appropriate.

Scope of Authority, Duties, and Responsibilities of Audit Committee

1. Ensure accurate and adequate financial statements of the Company.
2. Ensure appropriate and efficient internal control and internal audit systems of the Company, consider independency of internal audit agencies, and make approval in consideration of appointment, relocation, and termination of the head of the internal audit agencies or other relevant agencies.
3. Ensure the Company complies with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other relevant laws.
4. Consider, select, nominate, and terminate independent persons to be auditors of the Company, offer remuneration to such persons, and attend a meeting with auditors and without the participation of the management at least once a year.
5. Consider connected transactions or transactions which may have conflicts of interest to be in line with laws and regulations of the Stock Exchange of Thailand in order to ensure such transactions are reasonable and offer the best interest to the Company.

³Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022

⁴Mrs. Niratchara Siriamphunkul was appointed as Member of the Audit Committee with effective from 1 November 2022

6. Other operations assigned by the Board of Directors and approved by the Audit Committee, for example, review financial management and risk management policies, review code of conduct compliance of executives, and review together with the Company's executives the publication of important reports as specified by law, such as management reports and analyses, etc.

7. Conduct report of the Audit Committee to be disclosed in annual report of the Company. The report shall be signed by the Chairman of the Audit Committee and incorporate information as follows.

- Opinions on accuracy, completeness, and credibility of financial reports of the Company.
- Opinions on adequacy of the internal control system of the Company.
- Opinions on compliance regarding Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or relevant laws.
- Opinions on suitability of auditors.
- Opinions on transactions which may have conflicts of interest.
- Numbers of Audit Committee meetings and attendance of each member.
- Overall opinions or observations received regarding the compliance with Audit Committee Charter.
- Other reports which shareholders and investors should be informed under scope of duties and responsibilities as granted by the Board of Directors.

8. In the Audit Committee's operations, if the committee finds or is suspicious of these transactions below which may significantly affect financial status and performance of the Company, the committee shall report the matters to the Board of Directors in order to rectify them within periods as deemed appropriate by the Board.

- Conflict of interest transaction.
- Corruption or significant abnormality or fault in the internal control system.
- Violation of Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or relevant laws.

If the Board of Directors or executives do not rectify the aforementioned matters within periods as specified in the first paragraph, any Audit Committee member may report such matters to the Securities and Exchange Commission or the Stock Exchange of Thailand.

9. Summarize Missions of the Audit Committee to the Board of Directors.

The Audit Committee has authority to carry out operations, for example, inviting directors, employees, or workers of the Company to a meeting to discuss and clarify the matters regarding duties and responsibilities of the Audit Committee, requesting advice from experts or the Company's consultants (if any) or hiring outside consultants or experts occasionally as necessary within the Company's budgets, requesting evidence documents regarding the business of the Company for investigation, assigning one or many employees of the Company to perform tasks within the scope of duties of the committee on account of investigation including relevant tasks assigned or requested by the subsidiaries.

The Company hired P&L Corporation Co., Ltd. as an internal auditing company in 2022 which was a third party and did not have any connection with the Company to examine the internal control system of the Company to ensure sufficiency of the system.

7.3.2 Executive Committee

As of 31 December 2022, the executive committee consisted of 5 people as follows.

Name		Position
1. Mr. Adisak	Ruckariyaphong	Chairman
2. Mr. Anan	Ruckariyapong	Member
3. Ms. Piyajit	Ruckariyapong	Member
4. Mr. Arnupap	Ruckariyapong	Member
5. Mr. Thanarat	Ruckariyapong	Member

Ms. Sutatip Chantharangsee, Assistant Vice President of New Business Partnership, Strategy and Finance Department, is the secretary of the executive committee.

Term of Office of Executive Committee

An executive committee member is appointed by the Board of Directors with consideration of educational backgrounds and work experiences of the candidate. An executive committee member shall vacate the position due to death, resignation, disqualification and possession of prohibited characteristics in accordance with laws or being removed from the office by the resolution of the Board of Directors meeting. Any executive committee member who intends to resign shall submit a resignation letter to the Company and shall be effective upon submission. In case an executive committee position is vacant, the Board of Directors shall select a new qualified person.

Scope of Authority, Duties, and Responsibilities of Executive Committee

The executive committee has authority, duties, and responsibilities regarding normal cause of business operations as per objectives, regulations, policies, rules, provisions, orders, and resolutions of the Board of Directors meetings and resolutions of Annual General Meetings. The executive committee shall review and establish policies, business plans, budgets, management structure, and management authority of the Company while establishing criteria for business operations in line with economic conditions and propose to the Board of Directors for consideration and approval, as well as monitor and follow-up the Company's performance as specified in the policies. The executive committee has duties and responsibilities as follows.

1. Propose goals, policies, business plans, business strategies, annual budgets, business expansion, financial planning, human resource management policies, consider and review management's proposals to be proposed to the Board of Directors for approval.

2. Manage and follow up business operations in accordance with the established policies, business plans, and goals as well as budgets approved by the Board of Directors.

3. Consider and approve for major expenditures indicated in the annual budget as approved in principles by the Board of Directors.

4. Consider and approve loans and credit requests with the period not exceeding 5 years; each request of credit limit is within 300 million baht and debt to equity ratio shall be maintained at the level approved by the Board of Directors. In case there is request for the Company's assets, except for land and factory, as collaterals, the matter shall be proposed to the Board of Directors for approval.

5. Consider profit and loss of the Company and interim or annual dividend payment to be proposed for the Board of Directors' approval before proposing to the Annual General Meeting.

6. Establish organizational structure, as well as appointment, employment, relocation, termination, consideration of wage/ remuneration/ bonus of executives with the positions equivalent to or higher than the positions of vice president on, except for the positions of Chairman of the executive committee, President, and CEO.

7. Delegate authority to one or many persons to perform any particular action under supervision of the executive committee or delegate authority to such persons within duration as deemed appropriate. The executive committee may cancel, revoke, change, or rectify such authorized persons or the authority as deemed appropriate.

The executive committee shall not delegate authority allowing the authorized persons to approve conflict of interest transactions (per definition in Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or transactions that have conflicts of interest with the Company or subsidiaries and/or associated companies. The matters shall be proposed to the Board of Directors meeting and/or the Annual General Meeting for approval unless they are normal transactions with trade terms in line with Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

8. Perform other duties as assigned by the Board of Directors.

7.4 Information on executives

7.4.1 Management Team

As of 31 December 2022, the management team consisted of 8 people as follows.

Name		Position
1. Mr. Adisak	Ruckariyaphong	Chairman of the Executive Committee
2. Mr. Anan	Ruckariyapong	President
3. Ms. Piyajit	Ruckariyapong	Chief Executive Officer
4. Mr. Arnupap	Ruckariyapong	Senior Consultant
5. Mr. Worapong	Kietdumrongwong	Chief Commercial Officer
6. Mr. Anak	Lapsuksatit	Chief Financial Officer and Chief Operating Officer I
7. Mrs. Yata	Onin	Chief Innovation Officer
8. Ms. Kanyaporn	Skutalakul	Chief Operating Officer II

Remark:

1. Chief Operating Officer I is responsible for Production efficiency.
2. Chief Operating Officer II is responsible for Production quality and people development.

Scope of Authority, Duties, and Responsibilities of President

1. Study investment possibilities with value not exceeding 100 million baht.
2. Approve investment in new projects with value not exceeding 10 million baht.
3. Human resources management regarding senior executive positions, including employment, appointment, relocation, evaluation, punishment, and removal which to be jointly signed with the CEO.
4. Consider remuneration and other benefits for senior executives which is to be jointly signed with the CEO.
5. Consider and approve asset write-off with value not exceeding 8 million baht and report those transactions with value exceeding 0.5 million baht to the Board of Directors.
6. Approve payment specified in agreements or contracts (as per approved budgets) with unlimited amount.
7. Approve entertainment expenses and charity donations with value not exceeding 1 million baht.
8. Approve short-term investment (not exceeding 1 year).
9. Approve procurement transactions, agreements, and transactions regarding normal business operations with unlimited amount but within approved annual budget.
10. Perform other duties as assigned by the Board of Directors.

Delegation of authority of the President shall not allow the President or authorized persons to approve conflict of interest transactions (per definition in Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or transactions that have conflicts of interest with the Company or subsidiaries and/or associated companies; the President shall not have the authority to approve such matters as they shall be proposed to the Board of Directors meeting and/or the Annual General Meeting for approval unless they are normal transactions with trade terms in line with Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

Scope of Authority, Duties, and Responsibilities of CEO

1. Oversee the Company's regulations are complied, resolve when in doubt, and request to the Board of Directors for approvals when amendments of the regulations are required.
2. Possess authority to order and establish work procedures and practices as deemed appropriate.
3. Delegate authority to employees with responsibility for such actions.
4. Establish policies, strategies, and goals together with the Board of Directors and implement as planned.
5. Manage business operations in accordance with the vision, mission, policies, and strategies.
6. Ensure each department efficiently and effectively operates in accordance with its strategic plans and goals as well as constantly develop human resources of the Company.
7. Develop the organization for good performance and improvement for sustainable growth.
8. Follow up, verify, control, and report overall performance of the Company to the Board of Directors quarterly.

9. Study new investment opportunities by focusing on both technical and financial analysis for decision-making.
10. Supervise daily operations of the Company.
11. Operate and manage in accordance with policies, plans, and budgets approved by the Board of Directors and/or the executive committee.
12. Establish policies, business plans, business strategies, and annual budgets of the Company to be proposed to the executive committee for approval

7.4.2 Remuneration policy for directors and executives

The Company has a policy to compensate directors and management at proper level by adhering to the principles of justice for both the Company and the individual, considering the Company's operating performance and the consistency with the same business / industry. Incentives can be created for work motivation and maintenance of good standards, suitable for the duties and responsibilities of individual director and executive. Remuneration for the directors, including independent directors and Audit Committee members, shall be approved by the Shareholders' Meeting of the Company.

For the remuneration of the Chief Executive Officer ("CEO"), the Board of Directors will review and approve the criteria of CEO's performance evaluation and of annual remuneration, as well as consider and approve the payment of annual remuneration in order to compensate for the work contributed to the Company and such contributions meet criteria set by the Board of Directors. The evaluation criteria are based on the key performance indicators, both financial and non-financial indicators e.g. the improvement of corporate governance to cover all aspects and align with the Thai Institute of Director' standards, the increase of employee engagement score to encourage sense of ownership in the organization and grow the Company sustainably in the long-term.

The Company carefully considers the payment of remuneration to the executives at proper and competitive rate, comparing with the same business / industry, to retain qualified executives. The remuneration is considered regarding assignment of duties and responsibilities as well.

7.4.3 Total amount of the remunerations of executives.

(1) Monetary Remuneration

In 2021 and 2022, the Company paid remuneration to executives as follows.

Remuneration	2022		2021	
	Number of Persons	Remuneration (Million Baht)	Number of Persons	Remuneration (Million Baht)
Salaries, bonuses, and other remuneration, including provident funds, post-employment benefits, and short-term benefit estimation.	8	78.93	6	67.87

Directors and executives of the Company which also assume a director position in a subsidiary or indirect subsidiary shall not receive remuneration in the subsidiary or indirect subsidiary.

(2) Other Remuneration

In addition, the Company received an approval from the Annual General Meeting on April 26, 2018 to issue and allocate non-transferable warrant with name entitlement No.2 to executives (including executives who are also directors) and employees ("Warrant" of "SAPPE-WA2") for 4,070,000 units with the offering price of 20.56 baht per unit and the warrant was valid for 4 years starting from the date of the issue. 1 warrant counted for 1 share unless there was adjustment in exercise ratio as per condition of right adjustment. Such Warrant could be exercised at the end date of June and December of each year throughout the Warrant term.

In which 5 executive directors and executives of the Company have been allocated warrants to purchase the Company's ordinary shares. representing 25.55% compared to the warrants to purchase the Company's ordinary shares in the whole project.

However, the SAPPE -WA2 expired on May 14, 2022.

7.5 Information on employees

(1) Number of employees

As of 31 December 2021, and 2022, the Company and its subsidiaries had 564 and 562 employees respectively (excluding directors and executives as in 7.4.1) which can be sorted by work function as follows.

Function	Number of Employee (Person) as of			
	31 December 2022		31 December 2021	
	Full-Time	Temporary	Full-Time	Temporary
Sappe Public Company Limited	562	20	564	20
Research and Development	18	-	18	-
Product Development & Brand Design	16	-	17	-
Marketing – Delivery	19	-	19	-
Domestic Sales	11	-	12	-
International Business	19	-	20	-
Strategy and Finance	33	-	33	-
Corporate Support	50	-	39	-
Transportation and Warehouse	52	-	54	-
Operations	338	20	346	20
Information Technology	6	-	6	-
Subsidiaries	-	-	-	-
Sappe Europe s.r.o.	-	-	-	-
Sappe Holding (Thailand) Company Limited	-	-	-	-
Indirect Subsidiaries	149	-	130	17
Sappe Trading (Hong Kong) Company Limited	-	-	-	-
Sappe Hong Kong Company Limited	-	-	-	-
Sappe Trading (Shanghai) Company Limited	-	-	-	-
All Coco Group Company Limited	97	-	114	17
All Coco Company Limited	-	-	-	-
K Best Farm Company Limited	52	-	16	-

Personnel sorted by location (excluding directors and executives as in 7.4.1) were as follows:

Location	Number of Employee Sorted by Location			
	31 December 2022		31 December 2021	
	No. of persons	(%)	No. of persons	(%)
Office	141	25%	145	26%
Factory	421	75%	419	74%
Total	562	100%	564	100%

Personnel sorted by gender, age, and level of position were as follows.

Gender	Number of Employee Sorted by Gender			
	31 December 2022		31 December 2021	
	No. of persons	(%)	No. of persons	(%)
Male	255	45%	257	46%
Female	307	55%	307	54%
Total	562	100%	564	100%

Age	Number of Employee Sorted by Age			
	31 December 2022		31 December 2021	
	No. of persons	(%)	No. of persons	(%)
Lower than 30 years	161	29%	173	31%
30-50 years	366	65%	355	63%
Higher than 50 years	35	6%	36	6%
Total	562	100%	564	100%

Level of position	Number of Employee Sorted by Level of position			
	31 December 2022		31 December 2021	
	No. of persons	(%)	No. of persons	(%)
Officer	446	79%	443	78%
Division manager	94	17%	94	17%
Assistant Vice President	13	2%	19	3%
Vice President and higher	9	2%	8	2%
Total	562	100%	564	100%

In addition, the company placed importance on the disabled by hiring them. In 2021 and 2022, the company hired 6 disabled or 1.10% of all employees.

Resignation rate of employees at the executive level were as follows:

Resignation rate		
2022	2021	Target (%)
4.17%	6.52%	Less than 5%

Regarding the resignation of the employees at the executive level, the 2022 rate was 4.17% as the company had targeted to reduce the rate to below 5%. Therefore, the latest figure indicated that the company achieved the goal in curbing the resignation rate of its employees.

(2) Remuneration of Employees

In 2021 and 2022 the Company paid remuneration to employees for a total of 352.62 million baht and million baht respectively which included remunerations in the form of salaries, overtime payment, social security benefit, provident fund, and others.

(3) Provident Fund

The Company established provident fund on 1 January 2010 under management of UOB Asset Management (Thailand) Co., Ltd. in order to motivate and retain employees in the long term. The Company has been contributing to the provident funds since January 2010. The Company encourages employees to save money and aims to create security for the employees and their families when they retire, pass away, or resign from the Company. In 2017, the Company reviewed and increased employer's contribution regarding the employees' years of service, comparing to companies in the same or similar industry.

In 2022, the company gave an opportunity to the employees to adjust savings percentage in the company's savings fund to promote savings in the organization in line with their spending amid the economic volatility. The company also allowed the employees who resigned from the savings fund to rejoin once.

(4) Other Remuneration

-None-

Human Resources Development Policy

As we adhere to our determination, **"We better people's lives through our innovative spirit,"** we, therefore, place importance on our employees who are like friends and family. We call them "Sappe players" and make the workplace like an amusement park. Everybody is a game player who has fun and dares to do and propose new things. Thus, our Sappe players must be capable of being ready for work and having energy for enjoyment which includes dynamic creativity and fun. During Covid-19, Sappe was among those affected by the pandemic, from a severe outbreak at the start to gradual improvement at present. Despite the pandemic effect, our Sappe players were not exhausted. On the contrary, they were still determined and strived for success. As we have a target of being better, we equip all Sappe players with capability developments covering mindset, tool set and skill set under the theme of being aware, **keeping up and finishing job in time.** In other words, our players have to keep up with new things and be aware of the changing situation outside the organization. After obtaining knowledge from these two aspects, the following output is to get work done on time which will lead us to achieve our goal. In addition, we have a "trainer team," which is a supportive team established to analyze and conduct focus groups with intensive and constant monitoring. The activities in the focus groups include sharing knowledges, problems and solutions among employee representatives from the factory and office. This aims to adjust teaching process, communication, content settling and create an atmosphere of Sappe trainer to allow Sappe players to obtain the provided knowledge to be substantially implemented in their work.

We are determined to make our organization grow with innovation, fun working and power of knowledge, ability and positive attitude which will drive Sappe to success. We are proud to be part of the success in creating innovation and being an example for other Thai companies. These elements are regarded as the factors to help the company, Sappe players, customers, suppliers, shareholders, society, and communities grow together with sustainability. To

achieve the goal, we focus on establishing successors for a continual development, providing our players with a capability development policy to help them work with fun and be able to fulfil their dreams. In the operation, we brought in the Work and Development Plan (WDP) as a tool to assess the performance and plan self-development for good career paths or constantly build their dreams. We foster the employees to have self-improvement as value added for themselves and the organization. This will help Sappe players acquire learning to solve problems, decision-making and leadership management. Our players have been trained to give feedbacks and implement the development strategy particularly for each section and each person. These approaches enable Sappe players to evaluate their own performance and inform their desire in self-development to the section heads before drafting the development plan together. This will allow Sappe players to take part in a self-development design, leading to an engagement in the organization.

Sappe constantly implements development practices for all players at all levels, using character-based and competency-based approaches in line with the target, resulting in an ultimate benefit to efficiently apply at work. With the strong will to create an innovation in personnel development, all courses contain relevant content and design learning process in self-awareness, and "See-Do-Get" patterns that lead to creative thinking and twist it to enjoyment. Furthermore, we give more opportunities for Sappe players to propose their thoughts and jointly brainstorm through diverse activities, allowing them to find conclusion for practical and easy usage. We also persuade Sappe players to participate in training courses and programs provided by the company which will bring about innovative creativity in various aspects as well as fostering virtue, morality and good governance at the operation. Promoting intellectual values at the workplace will also help develop Sappe players to become capable innovators in the future.

To enhance Sappe players' cognitive skills, in 2022 we boosted our players with the following training programs and projects:

Soft skill development

- The company provided development projects for Sappe players, who were in the role of trainers, by dispatching them to obtain more experiences outside the office. Our trainers were sent to meet students in several universities where they shared working experiences with them and received issues from the students they met. This method helped develop Sappe trainers to be able to solve different problems and had an opportunity to meet a new group of trainees.

- We organized an activity to build inspiration through experience sharing in the middle management group entitled "Lunch and Learn" in 2021 which continued in 2022. The latest season of the Lunch and Learn activity was held under the theme "Get to know better." It's a gathering of Sappe players who were willing to share experiences with the aim to improve their communication and speaking skills. Among the sharers from a vote and voluntary, 30 Sappe players took part in this activity in 15 episodes. After obtaining enough skills from the activity, the Sappe players were monthly rotated to the work field with two people in each month. The duo had a team to give comments, support contents and build confidence for the speakers, helping them improve story-telling skill as well as figuring out the issues both with themselves and Sappe fellows. This helped the players get new ideas and substances and were able to know the speakers more.

- In 2022, the leadership skill development program was introduced among our players at the management level through seminars which helped Sappe players find the leadership inside them, and integrated with the leadership theory resulting in the “SAPPE Young Leader Model.” The project encouraged our players to learn the Sappe leadership style under the roles of managers and senior managers. In 2023, we will improve the plan before forwarding it to Sappe players at all levels as we believe that everybody has leadership of their own and is able to maximize the skill to apply with the Sappe leadership model.

- The employees at the upper management level (senior vice presidents) have been trained to increase skills of coaching, empathy and feedback. We used a one-on-one process for an assessment and brought the outcome to help the middle management group in developing the leadership and effectively build competent leaders.

- For the key leaders who will be the driving forces and successors of the organization, the executive team design the “**Great Leader, Great Team, Great Result**” program for them as we believe good leaders will build good teams and produce good work for the company.

- The new training program called “**Being yourself with a better vision through Enneagram**” helped our Sappe players know more about themselves and know different types of friends to help support their work and improve working coordination in particular. The program was held in the form of self-precipitation through activities in which the trainers adjusted to directly meet the lifestyles of Sappe players.

- The company provided training programs to develop leadership skills, such as building growth mindset, coaching skill, a training course to become trainers (Train the Trainer), a course on working plan and the Workforce Development Master (WDP Master) training for those at the manager level and above.

- The potential development program called the “Talent Development” was arranged for Sappe’s young talented players with administrative roles and have potential to grow in their career path in the future.

- Created the “One Point Lesson” in the form of scripture for players to use as a living handbook in knowledge management. This useful manual is easily accessible, practical, uncomplicated and quickly serve the speedy work under Sappe’s style.

- A development program for employees at the operational level using coaching method in SIM 3 model was organized along with learning skill development in the other areas of work in order to increase multi-skill of machine.

- Conducted a transformation of technical knowledge and a process to produce experts from generation to generation, allowing the key machine operators to elevate the capability in their work.

- Developed the presentation skill among the employees from level 4 by using story-telling technique to make it interesting and easy to understand.

- Developed coaching skill for Sappe players through the process of feedback in the short interval management.

- Developed skills for the section heads with three topics: Smart person, good work and be communicative.

- Developed the employees’ growth mindset with the “Leader In Me” program for the employees at levels 1, 2 and 3.

- Encouraged the level 3 leaders to become “Train the trainer” in the “Lunch and Learn” program.

Hard Skill Development

- The company provided basic skill in the PCL program writing for the technical engineering employees.

- Vital skill in using the program to control the power operation was provided to the company’s engineering technicians.

- The engineering technicians and the employees in charge of projects were trained to write GStarCAD software program and 2D/3D modelling software to increase their working ability.

- Provided the employees at levels 2-4 with the mini food process control supervisor training to fill skill of overseeing the production of canned food with acid and alkaline, or acidified food.

- Conducted packaging training “Easy To Check” for the employees at levels 1-3 for a smooth operation.

- Provided skills on designing machine and equipment for the employees at the supervising level through the hygienic design training.

- Provided the skill development for the employees in the “talent development” group by accessing to the particular program to have in depth information about the production and machinery as well as decoding tacit knowledge to bring about the joint learning process.

- Courses about food and nutrient innovation were also conducted for the employees. Sappe designed a “Talk Show” learning model entitled the “Refrigerator Next Door” from the innovation team. This course is full of fun and substantive information which can be applied both at work and in daily life.

- Additional courses including Profit and Loss (P&L), Personal Data Protection Act (PDPA), Food Labeling Act, and other relevant laws were provided to all Sappe players. Although the courses are fun, easy to remember and practical, the principle of the courses remain unchanged.

In 2022, 38 training courses were organized for the employees at the head office and 44 courses were provided to those working at the factory. Regarding the quality evaluation, we set the Net Promoter Score (NPS) at 80% while the overall satisfaction score per course was 75% on average. The new training courses received satisfactory feedback at 83%. In 2022, we improved the evaluation by adding implementation into the process as the NPS metric alone was not enough. We set the target at 60% of the implementation (Count score 5 from a scale of 1-5) but received an average score of 56% which is the figure we are proud of, and will be applied in the following year. For the quantity, 91% of Sappe players participated in the training to acquire new experience, broaden knowledge and have self-development. Additionally, 18% of Sappe players have become trainers, or the persons who share their experiences while 5% visited universities to share their experience. The total period of training was 12,372 hours, or 22 hours per person on average. (information as of Dec 30, 2022).

In the post COVID-19 period, the company has adjusted the implementation of its welfare policy continually from the past year in order to adapt to the “New Normal,” known as a new way of living after the pandemic. The main points of the welfare policy are:

1. Sappe took care of all employees during the Covid-19 outbreak, ranging from following their health conditions and keeping them updated with relevant information as preparation for self-caring. Apart from this, the company issued measures to handle the pandemic in accordance with the guidelines of the Ministry of Public Health, in order to elevate our factory and office to become the workplaces with maximum safety. We screened visitors with checking of health background, setting a particular area for the employees who were at high risk of Covid-19 to monitor the condition. If the Covid-19 risk employees travelled by public transportation, the company instructed them to work from home to monitor the condition until it was safe to return. The company also rearranged space of the meeting room in line with health protocol by limiting the number of participants, increasing outdoor meeting rooms and providing equipment for protection such as antigen test kits, masks and hand sanitizers. All measures and facilities were arranged with the aim to make our employees and their families safe.

2. After being well-adjusted to the New Normal and Covid-19 situation, the company provided breakfast, coffee, fresh milk as well as cocoa and Ovaltine drinks to the employees on a regular basis. The breakfast menu would be adjusted mostly following suggestion from our employees such as vegetable salad, boiled eggs, sausages, bread, soy milk, deep-fried dough sticks and porridge. Gloves were among items provided for the employees for their safety when getting the food.

3. The company added the "Afternoon Snack" for employees from all sections to take part in designing the activity for each month by choosing snacks for their colleagues. The snacks included sweets, shaved ice, ice cream, fried meat balls, nuggets, and French fries. The food and snack provided in this monthly activity were different from the previous month.

4. The company established a small convenience store called the "Mini Bar By SAPPE" to sell consumer goods to the employees upon their requests. The store provided greater convenience for the Sappe players to buy items at a reasonable price inside the office building.

5. The company brought back the massage service, "RELAX TIME," for the employees at the workplace to boost their health and relax their mind. The employees can register to have the service which was provided four times a month with each session lasting 30 minutes. Apart from health boosting, the massage service was provided to increase good spirit in working and promote the corporate culture by taking care of health.

Aside from training courses, the company supported the employees to participate in the activities in compliance with the law, such as the welfare committee, health and sports clubs and other recreational activities. The employee committee was also set up to represent all employees to help look into requirements and suggestions in welfare and organizational management from the employees to constantly discuss them with the company's executives. The company collaborated with the Government Housing Bank to provide housing loan welfare with a special interest rate, a reduction for floating rate and a maximum of 100% loan approval. The housing loan program provided relevant benefits for the employees who wanted to have houses for themselves and their families. The company also increased the years of service rewards for employees to express its appreciation for their loyalty. Originally Sappe rewarded its most loyal

employees with a maximum of 15 years in service, but the company added two more prizes for those who have been with the company for 20 and 30 years. These awards are aimed at repaying the employees for their dedication and long service. We also improved the group insurance by increasing life insurance limit and treatment limit when being admitted to the hospital.

As the Board of Directors is aware of long-term effectiveness of business management and business continuity which leads to sustainable growth, the following succession plan is made to ensure that the Company's management team is well-equipped with knowledges and expertise to operate the business:

1. Board of Directors determines sustainable management development plan, which shall support future sustainable growth, and succession plan for important positions.

2. The management defines qualification on knowledge, competency, and experience of each position for selection of qualified candidates.

3. The management evaluates performance and capability of its subordinates in order to establish development plan being implemented for reducing competency gaps.

4. The management assigns Human Resource Department to develop the selected candidates' capabilities through suitable activities and submit monthly monitoring report to the management.

5. The management annually reports the performance of such development to the Board of Directors.

Welfare Policy

It is the Company's policy to keep the employees healthy and happy with their jobs. The Company believes that if the employees are well-treated with appropriate welfare, job security and good quality of life provided, they will be happy, leading to effectiveness and efficiency of work. The Company's welfare and benefits are compared among companies in the same or similar industry or provided as prescribed by laws. The Company has continuously implemented its welfare policy from the past years as follows:

1. Caring for employees during the COVID-19 crisis with daily employee health tracking every day along the line, including giving news so that employees are prepared to take care of themselves. Measures to deal with the crisis to upgrade factories and offices to be the most secure places. Screening visitors by checking their health history and requesting ATK test results with a validity of not more than 7 days before entering the factory and office. Provide the necessary equipment to protect and take care of yourself. Install a thermometer to measure heat before entering the area. During a heavy outbreak to prevent employees from contracting the virus has announced that employees work from home and divide the working team into 2 teams (Team A and Team B) and separate work areas. There are 2 sets of equipment to prevent infection with the virus. Everything that happens is done just because we want our employees and families to be safe and get through this crisis together.

2. A highly effective video camera infrared thermometer is provided to measure body temperature. for screening before entering the factory to build confidence in taking care of employees and visitors before entering the factory area.

3. Emphasis on safety in increasing cleanliness measures every time the meeting room is finished using Make a warning sign after cleaning and disinfecting is complete. and add partitions on staff desks Determine the number of people using the meeting room to reduce the spread of the covid-19 virus.

4. Determine the number of meeting room users and increase the number of meeting rooms in order to avoid congestion in the meeting room

5. There is an equipment for UV spoon drying machine. For use in disinfection to stop germs, viruses and bacteria on spoons and forks before eating.

6. Add amenities Optimizing the environment There is a bench area for employees to relax in the walkway area under the measures to prevent the spread of COVID-19 (Social distancing).

7. Arrange for employees to get ATK testing every 14 days. The goal is for employees to complete 100% inspection in the whole factory, including asking employees to buy ATK testing kits at employee prices. to family members to take care of employees, including family members.

8. Increase the installation of alcohol spray at entrance doors in every area before entering the office and common areas shared by employees.

9. Add a shuttle bus for employees traveling by public transport. to reduce the risk including controlling the number of employees who sit in the shuttle bus to comply with the covid measures, social distancing, wearing masks Don't talk in the bus.

10. Provide vaccines for employees. food store Security guards to receive 100% vaccination against COVID-19

11. Change the time recorder. from fingerprint scanning to Face / palm scanner to reduce touch

12. Increase the time recording point from 2 to 5 units to reduce the density. and in accordance with social distancing measures

13. Increase the welfare of the ability of the job. To build morale in working in difficult jobs for employees

The Company also has created various programs prescribed by law such as establishment of Sports & Recreations club by Welfare Committee, formation of Employee Committee as employee representative to help constantly assess employees' needs and suggestions relating to welfare provision and workplace environment and present to management meetings for discussion. Moreover, the Company has provided welfare housing loan program in collaboration with the Government Housing Bank (GH Bank) to give special interest rate, discount for floating rate loan, and maximum loan limit at 100% of appraisal value. This welfare allows the employees to afford their own houses.

Health and Environmental Safety Policy

To promote happy and safe workplace environment for the employees, the Company has adhered to the Health and Environmental Safety Policy, continuously implemented from the past years as follows:

- Safety in workplace is everyone's responsibility.
- Improve working environment for employees' safety.
- Organize activities related to the week of safety and energy conservation at work to raise awareness of working with safety.
- Training to educate employees to prepare them for emergency situations.
- Organize Big Cleaning Day activities for a good and safe working environment
- Specify safety rules and regulations. Supervisors act as role models to comply with such rules and regulations. Encourage the collaboration of all levels of employees to follow the Health and Environmental Safety Policy
- Promote cooperation towards occupational health and safety measures and working environment of the company.

Human Resources Policy

To achieve the Company's goal, Sappe Public Company Limited has established the policy of high-skilled employee retention and encouraged all employees to utilize their skills to reach full potentials with good ethics and code of conduct to maintain one another harmony and positive relationships as follows:

1. Candidate's selection for each position shall have qualifications that meet requirements. The selections or job rotations shall be fairly executed without prejudice
2. The Company shall treat the employees fairly
3. The Company shall constantly provide the employees supports and developments
4. The employee compensation shall be fairly and appropriately determined according to circumstances, job natures, organizational performance, and affordability of the Company.
5. The Company shall support the employees to constantly receive relevant information.
6. The Company shall create corporate culture by encouraging the employees to act in accordance with the corporate core values leading to employees' behavior change, and consequently driving the organization to achieve strategic goals.

In addition to the aforementioned policies We also take into account the surrounding community as a priority. Expanding opportunities for surrounding communities and employees' families by providing opportunities for people with disabilities to sell products in the establishment in order to have the opportunity to generate income in the household.

Human Right

We are committed to conduct the business with determination. 'We will make people's lives better. Through our souls' by treating with respect, fairness and equality according to human rights principles with all groups of stakeholders throughout Sappe's value chain sustainability and happiness and to ensure that business operations without human rights violations. The Company has announced this

human rights policy covering all departments of Sappe from the board of directors, executive directors, executives, including employees at all levels, as well as supporting business partners, suppliers, and all business alliances to comply with this policy which has disclosed such policy on the company's website

Employees

To take care of employees, our valued human resources, the Company has established a policy stipulating that all employees will be treated fairly regarding opportunities, benefits, potential developments, health and environmental safety and provident funds to ensure their quality of lives. The employees' compensations and benefits will be considered from the individual abilities and performance, Company's performance and the competitiveness in the same industry. For the employees' skill and knowledge developments, they will be provided through various internal and external training courses. The safety and hygiene of workplace at the office and the factory are provided in line with the health and environmental safety policy. Statistics of occupational accident rate, injury rate and leave rate are collected for analysis to improve employee safety standard.

In addition, the human rights have also been taken into consideration. the Company holds no discrimination and provides same hiring opportunities to all employees regardless of their races, skin colors, genders, religions and political opinions. The Company treats all employees fairly with suitable remunerations and inspires employees to participate in communities and societies development programs through a range of activities.

In addition, from our commitment to continuous human resource development through various concrete processes, it reflects the success through indicators of employee engagement at 4.29 (out of 5.00) in 2022, which was significantly high. This is another pride of the Company in terms of human resource development and serves as a guideline for the company to develop personnel in the future in pursuit of a sustainable organization.

Administrative Policy

The Company focuses on pleasant and creative working environment in the organization, good spirit and morale, health and environmental safety as these lead to effective working performance, bringing future success to the organization.

The Company has continuously implemented its administrative policy from the past years as follows:

1. The workplace is designed with consideration of numerous factors relating to employees' personalities and diverse working styles.
2. Cleanliness and tidiness within the office are always maintained
3. A hygienic canteen, a clean first-aid room and shuttle bus service are provided as stated in the law (for employees at the factory).
4. Office supplies, photocopy machines and internet access are well managed and controlled for the most effective usage.
5. Positive and lawful relationships are built with external parties, customers and government agencies.

Internal Data Confidentiality Policy

Internal data protection is very significant to the Company's success and to all employees' career security. To ensure that information disclosure to the public does not tarnish the operation and the Company's image, the Code of Conduct for confidentiality and internal data usage has been formulated as follows:

1. The Company's directors, executives, employees and temporary workers should adhere to the Company's confidentiality and/or internal significant information which has not been disclosed to the public for their own interests.

2. The Company has informed the executives of the roles and responsibilities over shareholding, whether by one's self, spouses and minor children and of reporting changes in the number of shares under possession to the Office of the Securities and Exchange Commission pursuant to Section 59 and the Punishment Chapter in Section 275 of the Securities and Exchange Act B.E. 2535.

3. The Company's directors, executives, employees and temporary workers should not disclose confidential information and/or internal information or seek interests for one own or others' interests, whether or not directly, and whether or not paid.

4. The Company's directors, executives, employees and temporary workers should not buy, sell, transfer or accept a transfer of the Company's securities using its confidentiality and/ or internal information or enter into any transactions by using those confidentiality and/or internal information, which may affect the Company, whether or not directly. This regulation should also include the spouses and minor children of the directors, executives, employees and temporary workers. Those who violate the regulations will be considered as a serious offence.

5. The Company has determined the guideline for maintaining and preventing the illegal insider trading, by banning directors, executives, employees with the roles of at least department director and parties related to insider information from buying or selling the Company's securities one month before the disclosure of quarterly financial statement and annual financial statement; as well as 24 hours after the significant information is disclosed.

6. The Company's directors, executives, employees with the roles of at least department director, should report all securities trading to the Company.

7. The Company's employees across levels who receive personal information should carefully keep or use such information.

8. The Company stipulates that the information related to the parties and the conditions agreed with the parties are confidential information that should not be disclosed to others, unless it has been approved by the Company and the parties.

9. The Company has determined the measures and systems to strictly control and oversee information of each department or division to prevent internal serious information from being released to the public before an official publication. It is deemed that such measures and systems are also parts of the Company's major risk control measures.

10. The Company has tasked the supervisors in all levels with the duties and responsibilities of preventing one's own subordinates from committing a leak of serious information and news to the public before the Company's official disclosure is made.

11. The employees' internal information usage should be consistent to the related employees' boundaries of duties and responsibilities as assigned.

12. The Company's employees across levels must not disclose confidential information even when they are no longer employed, or service is terminated.

The Company has formulated penalties with regards to an abuse of the Company's internal information for one's own benefits by publishing in regulations. A penalty ranges from a verbal warning to a dismissal.

Tax management

The company is aware of transparent business operations, verifiable and taxation management principles in accordance with good civic duties. To manage business in accordance with good governance and sustainable development, in 2022, the Company had total revenue of 4,899.50 million baht and profit before tax of 816.1 million baht. The company paid excise tax in the amount of 28.83 million baht and corporate income tax in the amount of 161.71 million baht (equivalent to tax rate of 19.8%, which is different from the actual tax rate of 20%). The company has disclosed the details of the tax policy on the company's website.

Tax privileges

Summary of Tax exemption in 2022	
Royal Decree No. 437 B.E. 2548 (2005): Training Fee (Promote the development of employee skills)	2.02%
Royal Decree No. 690,695 : The acquisition of machine	5.68%
Royal Decree No. 499 : Expenditure on disabilities employment	0.91%
Total privilege	8.61%

7.6 Other significant information

7.6.1 Company secretary and Head of internal audit

(1) Company secretary

The Board of Directors has resolved to appoint Ms. Sutatip Chantharangsee to be the company secretary. From December 13, 2018, in order to comply with the requirements of the Securities and Exchange Act B.E. and executives about rules and various laws that the board must know and coordinate effectively both internally including between the chairman Chief Executive Officer Executive Chairman or management and external, including between the company and the shareholders and regulators Details of the person holding the position as Company Secretary appear in Attachment 1.

(2) Head of internal audit

The Company hired P&L Corporation Company Limited to be the Internal Auditor for the year 2022, with Ms. Monpat Phumratanajarin, Vice President, Head of Internal Audit It is responsible for overseeing the compliance with the rules of the official departments that govern the company's business operations. Details of the person holding the position of Head of the Company's Compliance Officer appear in Attachment 3.

(3) Head of Compliance

The Company has assigned Ms. Paweena Sriwichai as a Head of Compliance for supervising the Company's compliance with the regulations of relevant government agencies.

7.6.2 Audit Fee and other services

(1) Audit Fee

The Company and its subsidiaries paid audit fees for the year 2022 in the total amount of 3.13 million baht, divided into the audit fees of the Company in the amount of 1.79 million baht and of the subsidiaries in the amount of 1.34 million baht.

(2) Non-Audit Fee

- None -

8. Report on key operating results on corporate governance

8.1 Summary of duty performance of the Board of Directors in the past year

The Board plays an important role in formulating policies and strategies that enhance competitiveness, together with the management in setting goals, guidelines, action plans and the company's budget annually as well as supervise and supervise the administration and management of the management to ensure that they are in accordance with the policies, plans and budgets that are set with efficiency and effectiveness.

8.1.1 Nomination, development, and evaluation of duty performance of the Board of Directors.

(1) Nomination

(a) Board of Directors

As the Company does not have a Nomination and Remuneration Committee, to select suitable people for directors or management position, the Company has a selection process by having major shareholders and / or representatives of each group of major shareholders, the experts in relevant fields, directors, independent directors, and management of the Company to jointly propose a list of persons who possess qualifications, skills and experiences required for the business operations with criteria as follows:

1) A director must have knowledges and experiences beneficial to the business. Integrity and ethics in conducting business with sufficient time to devote his/her ability and knowledge for the Company.

2) A director shall not possess characteristics prohibited by Public Limited Companies Act and the regulations of The Securities and Stock Exchange, including any characteristics indicating a lack of appropriateness to be entrusted with management of a public-owned business as specified by Securities and Exchange Commission.

3) A director is forbidden to conduct a business with the same nature and in competition with the Company's business or becomes a partnership, director in other juristic persons of the same nature and in competition with the Company's business, whether for his/ her own benefit or for other persons' benefits unless he/she notifies to the Shareholders' Meeting before a resolution regarding his/her appointment is obtained.

4) A director shall inform the Company without delay if there are any direct or indirect conflicts of interest arising from entering into contracts by the Company, or there is any increase or decrease in his/ her holding of shares, debentures of the Company or its affiliates.

The selection and appointment of directors shall be in accordance with the procedures specified in the Company's Articles of Association and the appointment of directors must be obtained an approval from the Shareholders' Meeting. The resolution of the Shareholders' Meeting shall require the majority votes of the shareholders who attend the meeting and have the right to vote.

1) The Shareholders' Meeting shall elect the Company's Board of Directors, comprising of at least five directors to be responsible for the entire business management with authorities to carry out duties within the scope of laws, Company's objectives and Articles of Association,

and resolution of General Meeting of Shareholders, as well as authorities to perform any actions specified in the Memorandum of Association or related to the said. The directors may or may not be the shareholders of the Company.

2) Not less than half of the total number of directors shall reside in the Kingdom of Thailand and all of them shall possess qualifications with no characteristics forbidden by law.

3) The Shareholders' Meeting shall elect the directors in accordance with the following rules and procedures.

(1) Each shareholder has a vote equal to one share per one vote.

(2) The shareholders may exercise right to select only one person or many persons to be director(s) but not greater than the total number of directors being elected at that time

(3) In the event the shareholders exercise right to select more than one person to be director, voting right for each selected person is equal to the number of votes possessed by the shareholders. In this regard, allocation of votes in favor for a specific person is not allowed.

(4) The persons obtaining the highest votes in descending order shall be elected as directors, but total number of directors shall not exceed the total number of directors required at that time, otherwise the Chairman of the meeting shall cast the vote to determine the total number.

4) At every Annual General Meeting of Shareholders, one-third of total directors shall retire by rotation. If the number of directors cannot be divided into three parts, the number of directors retiring in the first year shall be closest to one-third of directors for the second year after the Company's registration, the selection of directors retiring shall be conducted by drawing lots. For the subsequent years, the directors holding the positions for the longest shall retire. However, the retiring directors may be re-elected.

5) Any director who resigns from the position shall submit a resignation letter to the Company. The resignation shall be in effect on the date when the resignation letter is delivered to the Company. The director resigning under paragraph one may also notify his/her resignation to the registrar.

6) In the case that position of director is vacant for other reasons than an expiration of service term, the Board of Directors shall select a qualified person whose characteristics are not forbidden by law for a replacement and such person shall perform his/her duty in the next meeting. Unless the remaining service term of replaced director is less than two months, the elected person shall hold the position only for the remaining service term of such director. The resolution of the Board of Directors' Meeting under paragraph one shall consist of votes not less than three-fourth of the remaining number of directors.

7) In the case that position of the director becomes vacant resulting to the total number of remaining directors becomes less than the quorum, the remaining directors shall call a Shareholders' Meeting for an election of directors to fill the vacant positions within one month from the date the number of remaining directors becomes less than the quorum. The person who is appointed as a new director shall be in the position for the remaining service term of the replaced director.

8) The Shareholders' Meeting may pass a resolution to dismiss any director prior to expiration of their service terms by a vote of not less than three-fourth of the total number of shareholders and proxies (if any) who attend the meeting, with total number of shares not less than half of the total voting shares held by shareholders and proxies (if any).

In addition, the Company has prepared a **Board Skill Matrix** to assist in the selection of suitable persons to be knowledgeable directors. expertise suitable for the company's business also the Board of Directors recognizes the benefits of diversity in the Board which is an important factor for decision-making and performance of the Board. The diversity does not only limit to gender, but it also includes ages, educational backgrounds, work experience, skills, and knowledge. As such, recruitment and nomination of directors shall be based on competence and selection criteria which also consider benefits of diversity.

(b) Independent Director

The Company has defined the composition of the Board of Directors to include independent directors at least one-third of the total number of directors.

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint independent directors to join the Board of Directors. The Company has policy to appoint independent directors at least one-third of the total number of directors, or at least three independent directors.

The criteria for selecting and nominating independent directors are based on those for the nomination of directors. An independent director shall have the required qualifications and no prohibited characteristics, pursuant to the Public Limited Companies Act, and the Securities and Exchange Act, as well as other relevant notifications, stipulations and/or regulations. The independent director shall have capabilities, specialized expertise, work experience and other required qualifications. Nominations of qualified candidates shall be submitted to the Shareholders' Meeting for election and appointment as directors. In case of any independent director vacating office before retiring by rotation, the Board of Directors may appoint a new independent director with the required qualifications as a replacement. The replacing independent director shall hold office only for the remaining term of office of the independent director whom he has replaced.

Qualifications of an independent director shall be as follows:

1. Holding not more than 1% of the total shares with voting rights of the Company, or its principal company, subsidiary company, associated company, major shareholder, or controlling person of the Company, which shall be inclusive of the shares held by any related person thereof.

2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Company, or its subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Company unless the foregoing status has ended for no less than 2 years before the independent director assumes the post of Audit Committee member.

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or child, including the spouse of a child, of an executive, major shareholder, controlling person or person to be nominated as an executive or a controlling person of the Company or its subsidiary company.

4. Neither holding nor having held a business relationship with the Company, or its principal company, subsidiary company, associated

company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment; and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

5. Neither being nor having been an auditor of the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

6. Neither being nor having been any professional service provider including legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of the professional service provider, unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as Audit Committee member;

7. Not being a director who has been appointed as a representative of a director of the Company, major shareholder, or shareholder related to the major shareholder of the Company.

8. Not undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, is competitive with the business of the Company or subsidiary company or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1% of the total shares with voting rights of a company undertaking any business the nature of which is the same as that of the Company or subsidiary company;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.

The independent directors will inspect and certify their independence at least once a year, which will be announced with a report of directors' profiles at year end in Form 56-1 One report.

Business Relationships or Professional Services of Independent Directors in the Past Accounting Period

-None-

(c) Audit Committee

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint at least three members to perform as the Company's Audit Committee. Each member must be an independent director and not a director assigned by the Board of Directors to make decisions regarding business operations of the company, parent company, subsidiary company, associated company, same level subsidiary company, majority shareholder or the controlling person of the Company, as well as not a director of the parent company, subsidiary company, or same-level subsidiary company that is a listed company. Audit Committee shall perform its duties as specified in Stock Exchange of Thailand Notification regarding the Audit Committee's qualifications and scope of responsibilities.

In this regard, at least one Audit Committee member shall possess sufficient knowledges and experiences to review the accuracy and reliability of financial statements.

(d) Executive Committee

The Board of Directors shall appoint Executive Committee whose members shall be selected from the directors, management, or senior employees who are capable of managing the matters regarding normal business operations, establishing the Company's policies, business plans, budgets, administrative structures, as well as examining and monitoring the Company's operations to be in accordance with the policies established by the Board of Directors.

(e) Chief Executive Officer

The Board of Directors appoints the Chief Executive Officer. The consideration will be given to persons with complete qualifications, suitability, knowledge, abilities, skills and experiences that are beneficial to the Company's operations and have a good understanding of the Company's business. and able to manage the work to achieve the objectives goals set by the committee.

(f) Management

The Company has established a policy to recruit management by selecting people with knowledges, skill set and experiences relevant to the business. The selection shall be in accordance with the regulations of Human Resources management and be approved by the Board of Directors or by the person assigned by the Board of Directors.

The selection of top-level management positions will be considered by individual knowledges, skill set and experiences relevant to the business. The appointment of an internal audit and control supervisor / executive shall primarily pass a consideration from the Audit Committee.

(2) Development of Directors and Management

The Board of Directors has a policy to promote and facilitate training and education for directors and management who have involved in the corporate governance system for continuous operational improvements. In the case of changes of director or new directors, the management will provide those directors documents and information regarding business operations and guidelines, which is beneficial to the performance of such directors. The Company Secretary shall regularly report to the Board of Directors, Subcommittee and management regarding any changes in laws and regulations.

In 2022, the Company's directors attended the training. and participated in seminar activities to increase knowledge in performing duties as follows:

- Ms. Kunnigar Triyangkulsri, Independent Director and Member of the Audit Committee, attended the seminar course in Merges and Acquisitions (BMA) Class 1/2022 organized by the Thai Institute of Directors Association.
- Mr. Surath Pralongsil, Independent Director and Member of the Audit attended the seminar course in Merges and Acquisitions (BMA) Class 1/2022 organized by the Thai Institute of Directors Association.
- Ms. Piyajit Ruckariyapong, Director, attended the seminar course Director Certification Program (DCP) Class 327/2022 organized by the Thai Institute of Directors Association.

(3) Performance Evaluation of the Board of Directors, Audit Committee, Executive Committee and Top-level Management

1) Evaluation of the Board of Directors' Performance

As the Company has defined in the charter of the Board of Directors that the Board of Directors shall evaluate its performance on an annual basis which is an evaluation of the entire board. The Company will distribute a self-assessment form to each director to review performance as a director and to indicate challenges in the previous year. The score and opinions of the directors will be a reflection tool for the Company's management team to improve and increase the efficiency of the Board of Directors' Meetings. It is also used to improve the performance of the Board of Directors to be the most effective.

Assessment of the Board of Directors' performance in the year 2022 has been divided into 2 categories, 1) Entire board assessment and 2) Individual self-assessment, with details as follows:

1.1 Entire board assessment: there are 4 categories of assessment, (1) The structure and qualifications of the Board of Directors (2) The roles and responsibilities of the Board of Directors (3) The meetings of the Board of Directors and (4) The performance of the Board of Directors. The Board of Directors shall first consider and approve the said evaluation form. The result of the assessment shall be presented to the Board of Directors for acknowledgement and shall be disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2022 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of the Board of Directors: Average score of 4.43 points
2. The roles and responsibilities of the Board of Directors: Average score of 4.62 points.
3. The meetings of the Board of Directors: Average score of 4.63 points
4. The performance of the Board of Directors: Average score of 4.61 points

The overall average score of 4 categories was 4.57 points.

1.2 Individual self-assessment: there are 3 categories of assessment, (1) The structure and qualifications of the Board of Directors (2) The meeting of the Board of Directors and (3) The roles, duties and responsibilities of the Board of Directors. The result of the assessment shall be presented to the Board of Directors for acknowledgement and shall be disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2022 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of the Board of Directors: An average score of 4.67 points
 2. The meeting of the Board of Directors: An average score of 4.61 points
 3. The roles, duties and responsibilities of the Board of Directors: An average score of 4.62 points
- The overall average score of 3 categories was 4.63 points.

2) Evaluation of Audit Committee's Performance

As specified in Audit Committee charter that Audit Committee evaluation process should be formally established to ensure that the work of Audit Committee is efficient and achieves its objectives.

The Board of Directors has evaluated the performance of Audit Committee on an annual basis. In the year 2021, Audit Committee's performance was evaluated in 4 categories, (1) Qualifications and independence of Audit Committee (2) The duties and responsibilities of Audit Committee (3) The meetings of Audit Committee and (4) the receipt of information from the Company and the trainings. In addition, the Audit Committee will first consider and approve the said evaluation form. The result of the assessment shall be presented to Audit Committee and the Board of Directors meetings for acknowledgment and disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2022 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. Qualifications and independence of Audit Committee: An average score of 4.58 points
 2. Duties and responsibilities of Audit Committee: An average score of 4.58 points
 3. The meetings of Audit Committee: An average score of 4.67 points
 4. Receiving information from the Company and trainings: An average score of 4.33 points
- The overall average score of 4 categories was 4.54 points.

3) Evaluation of Executive Committee's performance

As the Board of Directors foresees that the Company should evaluate every sub-committee equally and stipulates that Executive Committee shall evaluate its performance on an annual basis by evaluating the performance of the entire board of executive

committees with the objective to review individual performance as an executive director, indicate the challenges in the previous year as well as analyse whether business operations are in accordance with the guidelines provided by the Board of Directors. The score and opinions of the executive directors will be a reflection tool for the Company's management team to improve and increase the efficiency of meetings. It is also used to improve the performance of the Executive Committee to be the most effective.

In the year 2022, Executive Committee's performance was evaluated in 4 categories, (1) The structure and qualifications of Executive Committee (2) The roles and responsibilities of Executive Committee (3) The meetings of Executive Committee and (4) Performance of Executive Committee member. The meeting of Executive Committee will consider and approve the said evaluation form. The evaluation result will be presented to Executive committee and to the Company's Board of Directors meetings for acknowledgment and disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Assessment forms in the year 2022, the weight of each topic of the assessment is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of Executive Committee: An average score of 4.60 points
 2. The roles and responsibilities of the Executive Committee: An average score of 4.71 points
 3. The meetings of Executive Committee: An average score of 4.50 points
 4. Performance of Executive Committee member: An average score of 4.57 points
- The overall average score of 4 categories was 4.60 points.

4) Evaluation of Top-level management's Performance

The Company's Board of Directors requires the performance evaluation of the Chairman of Executive Committee, the President and the Chief Executive Officer. The Board of Directors evaluates the performance of the Chairman of Executive Committee, the President and the Chief Executive Officer in accordance with the evaluation criteria. The performance evaluation form shall be approved by the Board of Directors in order to monitor whether the performances of the Chairman of Executive Committee, the President and the Chief Executive Officer are in accordance with the Company's short and long term goals. The evaluation helps to determine remuneration of the Chairman of Executive Committee, the President and the Chief Executive to be transparent and suitable for each individual performance and also strengthen the corporate governance of the Company. The recommendations from the performance appraisal will be used further to improve efficiency of work.

8.1.2 Meeting attendance and remuneration payment to each Board member

(1) The total number of the Board of Directors' meetings and the total meeting attendance of each Board member during the past year

No.	Name	Position	AGM 2022 Attendance / Total (Time)	Board 2022 Attendance / Total (Time)
1.	Mr. Natee Onin	Chairman	1/1	8/8
2.	Mr. Adisak Ruckariyaphong	Vice Chairman	1/1	8/8
3.	Mr. Anan Ruckariyapong	Director	1/1	8/8
4.	Mr. Arnupap Ruckariyapong	Director	1/1	8/8
5.	Ms. Piyajit Ruckariyapong	Director	1/1	7/8
6.	Mrs. Niratchara Siriampunkul	Independent Director	1/1	8/8
7.	Mr. Thana Thienachariya	Independent Director	1/1	8/8
8.	Mr. Padungdej Indralak	Independent Director and Chairman of the Audit Committee	1/1	8/8
9.	Ms. Kunnigar Triyangkulsri	Independent Director and Member of the Audit Committee	1/1	4/5
10.	Mr. Surath Pralongsil	Independent Director and Member of the Audit Committee	1/1	8/8

Remarks:

1. In the year 2022, the Company scheduled the meetings for the next year in advance and informed directors in the 3rd quarter of 2021 in order for them to efficiently prepare for the meetings.

2. Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022 so the number of meetings attendance will be ended in August 2022.

(2) The remunerations of each director

The 2022 Annual General Meeting on 27 April 2022 had a resolution for remuneration of the Board of Directors and the Audit Committee not exceeding 10,000,000 baht with description as follows.

- **Annual Remuneration**

- | | |
|--------------|-------------------------|
| (1) Chairman | 240,000 Baht (per Year) |
| (2) Director | 240,000 Baht (per Year) |

- **Meeting Attendance Fee**

- | | |
|---|---|
| (1) Chairman of the Board of Director | 25,000 Baht (per attendance) |
| (2) Chairman of the Audit Committee | 25,000 Baht (per attendance) |
| (3) Director and Audit Committee Member | 20,000 Baht (per Person per attendance) |

- **Gratuity**

By considering net profits of the Company and at discretion of the Board of Directors, in 2022, the Board of Directors allocated the gratuity for 653,160 baht per person (0.1% of net profits of the consolidated financial statements).

In 2021 and 2022, the Company paid total remuneration for directors as follows.

Name		2022			2021		
		Director	Audit Committee Member	Gratuity	Director	Audit Committee Member	Gratuity
1. Mr. Natee	Onin	434,000	-	653,160	441,000	-	410,815
2. Mr. Anan	Ruckariyapong	394,000	-	653,160	376,000	-	410,815
3. Mr. Adisak	Ruckariyaphong	394,000	-	653,160	396,000	-	410,815
4. Ms. Piyajit	Ruckariyapong	374,000	-	653,160	396,000	-	410,815
5. Mr. Arnupap	Ruckariyapong	374,000	-	653,160	396,000	-	410,815
6. Mrs. Niratchara	Siriampunkul	394,000	20,000	653,160	396,000	-	410,815
7. Mr. Thana	Thienachariya ¹	434,000	-	653,160	376,000	-	410,815
8. Mr. Padungdej	Indralak	394,000	100,000	653,160	396,000	100,000	410,815
9. Ms. Kunnigar	Triyangkulsri	234,000	60,000	-	376,000	80,000	410,815
10. Mr. Surath	Pralongsil	394,000	80,000	653,160	396,000	80,000	410,815
Total		3,820,000	260,000	5,878,440	3,945,000	260,000	4,108,150

Remark: The Executive Committee does not receive compensation because it has already received compensation from the management of the company.

8.1.3 Supervision of subsidiaries and associated companies

For supervision of the subsidiaries' operations, the Company has closely monitored and followed up the subsidiary's operations so that the goals can be achieved as follows:

(1) Supervision of Subsidiaries and associated companies

Sappe Europe s.r.o. : Due to the legal restrictions in Slovakia requiring that the directors who hold office be domiciled in Slovakia, therefore, causing the difficulty in practical way to appoint a representative from the Company to be a director in Sappe Europe s.r.o and not in accordance with the policy of controlling and overseeing subsidiaries and associates. Therefore, the Company's Board of Directors' Meeting has approved the board's charter indicating that material issues such as appointment of directors, capital increase, merger, liquidation, dividend payment, amendments the company regulations etc. are required the approval from the Shareholders' Meeting and established the Table of Authority for the Sappe Europe s.r.o. in order that the Company can use as a measure for supervision.

Sappe Holding (Thailand) Company Limited: The Company's Board of Directors has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, and Mr. Arnupap Ruckariyapong as the directors of the company, so that the management of the whole group is in the same direction.

Sappe Trading (Hong Kong) Company Limited and Sappe Hong Kong Company Limited: The Board of Directors of Sappe Holding (Thailand) Company Limited has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong as the directors of the company so that the management of the whole group is in the same direction.

Sappe Trading (Shanghai) Company Limited: The Board of Directors of Sappe Hong Kong Company Limited has appointed Ms. Piyajit Ruckariyapong as a director of the company so that the management of the whole group is in the same direction.

All Coco Group Company Limited: The Company's Board of Directors has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, and Mr. Arnupap Ruckariyapong as the directors so that the management of the whole group is in the same direction.

All Coco Company Limited and K Best Farm Company Limited.: The Company's top-level management has been assigned to oversee financial management and to follow up business operations to be in accordance with the plan.

Danone Sappe Beverages Company Limited: The Board of Directors has appointed Ms. Piyajit Ruckariyapong to be the Company's director in co-authoring the policy to create mutual growth in the future.

M Intelligence Company Limited: The Board of Directors has appointed Mr. Arnupap Ruckariyapong to be the Company's director in jointly formulating the policy to create mutual growth in the future.

Wopec Company Limited: The Board of Directors has appointed Mr. Adisak Ruckariyaphong and Miss Piyajit Ruckariyapong to be the Company's director in jointly formulating the policy to create mutual growth in the future.

¹ The Board of Directors Meeting No.4/2022 held on 11 May 2022 has resolved the appointment of Mr. Thana Thienachariya, Independent Director as Investment Committee and paid remuneration in the form of Meeting Attendance Fee at 20,000 bath per meeting. In the year 2022, Investment Committee was held two times.

(2) Disclosure of financial status and operating results

The Company's subsidiaries are responsible for submitting quarterly and annual financial statements to the Company to propose to the Company's Board of Directors for approval before public disclosure. The Company's auditor performs the inspection of operation, documents or assets at the subsidiaries' offices and warehouses and can request subsidiaries for additional documents. The Shareholders' Meeting considers appointing the auditors and fixing annual remuneration of Sappe Europe s.r.o., Sappe Holding (Thailand) Company Limited and indirect subsidiaries.

(3) Transactions with Related Parties

All related transactions between the Company and its subsidiaries shall be in accordance with the Securities and Exchange Act, announcement of the Capital Market Supervisory Board, announcement of Stock Exchange of Thailand and other relevant announcements. The Company reports value and details of connected transactions with its subsidiaries to the Board of Directors on a quarterly basis after passing the consideration of Audit Committee.

(4) Acquisition or Disposition of Assets

In the event a subsidiary company buys or sells any assets, it is required an approval from the Company's management or the Board of Directors or the Shareholders' Meeting of such subsidiary (as the case may be). If the value of transaction is material, the Company shall comply with the regulations of Securities and Exchange, announcement of the Capital Market Supervisory Board, announcement of Stock Exchange of Thailand and other relevant announcements.

(5) Supervision of the use of inside information

The Company conducts business under the principles of good corporate governance of Stock Exchange of Thailand and places emphasis on the supervision of the use of inside information to be in accordance with the principles of good corporate governance. By adhering to these principles and ensuring the confidence of investors to receive equitable, timely and reliable information, the Company has established a policy of confidentiality, data protection and the use of inside information that all personnel shall be informed and follow procedures of confidential information protection. To prevent the disclosure of information and to identify the type of confidential information, the confidential documents and information must be managed and protected with specific methods accessible by both data creators and users.

In addition, the Company places great emphasis on safeguard of customer and business information to be confidential. It is prohibited to disclose such confidential information to customers, employees and outsiders. In case that is necessary to disclose confidential information to the public, approval must be obtained from the Chairman of Executive Committee and Chief Executive Officer. This prohibition shall include trading, transfer or acceptance of transfer of the Company's securities by using confidential information and / or inside information and / or enter into any other juristic acts using confidential information / or inside information of the Company which causes damage to the Company either directly or indirectly.

The Company's directors, management and employees who receive inside information shall be prohibited from trading of the Company's securities in a specified period, which has been complied since the second quarter of year 2014 (or the first quarterly financial statement report since the Company was listed on the Stock Exchange of Thailand). The Company Secretary and the Human Resources Department shall notify those directors, management, and employees receiving inside information in advance to be aware of such prohibition period for trading of the Company's securities. This shall include the prohibition of trading of the company's securities by oneself, spouses, minor children, whether it is direct or indirect trading (such as nominee or holding of securities through private funds) during the period when the Company is about to disclose significant information that may affect the Company's share price such as 1 month prior to the date of disclosure of financial statements or operating results until 1 day after the date that the Company has disclosed financial statements or operating results to Stock Exchange of Thailand to ensure that such information be disclosed to the public first. With this regard, the Company has established disciplinary penalty for those seeking benefits from the use or disclosure of the inside information causing damages to the Company, which may be penalized as required by law or by the Company through verbal warning, warning letter, probation, or termination of employment as the case may be.

(6) Anti-Corruption

The company expressed its intention to join the Thai Private Sector Collective Action Coalition against Corruption (CAC) and was certified as a member of the project in 2020.

The Company has operated in accordance with the anti-corruption and corruption policy as follows:

1) The Company has communicated to both the directors, executives and employees' level by stipulating that all processes are strictly within the scope of the law.

2) The company provides a channel to report any violations of the policy. or seen acts of corruption and have protection measures for reporters.

The company has disclosed the details of the anti-corruption policy on the company's website under the topic of corporate governance

(7) Channels for Reporting Clues

The Company provides channels for stakeholders to report clues and complaints through the channels provided by the Company, including E-mail, telephone, online channels. which suggestions will be collected, screened and reported to top management. in order to find a solution to the next problem.

In addition, the Company has established guidelines to control and prevent risks associated with a corruption to have proper control and management through various tools existing, such as the Company's operating manual defining roles and responsibilities of each party clearly and the budget usage schedule of each matter that must be approved by the department head. In addition, the Risk Management Working Group meeting also notes the matter in the Company's risk register, specifies a risk registration and guideline to especially prevent the risk of corruption, evaluates it every quarter, etc.

Being aware of the importance of the anti-corruption and ensuring that the policy will be implemented concretely, the Company arranges a training session about the anti-corruption policy for new employees annually to make employees aware of the Company's ideology of conducting business with integrity and understand the roles and practices to against a corruption. In 2022, the Company conducted a total of 18 training sessions, with a total of approximately 34 employees.

The Company has never had any disputes or cases associated with a corruption.

8.2 Report of Audit Committee during the past year

8.2.1 Number of Audit Committee Meetings

In 2022, the Audit Committee held 4 meetings with attendance of its members below

Name		Position	Attendance / Total (Time)
1. Mr. Padungdej	Indralak	Chairman	4/4
2. Ms. Kunnigar	Triyangkulsri ¹	Member	3/3
3. Mr. Surath	Pralongsil	Member	4/4
4. Mrs. Niratchara	Siriamphunkul ²	Member	1/1

8.2.2 Report of Audit Committee

Appear in Attachment 5

8.3 Report of Executive Committee

In 2022, the Executive Committee held 15 meetings with attendance of its members below.

Name		Position	Attendance / Total (Time)
1. Mr. Adisak	Ruckariyaphong	Chairman	15/15
2. Mr. Anan	Ruckariyapong	Member	14/15
3. Ms. Piyajit	Ruckariyapong	Member	13/15
4. Mr. Arnupap	Ruckariyapong	Member	14/15
5. Mr. Thanarat	Ruckariyapong	Member	15/15

¹ Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022

² Mrs. Niratchara Siriamphunkul was appointed as Member of the Audit Committee with effective from 1 November 2022

9. Internal control and related party transactions

9.1 Internal Control

(1) The Audit of the Internal Control System according to the Opinion of the Internal Auditor

The Company realizes the importance of good internal control because the inspection leads to efficient operation. The Company entrusts the Audit Committee with reviewing the operation to ensure that the Company is equipped with appropriate and efficient internal control and audit. Similarly, this includes the compliance with the securities and exchange act laws, the regulations of the Stock Exchange of Thailand in relation to the Company's operation.

As per the Company's Board of Directors meeting no. 1/2023 on 28 February 2023, with 3 audit committee members in attendance, the Board's meeting assessed the adequacy of the Company's internal audit in 2022 in line with the guidelines prescribed by the Committee of Sponsoring Organizations of the Treadway Commission: COSO ("the Assessment") with the May edition 2013. The Audit Committee's opinions can be described below:

1. Control Environment

The Company deploys a good internal control environment that is suitable and enough by using the dissemination of ethics as an organizational culture. Below are a clear management structure and job assignments.

- The Company has prepared good corporate governance policy and Code of Conduct, and the guidelines in writing and circulate them to directors, management and employees.
- The roles and responsibilities of the Board of Directors are visibly sectioned off from those of the management. An organizational structure, the lines of command and the authority are devised in line with the evolving business landscape.
- Human resource management policies such as recruitment, training, remuneration, are stated in writing.

2. Risk Assessment

The Company values the importance of risk management and has, thus, appointed a risk management body to determine the risk management policies and framework of the Company. It is tasked with reviewing key risks related to the Company's operation, such as management, finance, data security, law and regulations. It works to offer preventive measures and how to curb risk levels to an acceptable degree. The unit follows up, evaluates and continually overhauls the operational plans to cope with risks and are suitable for business landscapes.

The structure of Risk Management Committee consists of executives and department managers who have knowledge, experience and expertise in risk management in various business areas of the Company.

The Risk Management Committee has scheduled the meeting in every quarter and reports the performance to Audit Committee and Board of Directors meeting in every quarter.

3. Control Activities

In an attempt to ensure the Company's efficient operation, the Company determines appropriate preventive schemes and risk management. So, the Company implements significant control measures e.g. the control and supervision policies of subsidiaries and associates, an authority manual, the Charter of committees and leading management, etc., so that they serve as a framework for directors, management and employees.

Likewise, the Company has collected information on strategic shareholders, directors, management, including connected persons, in order to follow and review connected transactions or transactions that may cause conflicts of interest. The Company has installed technological control measures by overseeing the infrastructure of the technological system to ensure suitability and controlling the security of the technological systems in terms of data access, data transmission, importing data into the system, to name but a few. As for each certain level, there is a restriction of the rights to those assigned to involve the data.

4. Information & Communication

The Company offers efficient and effective information systems and communication channels, both internal and external, which can be listed as follows:

- *Internal Communication* The management and employees receive news via the e-mail. In addition, employees are allowed to publicize activities relating to the Company at visible areas at the Rama 9 offices and both factories. These aim to ensure that information and public relations activities can be completed through various channels, for the purpose of maximum communication success.
- *External Communication* The Company frequently provides all stakeholders with information. The information must be true, accurate, complete and sufficient on a timely manner through a range of channels that can be accessed thoroughly and equally. Examples are the Stock Exchange of Thailand's website and the Company's website. Some working units such as the Investor Relations Team are tasked with information communication to external stakeholders.
- The Company provides a special communication channel for employees to provide information about legal or behavioral guideline offences. They are stated in writing as the Guidelines for Receiving Complaints and Protection.

5. Monitoring Activities

The Company employs a compliance inspection regarding the internal control on a quarterly basis. This is performed by an internal audit team who is appointed by the Audit Committee. The results of which are directly reported to the Audit Committee.

In addition, an annual follow-up and appraisal of the internal control system are performed. The activity follows the internal control guidelines regulated by the Securities and Exchange Commission in a bid to ensure the adequacy and the appropriateness of the internal control system. An improvement must be executed after any fraud has been found.

The Audit Committee does not offer different or contradictory opinions against the Board of Directors.

The Audit of the Internal Control System according to the Opinion of the Internal Auditor

The Company employed the internal auditor from the outsource, P&L Corporation Company Limited, to be the internal auditor for 2022, with quarterly reviews. The internal auditor inspected the internal control system according to the plan approved by the Audit Committee to evaluate the sufficiency and appropriateness of the internal control system of the Company and audited whether or not the Company fully complied with the internal control system.

At the meeting of the Audit Committee in 2022, the internal auditor from the external agency attended every meeting with the Audit Committee to report the results of the internal control system audit of the Company. The internal auditor summarized the audit results and issues found during the audit, along with providing recommendations and a report of the follow-up of the internal control system improvement of the previous quarter to the meeting. When these points were acknowledged at the meeting of the Audit Committee, the management was assigned to resolve various issues as suggested by the internal auditor completely.

In addition, according to the Charter of the Audit Committee of the Company, the Audit Committee has the duty to approve the appointment, transfer, and dismissal of the head of the Internal Audit department or any other departments responsible for internal auditing. The Audit Committee is of the opinion that the internal auditor of the Company are experts in internal control system auditing and has experiences in internal auditing for companies listed on the Stock Exchange of Thailand. The background of the internal auditor supervisor is shown in the Attachment 3

Summary of Accounting Observations and Recommendations based on the Opinions of the Auditor

At the Audit Committee meeting no. 1/2023 on February 22, 2023, KPMG Phoomchai Audit Ltd. (Auditor) who is the auditor of the Company attended the meeting with the Audit Committee to summarize accounting observations and suggestions. From the audited financial statement of the Company for the year ending on December 31, 2022, it was concluded that the Company prepared the financial statements that were duly and appropriately in accordance with the financial reporting standards

9.2 The summary of the details of connected transactions between the Company and the persons who may have conflicts of interest yearly ending December 31, 2022

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Person that may have a conflict of interest of Sappe Public Company Limited				
1. Sappe Europe s.r.o. ("Sappe Europe")	The Company is a major shareholder holding 60.00% of Sappe Europe's paid-up share capital	€ 0.24 million of short-term loan with interest rates of 4% per annum	The short-term loans offered to Sappe Europe are financial support provided by the former shareholders. The Company, subsequently, made an agreement for purchasing debt from the former shareholders by assigning interest rates comparable to market rates	
		Short-term loans	8.62	
		<u>Deduct allowance for doubtful accounts</u>	<u>(8.62)</u>	
		<u>Net</u>	<u>—</u>	
		- Interest income	0.35	
		- Accrued interest receivables	3.52	
		<u>Deduct net allowance for doubtful accounts</u>	<u>(3.52)</u>	
		<u>Net</u>	<u>—</u>	
Movements during the Year				
		Balance at the beginning of the year	8.87	
		- Loans	-	
		- Repayment	-	
		- Differences from changes in foreign exchange rates	(0.25)	
		<u>Deduct allowance for doubtful accounts</u>	<u>(8.62)</u>	
		Balance at the end of the year	<u>—</u>	
2. TTT Corporation Co., Ltd. (previously "Toyo Trading (Thailand) Co., Ltd.") ("TTTT")	- The Ruckariyapongs, the Company's major shareholder, holds 65.00% of TTT's paid-up share capital - Same authorize director, Mr. Adisak Ruckariyaphong	Factory equipment purchased from TTT to use in the Company's production process	0.39	Purchase price is based on market price, the same guideline as set for other non-related parties or organizations.
		- Other account payable	0.09	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
3. Hayashi Products Co., Ltd. ("Hayashi")	- The Ruckariyapongs, the Company's major shareholder, holds 100.00% of Hayashi's paid-up share capital - Same authorize directors, Mr. Adisak Ruckariyaphong and Mr. Arnupap Ruckariyapong	- Rent out warehouse space of the Company's factory at Klong 13 at 10,000 Baht per month with warehouse management cost at 80 baht per a carton of product - Other income 0.14 - Other Accounts receivable 0.02		- To utilize the Factory's space to the maximum and the rental fee is close to the market price - Purchase price is based on market price, the same guideline as set for other non-related parties or organizations
4. Mr. Anan Ruckariyapong	An authorized director and the President, holding 1.61% of the paid-up share capital (Percentage of shares as of 31 December 2022)	- Rental fee of Bangchan's land and factories with total area of 2 rai, 1 ngan, 88.20 square wahs. Lease contract started from 1 October 2019 to 30 September 2022. The 3rd year rental fee (October 2021 - September 2022) is 492,946 baht per month. The company has extended the contract for 3 years, starting from 1 October 2022 to 30 September 2025. The rental fee for the 1st year (October 2022 - September 2023) is 507,734 baht per month. - Deposit of 3 months rental fee will be refunded when the contract ends	5.60	The lease of land and factories facilitates the operation and production. In this, instead of investing on the said land and buildings with large amount of fund, the Company's limited amount of capital is allocated to other necessary investments for the benefit of the Company. The lease rate of land with factory building is similar to that of the market prices

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
5. Ruckariyapong Family, consisting of 6 persons as follows:				
Mr. Anan Ruckariyapong	An authorized director, the President and a shareholder of 1.61 % of the paid-up share capital (<i>Percentage of shares as of 31 December 2022</i>)	Rental fee of land at Klong 13 with total area of 97 rai 3 ngan 49 square wahs. 20-year Lease contract started from 1 October 2013 to 30 September 2033. The 9th year rental fee (October 2021 - September 2022) is 179,264 baht per month and the 10th year rental fee (October 2022 - September 2023) is 182,849 baht per month	2.16	The lease of land and factories facilitates the operation and production. In this, instead of investing on the said land and buildings with large amount of fund, the Company's limited amount of capital is allocated to other necessary investments for the benefit of the Company. The lease rate of land with factory building is similar to that of the market prices.
Mr. Adisak Ruckariyaphong	An authorized director, Chairman of Executive Committee and a shareholder of 16.78% of the paid-up share capital (<i>Percentage of shares as of 31 December 2022</i>)			
Mr. Arnupap Ruckariyapong	An authorized director, Chief Operating Officer, and a shareholder of 18.51% of the paid-up share capital (UBS AG SINGAPORE BRANCH as a Custodian, 3.24%) (<i>Percentage of shares as of 31 December 2022</i>)	Deposit of rental fee will be refunded when the contract ends.	1.06	
Miss Piyajit Ruckariyapong	Director, Chief Executive Officer and a shareholder of 17.70% of the paid-up share capital (<i>Percentage of shares as of 31 December 2022</i>)			

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
- Mrs. Somnuek Isoonsansiri - Mr. Thanarat Ruckariyapong	- A shareholder of 1.56 % of the paid-up share capital (Percentage of shares as of 31 December 2022) - A shareholder of 17.26 % of the paid-up share capital (UBS AG SINGAPORE BRANCH as a Custodian, 3.24%) (Percentage of shares as of 31 December 2022)			
6. Mr. Veeravooth Phuchanakit	The spouse (de facto) of Ms. Piyajit Ruckariyapong, an authorized director who is authorized by the Company and the Chief Executive Officer	Management consulting fee	1.20	Service fee is in accordance with market price, the same guideline as set for other non-related parties or organizations.
7. The Conte Co., Ltd. ("The Conte")	Ms. Nantiya Worapratheep, the spouse of Mr. Anak Lapsuksattit (Chief Financial Officer) is an authorized director and a major shareholder holding 99.80% of The Conte's paid-up capital shares	Management consulting fee	10.32	Service fee is in accordance with market price, the same guideline as set for other non-related parties or organizations.
8. Hose Center Co., Ltd. ("Hose Center")	- Authorized director and major shareholder is Mr. Adisak Ruckariyaphong, holding 95.00% of Hose Center's paid-up share capital. - The authorized directors, Mr. Adisak Ruckariyaphong, who is an authorized director to sign with authorization from the Company	Purchase factory equipment from the host center for use in the company's production process	0.33	Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
9. Sappe Trading (Hong Kong) Co., Ltd. ("Sappe Trading HK")	- A wholly own subsidiary of Sappe Holding - The authorized directors, Mr. Adisak Ruckariyaphong, Mr. Anupap Ruckariyapong and Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company.	- Other Accounts receivable - Deduct Allowance for doubtful accounts - Net	0.45 (0.34) 0.11	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
10. Sappe Trading (Shanghai) Co., Ltd. ("Sappe Shanghai")	- A wholly own subsidiary of Sappe Hong Kong Co., Ltd. ("Sappe HK"). - The authorized director is Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company	- Other Accounts receivable - Deduct Allowance for doubtful accounts - Net	10.71 (10.71) -	
11. All Coco Group Co., Ltd. ("All Coco Group")	- A subsidiary of Sappe Holding, holding 51.00% of All Coco Group's registered share capital - The same authorized directors, Mr. Adisak Ruckariyaphong, Mr. Arnupap Ruckariyapong and Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company	- Revenue from selling - Accounts receivable - Other income - Other account receivable - Prepaid expense - The company bought coconut-based products for sale - Products purchase - Trade accounts payable - Entertaining expense incurring from the purchase of coconut products - Other accounts payable 4.80 million baht of short-term loans with interest rates of 3.2% per annum. On 28 August 2019 and 10 June 2020, ACG repaid the loan in the amount of 0.21 million baht and 1.53 million baht, respectively. - Short-term loans - Interest income - Accrued interest receivables	0.05 0.01 3.19 0.50 16.43 95.91 16.94 4.20 0.06 3.06 0.10 0.25	- Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations. - The short-term loan is used as working capital of Coconut Factory group of companies, with interest rates comparable to the market rates.
Movements during the Year			3.06 0.10 0.25	
			3.06 -	
			3.06	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
12. All Coco Co., Ltd. ("All Coco")	An indirect subsidiary of Sappe Holding and a wholly owned subsidiary of All Coco Group	3.20 million Baht of short-term loans with interest rates of 3.2% per annum. On 30 August 2019 and 10 June 2020, ACC repaid the loan in the amount of 0.14 million baht and 0.51 million baht, respectively. - Short-term loans - Interest income - Accrued interest receivables Movements during the Year - Balance at the beginning of the year - Loans - Repayment - Balance at the end of the year	2.55 0.08 0.21 2.55 - - 2.55	The short-term loan is used as working capital of Coconut Factory group of companies, with interest rates comparable to the market rates.
13. Danone Sappe Beverages Co., Ltd. ("Danone")	- An associated company of Sappe Holding, holding 25.00% of the Danone's registered share capital - The same authorized director, Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company	- Sale of Finished Products - Revenue from sales - Transportation revenue - Revenue from monthly service and operation - Purchase of finished products for sale - Purchase of products - Accounts payable - Other Accounts payable	88.55 0.11 2.47 102.67 18.77 1.23	Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
14. M Intelligence Co., Ltd. ("M Intel")	- An associated company of Sappe Holding, holding 16.21% of the M Intel's registered share capital - The same authorized director, Mr. Arunpap Ruckariyapong, who is an authorized director to sign with authorization from the Company	- Purchase of intangible assets (Computer program) - Other Income - Other account receivable	0.96 0.10 0.10	Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
15. Wope Co., Ltd. ("Wope")	- Indirect joint venture of Sappe Holding, holding 60% of Wope 's registered share capital - The same authorized director, Mr. Adisak Ruckariyaphong, who is an authorized director to sign with authorization from the Company	- Sale of Finished Products - Revenue from sales - Other income - Other account receivable - Purchase of finished products for sale - Purchase of products - Account payable	1.13 0.42 0.08 5.11 3.77	Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Persons that may have a conflict of interest of Sappe Europe s.r.o – Subsidiary				
1. Mr. Milan Bucek	A shareholder of Sappe Europe, holding 20.00% of the paid-up share capital	Accrued dividends payment with an agreement to pay from Sappe Europe's profits in the amount of €109,076.03	4.02	Accrued dividends are in accordance with Sappe Europe's regulations which require the dividends of Mr. Milan Bucek to be paid in full amount. Subsequently, remaining parts of the profit are allocated as per the proportion of the payable investment.
2. Mr. Ing. Ivan JeŽo	A shareholder of Sappe Europe, holding 20.00% of the paid-up share capital.	€ 0.02 million of short-term loan (no interest charged) Movements during the Year - Balance at the beginning of the year 0.95 - Differences from changes in foreign exchange rates (0.03) - Balance at the end of the year <u>0.92</u>	0.92	Short-term loan is used to support Sappe Europe's business operations
3. Italmarket Slovakia, a.s. ("Italmarket")	Same shareholder, Mr. Ing. Ivan JeŽo, holding 20.00% of Sappe Europe's paid-up share capital and 17.17% of Italmarket's paid-up share capital	- Sales of products to Italmarket. - Revenue from sales 4.16 - Accounts receivable 0.19 - Transportation cost from products distribution by Italmarket. 0.12 - €0.08 million of short-term loan with interest rate of 2% per annum. - Short-term loans 2.95 - Interest expense 0.06 - Accrued interest payable 0.74 Movements during the Year - Balance at the beginning of the year 3.03 - Differences from changes in foreign exchange rates (0.08) - Balance at the end of the year <u>2.95</u>	- Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations. - The price is similar to that of the market price - The short-term loan is used to support Sappe Europe's business operations with interest rates comparable to the market rates.	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Persons that may have a conflict of interest of Sappe Holding (Thailand) Co., Ltd. – Subsidiary				
1. Sappe Trading (Shanghai) Co., Ltd. ("Sappe Shanghai")	- A wholly owned subsidiary of Sappe HK - Same authorized director, Ms. Piyajit Ruckariyapong	- Sales promotion and marketing in China expenses and Commission - Other accounts receivable	37.77 (37.77)	Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
		Deduct Allowance for doubtful accounts		
		Net		
Persons / Juristic Persons that may have a conflict of interest of All Coco Group Co., Ltd. – Indirect subsidiary				
1. Mrs. Waraporn Manasrungssee	An authorized director and key executive	6.00 million baht of a short-term loan with interest rates of 3.2% per annum was repaid on 28 August 2019 in the amount of 2.33 million baht and on 10 June 2020 in the amount of 0.98 million baht. Another 0.5 million baht of a short-term loan (with no interest charges) was fully repaid on 30 August 2019. - Short-term loans - Interest expense - Accrued interest payable	2.69 0.09 0.22	Short-term loan is used as working capital for All Coco group of companies, with interest rates comparable to the market rates.
		Movements during the Year		
		- Balance at the beginning of the year	2.69	
		- Repayment	-	
		- Balance at the end of the year	2.69	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction, 2022 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
2. Mrs. Trakarnjit Suteesophon	An authorized director	6.00 million baht of a short-term loan with interest rates of 3.2% per annum was repaid on 28 August 2019 in the amount of 2.33 million baht and on 10 June 2020 in the amount of 0.98 million baht. Another 0.5 million baht of a short-term loan (with no interest charges) was fully repaid on 30 August 2019. - Short-term loans - Interest expense - Accrued interest payable	2.69 0.09 0.22	Short-term loan is used as working capital for All Coco group of companies, with interest rates comparable to the market rates.
Movements during the Year				
		- Balance at the beginning of the year	2.69	
		- Repayment	-	
		- Balance at the end of the year	2.69	
		• Rental of factory land	0.36	

Necessity and Reasonableness of Connected Transaction

The Audit Committee has reviewed the connected transactions with the related parties or organizations for the fiscal year ending 31 December 2022 as detailed above and has been of the opinion that the said transactions were necessary and reasonable. For example, a trade of products, machinery and equipment are a normal business practice of the company. The transaction has general commercial conditions which is in accordance with the market price and can be compared with transactions made with other third parties not related to the company. Furthermore, the contract of land and buildings lease to be used as the company's production plants, their rental prices were based on the appraised value of the independent property appraiser. Therefore, the transactions were all reasonable and fair and did not cause the company to lose any benefits.

Measures or Procedures for Approving Connected Transactions

The Board of Directors has considered transactions that may have conflicts of interest or related transactions under ethical framework by screening them according to the policy and procedures for approving connected transactions which are in accordance with the law on Securities and Stock Exchange, regulations, announcements, orders, or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand involving in the said matter. In addition, the Board of Directors has also considered the compliance with the requirements regarding the disclosure of connected transaction information of the company or subsidiaries in accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditors of Thailand. In this regard, any person who may have a conflict of interest or have an interest in the transactions cannot participate or vote for approving the said transactions.

In case that the law requires approval from the Board of Directors or at the shareholders' meeting of the company, the company will invite the Audit Committee to attend the meeting to consider and comment on the necessity of doing the transactions and the reasonability of such transactions.

Commercial Transactions with General Trade Conditions

For the transactions which are the commercial transactions with general commercial conditions occurring between the company or subsidiaries and a person who may have a conflict of interest or have an interest in the future, the company has specified frameworks of the said transactions which were considered and approved by the Audit Committee and were officially approved by the Board of Directors. When conducting the said transactions, the management of the company can approve the transaction conduction whereby the transactions must include a trade agreement in the same way that a reasonable person will do with general contracting parties in the same situation with the bargaining power without influence of a director, executive or related person (Arm's Length Basis). And the transactions must be a business transaction that the company or subsidiaries operate normally to do business or a business transaction in which companies in the same business as the company or subsidiaries tend to conduct to support their normal business. The business transaction must include a fair price and conditions, must not cause the transfer of benefits, and must include the following commercial conditions:

- 1) Price and conditions that the company or subsidiary receive or give to general public
- 2) Price and conditions that the connected persons give to the general public
- 3) Price and conditions that the company can show that other business operators also give those to the general public

In addition, in case of having any business transactions with Arm's Length Basis, the management of the company will be a decision maker. After the management's approval, a summary report of the said connected transactions will be conducted to report to the meeting of the Board of Directors to acknowledge. In case that the Audit Committee and the Board of Directors find that some actions are taken in violation of the established policies, the Audit Committee and the Board of Directors will work together to find solutions.

Commercial Transactions with No General Trade Condition or Other Transactions

In case that the commercial transactions did not include general commercial conditions or the commercial transactions occur between the company or a subsidiaries and a person who may have a conflict of interest or have an interest in the future, the company must propose to the Audit Committee to consider and comment on the necessity and appropriateness of the transactions, including the appropriateness of the price and conditions in those transactions. There must be a comparison of the price in those and the price made with third parties or the market price before presenting to the Board of Directors and / or the shareholders' meeting for further approval. In case that the Audit Committee is not skilled in considering any related transactions, the company will have an independent expert or the company's auditors to give an opinion on them instead. Therefore, the opinion will be used in the decision of the Audit Committee, the Board of Directors and / or the shareholders' meeting. In this regard, any person who may have a conflict of interest or have an interest in the transactions cannot participate or vote for approving the said transactions.

Policy or Trend of Future Connected Transactions

The company anticipated that in the future, the connected transactions will be normal business transactions as usual, including taking the interests of the company and its subsidiaries into account and without additional special items and transfer of benefits to each other. For the pricing policies between related parties, pricing will be the normal price of the business as the price specified for other unrelated parties / businesses. The future financial assistance to subsidiaries will continue as necessary and appropriate, such as a trade of products or costs of mutual marketing. However, for any connected transactions that may occur in the future, the Board of Directors must comply with the securities and exchange laws, regulations, announcements, orders, or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand. It also includes the compliance with the requirements regarding the disclosure of connected transaction information of the company or subsidiaries in accordance with the financial reporting standards specified by the Federation of Accounting Professions.

3

Financial Statements

Independent Auditor's Report

To the Shareholders of Sappe Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Sappe Public Company Limited and its subsidiaries (the “Group”) and of Sappe Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2022, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statement of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statement as a whole, and in forming our opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to Notes 3 (g) and 7 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
As there is high competition in both local and overseas markets for health and functional drinks, new products are continuously launched to attract customers and fulfil their changing needs. Consequently, the products of the Group and the Company have short lives, their sales and selling prices are subject to the market situation, and long-outstanding inventories may result. The Group's and the Company's inventories are stated at the lower of cost and net realisable value which involves management's judgment. This is an area of focus in my audit.	My audit procedures included: - Inquiry of the management to obtain an understanding of the Group's and the Company's policy in relation to setting provision for inventories and reviewing the Group's and the Company's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to inventory management and attending inventory counts and observing the condition of inventories; - Testing the accuracy of inventory aging by checking samples to relevant supporting documents; - Testing the valuation of inventories by comparing their costs against their expected net realisable values less relevant selling expenses, and checking samples of the related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.
Accrued promotional expenses	
Refer to Notes 3 (o) and 15 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
There is high competition in both local and overseas markets for health and functional drinks. The Group offers customers several types of promotional offers to compete with its competitors. The Group has accrued promotional expenses for these offers based on statistical information, and management's judgment on the behaviour of both local and overseas customers, and the type of offer. This is an area of focus in my audit.	My audit procedures included: - Inquiry of the management to obtain an understanding of the Group's policy in relation to accruing promotional expenses and reviewing the Group's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to the sales process and estimation of accrued promotional and marketing expenses; - Testing the calculation of accrued promotional expenses by checking to samples of related supporting documents; - Testing that accrued promotional expenses related to offers active as at year end and in the year by checking to samples of related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I conclude that there is a material misstatement therein, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2023

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2022	2021	2022	2021
(in Baht)					
Current assets					
Cash and cash equivalents	5	298,805,528	382,609,637	249,988,981	324,544,988
Trade accounts receivable	4, 6	324,144,288	340,585,908	281,164,717	318,779,821
Other current receivables	4	135,355,299	89,166,138	145,057,384	88,194,135
Short-term loans to related parties	4, 26	-	-	5,610,000	5,610,000
Inventories	7	444,457,476	290,717,932	383,903,803	247,138,839
Other current financial assets	26	1,829,719,197	1,371,105,836	1,829,719,197	1,371,105,836
Other current assets		46,800,257	49,508,226	46,505,814	48,484,762
Total current assets		3,079,282,045	2,523,693,677	2,941,949,896	2,403,858,381
Non-current assets					
Other non-current financial assets	26	66,752,211	66,752,209	66,752,211	66,752,209
Investment in associates	8	89,124,378	88,954,557	-	-
Investment in joint venture	8	30,173,997	-	-	-
Investment in subsidiaries	9	-	-	419,999,980	390,161,757
Property, plant and equipment	11	1,067,733,408	951,274,103	946,759,852	816,631,323
Right-of-use assets	4, 12	64,211,926	54,965,055	54,785,144	47,224,314
Goodwill	13	90,898,858	90,898,858	-	-
Intangible assets other than goodwill	14	37,042,812	43,346,346	29,390,098	34,880,909
Deferred tax assets	23	26,410,724	19,813,093	26,096,297	19,677,392
Other non-current assets	4	9,696,527	8,703,320	5,431,538	4,495,238
Total non-current assets		1,482,044,841	1,324,707,541	1,549,215,120	1,379,823,142
Total assets		4,561,326,886	3,848,401,218	4,491,165,016	3,783,681,523

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2022	2021	2022	2021
(in Baht)					
Current liabilities					
Bank overdraft		1,056,720	1,887,559	-	-
Trade accounts payable	4, 26	229,971,102	180,815,354	240,030,295	192,601,876
Other current payables	4, 15	734,226,339	495,094,418	709,614,145	468,644,151
Short-term borrowings from related parties	4, 26	9,346,280	9,460,367	-	-
Current portion of lease liabilities	12, 26	10,923,298	10,071,294	10,473,094	8,795,203
Current income tax payable		85,613,016	48,140,196	85,339,511	48,018,115
Total current liabilities		1,071,136,755	745,469,188	1,045,457,045	718,059,345
Non-current liabilities					
Lease liabilities	12, 26	60,542,287	51,876,806	50,354,224	44,252,095
Deferred tax liabilities	23	2,970,068	2,999,799	-	-
Non-current provisions for employee benefits	16	61,817,249	36,610,783	60,334,114	35,603,859
Other non-current liabilities	4	4,806,986	4,973,414	-	-
Total non-current liabilities		130,136,590	96,460,802	110,688,338	79,855,954
Total liabilities		1,201,273,345	841,929,990	1,156,145,383	797,915,299

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2022	2021	2022	2021
(in Baht)					
Equity					
Share capital	17, 18				
Authorised share capital		308,438,080	308,438,080	308,438,080	308,438,080
Issued and paid-up share capital		308,289,080	306,086,680	308,289,080	306,086,680
Share premium on ordinary shares	17	1,082,229,917	1,021,354,110	1,082,229,917	1,021,354,110
Warrants	18	-	19,029,377	-	19,029,377
Retained earnings					
Legal reserve	19	30,843,808	30,843,808	30,843,808	30,843,808
Unappropriated		1,839,295,337	1,533,645,297	1,913,656,828	1,608,452,249
Difference arising from common control transactions		(4,365,342)	(4,365,342)	-	-
Currency translation differences		1,520,884	(914,100)	-	-
Equity attributable to owners of the parent		3,257,813,684	2,905,679,830	3,335,019,633	2,985,766,224
Non-controlling interests	10	102,239,857	100,791,398	-	-
Total equity		3,360,053,541	3,006,471,228	3,335,019,633	2,985,766,224
Total liabilities and equity		4,561,326,886	3,848,401,218	4,491,165,016	3,783,681,523

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2022	2021	2022	2021
(in Baht)					
Revenue					
Revenue from sale of goods	4, 20	4,566,400,225	3,444,159,868	4,317,244,159	3,181,622,524
Other income	4, 21	333,105,003	268,605,575	325,507,533	264,357,744
Total revenue		4,899,505,228	3,712,765,443	4,642,751,692	3,445,980,268
Expenses					
Cost of sales of goods	22	2,702,901,207	2,089,126,728	2,499,141,155	1,865,640,841
Distribution costs	22	982,880,716	759,883,415	961,602,065	737,881,868
Administrative expenses	22	383,269,509	318,254,849	355,113,100	294,230,906
Net foreign exchange loss		8,510,177	5,675,506	6,905,560	13,924,638
Total expenses		4,077,561,609	3,172,940,498	3,822,761,880	2,911,678,253
Profit from operating activities		821,943,619	539,824,945	819,989,812	534,302,015
Finance costs	4, 12	(2,285,096)	(2,515,724)	(1,588,755)	(1,768,353)
Impairment loss determined in accordance with TFRS 9	4, 6, 26	(3,866,481)	(859,203)	(4,332,499)	(1,090,725)
Share of profit (loss) from associates and joint venture accounted for using equity met	8	343,818	(20,234,729)	-	-
Profit before income tax expense		816,135,860	516,215,289	814,068,558	531,442,937
Tax expense	23	161,706,639	105,980,440	161,362,560	105,272,913
Profit for the year		654,429,221	410,234,849	652,705,998	426,170,024
Profit (loss) attributable to:					
Owners of the parent		653,151,459	410,814,443	652,705,998	426,170,024
Non-controlling interests	10	1,277,762	(579,594)	-	-
		654,429,221	410,234,849	652,705,998	426,170,024
Earnings per share					
Basic earnings per share	24	2.12	1.35	2.12	1.40
Diluted earnings per share		-	1.34	-	1.39

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	Year ended 31 December		Year ended 31 December	
Note	2022	2021	2022	2021
	(in Baht)			
Profit for the year	654,429,221	410,234,849	652,705,998	426,170,024
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,605,681	(5,090,372)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Loss on remeasurements of defined benefit plans	(9,444,491)	-	(9,444,491)	-
Other comprehensive income for the year, net of tax	(6,838,810)	(5,090,372)	(9,444,491)	-
Total comprehensive income for the year	647,590,411	405,144,477	643,261,507	426,170,024
Total comprehensive income (expense) attributable to:				
Owners of the parent	646,141,952	405,871,749	643,261,507	426,170,024
Non-controlling interests	10 1,448,459	(727,272)	-	-
	647,590,411	405,144,477	643,261,507	426,170,024

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements												
Note	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Other components of equity							Total equity
					Unappropriated	Difference arising from common control transactions	Translation reserve	Total other components of equity	Equity attributable to owners of the parent	Non-controlling interests		
											(in Baht)	
Year ended 31 December 2021												
Balance at 1 January 2021												
	304,378,080	975,607,543	27,801,990	30,843,808	1,433,294,150	(4,365,342)	4,028,594	(336,748)	2,771,588,823	101,518,670	2,873,107,493	
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
17, 18	1,708,600	45,746,567	(12,326,350)	-	-	-	-	-	35,128,817	-	35,128,817	
18	-	-	3,553,737	-	-	-	-	-	3,553,737	-	3,553,737	
25	-	-	-	-	(310,463,296)	-	-	-	(310,463,296)	-	(310,463,296)	
Total contributions by and distributions to owners of the parent												
	1,708,600	45,746,567	(8,772,613)	-	(310,463,296)	-	-	-	(271,780,742)	-	(271,780,742)	
Total transactions with owners, recorded directly in equity												
	1,708,600	45,746,567	(8,772,613)	-	(310,463,296)	-	-	-	(271,780,742)	-	(271,780,742)	
Comprehensive income for the year												
	-	-	-	-	410,814,443	-	-	-	410,814,443	(579,594)	410,234,849	
	-	-	-	-	-	-	(4,942,694)	(4,942,694)	(4,942,694)	(147,678)	(5,090,372)	
Total comprehensive income (expense) for the year												
	-	-	-	-	410,814,443	-	(4,942,694)	(4,942,694)	405,871,749	(727,272)	405,144,477	
Balance at 31 December 2021												
	306,086,680	1,021,354,110	19,029,377	30,843,808	1,533,645,297	(4,365,342)	(914,100)	(5,279,442)	2,905,679,830	100,791,398	3,006,471,228	

The accompanying notes form an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements						
	Retained earnings		Other components of equity				
	Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated	Difference arising from common control transactions	Total other components of equity
						(in Baht)	
Year ended 31 December 2022							
Balance at 1 January 2022	306,086,680	1,021,354,110	19,029,377	30,843,808	1,533,645,297	(4,365,342)	(914,100)
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners of the parent							
Shares options exercised	2,202,400	60,875,807	(17,796,864)	-	-	-	-
Share-based payment transactions	-	-	(1,232,513)	-	-	-	-
Dividends	-	-	-	-	(338,056,928)	-	-
Total contributions by and distributions to owners of the parent	2,202,400	60,875,807	(19,029,377)	-	(338,056,928)	-	-
Total transactions with owners, recorded directly in equity	2,202,400	60,875,807	(19,029,377)	-	(338,056,928)	-	-
Comprehensive income for the year							
Profit	-	-	-	-	653,151,459	-	-
Other comprehensive income	-	-	-	-	(9,444,491)	-	-
Total comprehensive income (expense) for the year	-	-	-	-	643,706,968	-	-
Balance at 31 December 2022	308,289,080	1,082,229,917	-	30,843,808	1,839,295,337	(4,365,342)	(2,844,458)

The accompanying notes form an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	Separate financial statements						Total equity
		Issued and paid-up share capital	Share premium	Warrants	Retained earnings		Unappropriated	
					Legal reserve			
(in Baht)								
Year ended 31 December 2021								
Balance at 1 January 2021		304,378,080	975,607,543	27,801,990	30,843,808	1,492,745,521		2,831,376,942
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
17, 18	Shares options exercised	1,708,600	45,746,567	(12,326,350)	-	-		35,128,817
18	Share-based payment transactions	-	-	3,553,737	-	-		3,553,737
25	Dividends	-	-	-	-	(310,463,296)		(310,463,296)
Total contributions by and distributions to owners		1,708,600	45,746,567	(8,772,613)	-	(310,463,296)		(271,780,742)
Comprehensive income for the year								
	Profit	-	-	-	-	426,170,024		426,170,024
Total comprehensive income for the year		-	-	-	-	426,170,024		426,170,024
Balance at 31 December 2021		306,086,680	1,021,354,110	19,029,377	30,843,808	1,608,452,249		2,985,766,224

The accompanying notes form an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity

Separate financial statements								
		Retained earnings						
		Issued and paid-up share capital	Share premium	Warrants	Legal reserve	Unappropriated	Total equity	
	Note				(in Baht)			
Year ended 31 December 2022								
Balance at 1 January 2022		306,086,680	1,021,354,110	19,029,377	30,843,808	1,608,452,249	2,985,766,224	
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
	17, 18	2,202,400	60,875,807	(17,796,864)	-	-	45,281,343	
	18	-	-	(1,232,513)	-	-	(1,232,513)	
	25	-	-	-	-	(338,056,928)	(338,056,928)	
Total contributions by and distributions to owners		2,202,400	60,875,807	(19,029,377)	-	(338,056,928)	(294,008,098)	
Comprehensive income for the year								
		-	-	-	-	652,705,998	652,705,998	
		-	-	-	-	(9,444,491)	(9,444,491)	
Total comprehensive income for the year		-	-	-	-	643,261,507	643,261,507	
Balance at 31 December 2022		308,289,080	1,082,229,917	-	30,843,808	1,913,656,828	3,335,019,633	

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2022	2021	2022	2021
(in Baht)					
Cash flows from operating activities					
Profit for the year		654,429,221	410,234,849	652,705,998	426,170,024
Adjustments to reconcile profit to cash receipts					
(payments)					
Tax expense	23	161,706,639	105,980,440	161,362,560	105,272,913
Finance costs		2,285,096	2,515,724	1,588,755	1,768,353
Depreciation	11, 12, 22	179,488,145	189,378,801	159,526,937	168,925,375
Amortisation	14, 22	7,720,294	8,499,548	6,817,871	7,480,472
Impairment loss recognised in profit or loss		3,367,387	324,048	4,332,498	1,090,725
Loss on inventories devaluation	7	6,103,090	1,572,639	4,917,579	1,958,239
Unrealised (gain) loss on exchange rates		(4,666,985)	6,878,304	(4,322,536)	6,561,400
Unrealised gain from other current financial assets revaluation	26	(7,467,434)	(4,887,192)	(7,467,434)	(4,887,192)
Gain on sale of other current financial assets	26	(1,045,926)	(1,016,559)	(1,045,926)	(1,016,559)
Gain on disposal of plant and equipment		(824,492)	(354,276)	(1,353,949)	(768,529)
Loss on disposal of intangible assets		-	167,946	-	-
Share of (profit) loss of interest in associates and joint venture accounted for using equity method, net of tax	8	(343,818)	20,234,729	-	-
Non-current provisions for employee benefits		13,915,852	9,592,871	13,439,641	9,177,903
Share-based payment	18	(1,232,513)	3,553,737	(1,232,513)	3,553,737
Interest income		(2,990,348)	(1,217,200)	(3,516,481)	(1,752,813)
		1,010,444,208	751,458,409	985,753,000	723,534,048
Changes in operating assets and liabilities					
Trade accounts receivable		11,210,832	95,127,160	32,449,251	100,270,241
Other current receivables		(43,191,563)	(28,134,717)	(54,552,236)	(28,527,957)
Inventories		(159,842,633)	(71,224,128)	(141,682,543)	(73,587,540)
Other current assets		2,707,969	(30,607,916)	1,978,947	(30,366,561)
Other non-current assets		(993,207)	809,828	(936,300)	1,020,000
Trade accounts payable		50,043,471	(37,123,673)	47,460,447	(36,181,546)
Other current payables		271,237,423	136,502,689	273,673,291	132,838,438
Other non-current liabilities		(282,856)	(2,173,165)	-	-
Foreign currency translation differences of subsidiaries		2,634,041	(5,005,774)	-	-
Net cash generated from operation		1,143,967,685	809,628,713	1,144,143,857	788,999,123
Provisions for employee benefits paid		(515,000)	(595,000)	(515,000)	(595,000)
Taxes paid		(128,500,059)	(115,644,899)	(128,098,945)	(114,546,056)
Net cash from operating activities		1,014,952,626	693,388,814	1,015,529,912	673,858,067

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2022	2021	2022	2021
		(in Baht)			
Cash flows from investing activities					
Payment on investments in subsidiaries	9	-	-	(30,000,000)	(100,000,000)
Acquisition of associate	8	-	(95,000,200)	-	-
Acquisition of interest in joint venture	8	(30,000,000)	-	-	-
Acquisition of other debt securities	26	-	(67,000,000)	-	(67,000,000)
Acquisition of other current financial assets	26	(3,303,505,779)	(1,700,821,222)	(3,303,505,779)	(1,700,821,222)
Proceeds from sale of other long-term investments	26	2,853,405,779	1,750,721,222	2,853,405,779	1,750,721,222
Acquisition of plant and equipment		(314,793,927)	(103,344,138)	(308,230,555)	(96,380,962)
Proceeds from sale of plant and equipment		1,579,559	706,749	1,538,318	689,719
Acquisition of intangible assets		(1,268,854)	(2,131,984)	(1,179,154)	(2,113,849)
Interest received		2,491,731	1,066,746	2,491,730	1,066,746
Net cash used in investing activities		(792,091,491)	(215,802,827)	(785,479,661)	(213,838,346)
Cash flows from financing activities					
Proceeds from bank overdrafts		(830,840)	425,982	-	-
Proceeds from exercise of share options		45,281,344	35,128,816	45,281,344	35,128,816
Repayment of long-term borrowings		-	(30,967)	-	-
Payment of lease liabilities		(10,990,411)	(12,171,733)	(10,244,231)	(10,296,281)
Dividend paid to owners of the Company	25	(338,056,928)	(310,463,296)	(338,056,928)	(310,463,296)
Interest paid		(2,070,721)	(2,261,139)	(1,588,755)	(1,768,354)
Net cash used in financing activities		(306,667,556)	(289,372,337)	(304,608,570)	(287,399,115)
Net increase (decrease) in cash and cash equivalents,					
before effect of exchange rates		(83,806,421)	188,213,650	(74,558,319)	172,620,606
Effect of exchange rate changes on cash and cash					
equivalents		2,312	6,982	2,312	6,982
Net increase (decrease) in cash and cash equivalents		(83,804,109)	188,220,632	(74,556,007)	172,627,588
Cash and cash equivalents at 1 January		382,609,637	194,389,005	324,544,988	151,917,400
Cash and cash equivalents at 31 December	5	298,805,528	382,609,637	249,988,981	324,544,988
Non-cash transactions					
Outstanding payables for purchases of plant and equipment		26,732,059	2,897,767	26,580,354	2,273,787
Outstanding payables for purchases of intangible assets		147,907	-	147,907	-

The accompanying notes from an integral part of the financial statements.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2022

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2023.

1 General information

Sappe Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand. The Company’s registered head office and branches as follows:

Head Office : 9/3 Serithai Road, Kannayao, Kannayao District, Bangkok.
 Branch 1 : 71 Ramkhamhaeng Road, Huamark, Bangkok District, Bangkok
 Branch 2 : 8 Moo 7, Puech-udom, Lamlukka District, Pathumthani

The principal activities of the Company are manufacturing and distributing health drinking and food product. The principal activities of the Group are manufacturing and distributing health drinking, food and coconut products. Details of subsidiaries, associates and joint venture as at 31 December 2022 and 2021 were as following;

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			2022	2021
Direct subsidiaries				
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
Indirect subsidiaries				
Sappe Trading (HongKong) Company Limited	Import, export and distribution of goods	Hong Kong	100	100
Sappe Hong Kong Company Limited	Group management service	Hong Kong	100	100
Sappe Trading (Shanghai) Co., Ltd.	Distributing health drinking product	People's Republic of China	100	100
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	51	51
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	51	51
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	51	51
Indirect associates				
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	Thailand	25	25
M Intelligence Co., Ltd.	Distributing digital transformation products	Thailand	16.21	16.21
Indirect joint venture				
WOPE Co., Ltd.	Distributing candy products	Thailand	60	-

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies are described in notes 3, have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint venture.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognised investments in associates and joint venture using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group other than those with entities under common control. Expenses in connection with a business combination are recognised as incurred.

The Group elect to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than a business acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combination under common control is accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the transaction date. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or deficit will be written off upon divestment of the businesses acquired. The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

(b) *Investments in subsidiaries, associates and joint venture*

Investments in subsidiaries, associates and joint venture in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Group disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

(c) *Foreign currencies*

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rate at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity until disposal of the investment.

(d) Financial instruments

(d.1) Classification and Recognition

Financial assets and financial liabilities (except trade accounts receivables (see note 3 (f))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; or fair value to profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, a financial liability is measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

(d.2) Derecognition and Offset

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.3) Derivatives

Derivatives are recognised at fair value and remeasured at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d.4) Impairment of financial assets other than trade accounts receivables

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group recognises ECLs for low credit risk financial assets as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(d.5) Write offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Trade accounts receivable

A trade receivable is recognised when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated as follows:

Finished goods	- at standard cost which approximates current production cost, at weighted average cost.
Work in progress	- at standard cost which includes raw materials, variable labour and manufacturing overhead costs and
Raw materials, spare parts, factory supplies and others	- at weighted average cost.

Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Difference between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated based on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives are as follows:

Land improvement	5 - 15	years
Buildings and building improvement	5 - 20	years
Machinery and equipment	3 - 15	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	5	years

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment

(j) Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Software licences	3 - 10 years
Trademarks and copyrights	Agreement life

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(l) *Impairment of non-financial assets*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) *Employee benefits*

Obligations for contributions to the Group's provident funds are expensed as the related service is provided.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) *Share-based payments*

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) *Provision*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

(q) *Revenue from contract with customer*

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. Revenue for rendering of services is recognised when services are provided. The related costs are recognised in profit or loss when they are incurred.

(r) *Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and warrants granted to employees.

4 Related parties

A related party is a person or entity that has direct or indirect control or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with subsidiaries, associates and joint venture are described in notes 1, 8 and 9. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
TTT Corporation Co., Ltd. (Formerly Toyox Trading (Thailand) Co., Ltd.)	Thailand	Common major shareholder
Hayashi Products Co., Ltd.	Thailand	Common major shareholder
Hose Center Company Limited.	Thailand	Common major shareholder
Italmarket Slovakia, a.s.	Slovakia	Held by the shareholders in a subsidiary
Social Lab Co.,Ltd.	Thailand	One of family member of the company's director is a director.
Group of Persons Ruckariyapong	Thailand	Held by key management personnel
Key management personnel	Thailand	Personnel who have authority and responsibility for planning, ordering and controlling for all direct and indirect activities including directors of the Group. (regardless of management role)

Significant transactions with related parties <i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	861	66
Purchase of goods	-	-	95,911	88,227
Other income	-	-	12	23
Interest income	-	-	526	536
Distribution costs and administrative expenses	-	-	4,205	749
Joint venture				
Sales of goods	1,129	-	1,129	-
Purchase of goods	5,107	-	5,107	-
Other income	419	-	419	-
Associates				
Sales of goods	-	9	-	9
Purchase of goods	105,004	167,006	105,004	167,006
Other income	2,685	10,502	2,685	10,502
Distribution costs and administrative expense	183	-	183	-
Other related parties				
Sales of goods	4,162	4,889	-	169
Purchases of machinery and equipment	1,737	1,631	1,737	1,631
Other income	145	361	145	361
Other expenses	719	526	719	526
Consultant fee	1,200	1,200	1,200	1,200
Distribution costs and administrative expenses	119	30	-	-
Interest expense	231	233	-	-
Key management personnel				
Short-term employee benefit and others	76,494	64,803	76,494	64,803
Long-term employee benefit	2,438	2,256	2,438	2,256
Share-based payments	-	809	-	809

Intercompany sales to and purchase from associates described above excluded co-packing and distribution with an indirect associate of Baht 90.88 million for the year ended 31 December 2022 (2021: Baht 114.04 million).

Balances as at 31 December with related parties were as follows:

Trade accounts receivable	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Subsidiaries				
All Coco Group Co., Ltd.	-	-	7	28
Associate				
Danone Sappe Beverages Co., Ltd.	1	16,515	1	16,515

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>Trade accounts receivable</i>				
	<i>(in thousand Baht)</i>			
Other related parties				
Italmarket Slovakia, a.s.	194	158	-	-
Total	<u>195</u>	<u>16,673</u>	<u>8</u>	<u>16,543</u>

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>Other current receivables</i>				
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	3,518	3,266
Sappe Trading (Shanghai) Co., Ltd.	-	-	10,708	10,006
Sappe Trading (Hong kong) Company Limited	-	-	445	376
All Coco Group Co., Ltd.	-	-	17,182	1,785
All Coco Co., Ltd.	-	-	209	127
Joint venture				
WOPE Co., Ltd.	83	-	83	-
Associate				
Danone Sappe Beverages Co., Ltd.	-	646	-	646
M Intelligence Co., Ltd.	105	-	105	-
Other related parties				
Hayashi Products Co., Ltd.	17	11	17	11
	<u>205</u>	<u>657</u>	<u>32,267</u>	<u>16,217</u>
<i>Less allowance for impairment</i>	<u>-</u>	<u>-</u>	<u>(14,567)</u>	<u>(13,948)</u>
Net	<u>205</u>	<u>657</u>	<u>17,700</u>	<u>2,269</u>
Expected credit losses for the year ended 31 December	<u>-</u>	<u>-</u>	<u>619</u>	<u>579</u>

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>Loans to</i>				
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	8,618	8,869
All Coco Group Co., Ltd.	-	-	3,060	3,060
All Coco Co., Ltd.	-	-	2,550	2,550
	<u>-</u>	<u>-</u>	<u>14,228</u>	<u>14,479</u>
<i>Less allowance for expected credit loss</i>	<u>-</u>	<u>-</u>	<u>(8,618)</u>	<u>(8,869)</u>
Net	<u>-</u>	<u>-</u>	<u>5,610</u>	<u>5,610</u>
Expected credit losses for the year ended 31 December	<u>-</u>	<u>-</u>	<u>251</u>	<u>240</u>

	Consolidated financial statements		Separate financial statements	
<i>Other non-current assets</i>	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Other related parties				
Directors	1,167	1,167	1,167	1,167
Group of Persons Ruckariyapong	1,063	1,063	1,063	1,063
Total	2,230	2,230	2,230	2,230

	Consolidated financial statements		Separate financial statements	
<i>Trade accounts payable</i>	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	16,941	18,580
Joint venture				
WOPE Co., Ltd.	3,766	-	3,766	-
Associate				
Danone Sappe Beverages Co., Ltd.	18,774	29,119	18,774	29,119

	Consolidated financial statements		Separate financial statements	
<i>Other current payable</i>	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	58	287
Associate				
Danone Sappe Beverages Co., Ltd.	1,226	-	1,226	-
Other related parties				
Italmarket Slovakia, a.s.	744	705	-	-
TTT Corporation Co., Ltd. (Formerly Toyox Trading (Thailand) Co., Ltd.)	96	2	96	2
Hose Center Company Limited	-	88	-	88
Director	221	134	-	-
Key management personnel	221	134	-	-
Total	2,508	1,063	1,380	377

	Consolidated financial statements		Separate financial statements	
<i>Lease liability</i>	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Other related parties	45,202	34,461	38,311	27,480
Total	45,202	34,461	38,311	27,480

<i>Loans from</i>	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Other related parties				
Italmarket Slovakia, a.s.	2,946	3,032	-	-
Director	3,616	3,642	-	-
Key management personnel	2,695	2,695	-	-
Other	89	91	-	-
Total	9,346	9,460	-	-

<i>Other non-current liability</i>	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Other related party				
Director	4,017	4,133	-	-

The memorandum of association of a subsidiary states that the subsidiary has to pay dividends from net profit of Euro 109,076.03 to a shareholder. The first gainer is a shareholder and then the rest of the profit will be allocated according to the proportion of the investment held. As of 31 December 2022, the management considered to recognise a provision following the regulations of the subsidiary of Baht 4.02 million (2021: Baht 4.13 million) under “Other non-current liabilities” in the consolidated financial statements.

Significant agreements with related parties

(a) Land lease agreement

The Company has a land lease agreement with related parties under which the parties agree that the Company has the right to lease the land for 20 years ended year 2033 and the Company is committed to pay an initial deposit and the monthly land lease. Each year the parties will add 3.33% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination. On 19 May 2014, the Company entered into an amendment memorandum to revise the above rate of land lease from 3.33% per year to 2% per year. However, after three years of this agreement, the Company has the option to purchase this land from the lessor at the average of the appraised values as determined by independent appraisers.

The Group has a land lease agreement with a related party under which the party agree that the Group has the right to lease the land for 30 years ended year 2046 and the Group is committed to pay the monthly land lease. Every 5 years the party will add 10% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination.

(b) Land and building lease agreement

The Company has a land and building lease agreement with a related party under which the parties agree that the Company has the right to lease the land and building for 3 years ending in year 2025. In consideration thereof, the Company is committed to pay an initial deposit and the monthly land and building lease. Each year the parties will add 3% of the latest monthly land and building lease. The term of this agreement is continued until either party gives written notice at least 30 days prior to the effective date of termination.

(c) Co-packing agreement

The Company has a co-packing agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to produce health drinking product. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification or instructions. This agreement shall be effective from 27 February 2019, and shall remain in full force and effect as long as the Group is a shareholder of Danone Sappe Beverage Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement. Subsequently, the Company amended the agreement, effective from 1 April 2022 onwards.

The Company has a production agreement with Social Lab Co., Ltd., which held by the directors' family to produce collagen supplements. The Company is responsible for procuring raw material and packaging and producing. This agreement is effective from 11 March 2021 to 15 March 2022. The parties are committed to pay service fees at the rates stipulated in the agreement.

The Company has production agreement with WOPE Co., Ltd., an indirect joint venture, to produce food and beverage products. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification, or instructions. This agreement shall be effective from 1 October 2022, and shall remain in full force and effect as long as the Group is a shareholder of WOPE Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

(d) Distribution agreement

The Company has a distribution agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to distribute health drinking product. The term of this agreement shall be for an initial period of 5 years from 27 February 2019. The term of this agreement shall be renewed automatically and extended for successive further periods of 2 years each, unless either gives written notice no later than 6 months before the expiry date. The parties are committed to pay service fee at the rate as stipulated in the agreement. Subsequently, the Company amended the agreement, effective from 1 April 2022 onwards.

The Company has distribution agreement with WOPE Co., Ltd., an indirect joint venture, to distribute food and beverage products. This agreement shall be effective from 1 October 2022, and shall remain in full force and effect as long as the Group is a shareholder of WOPE Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Cash on hand	42	53	10	-
Cash at banks	298,764	382,557	249,979	324,545
Total	298,806	382,610	249,989	324,545

6 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>At 31 December</i>				
	<i>(in thousand Baht)</i>			
Within credit terms	157,543	181,058	152,117	173,761
Overdue				
Less than 3 months	134,999	147,612	124,055	137,616
3 - 6 months	16,632	10,191	6,076	5,906
6 - 12 months	18,392	2,121	1,806	1,220
More than 12 months	1,796	1,454	437	301
Total	329,362	342,436	284,491	318,804
Less allowance for expected credit loss	(5,218)	(1,850)	(3,326)	(24)
Net	324,144	340,586	281,165	318,780

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>Allowance for expected credit loss</i>				
	<i>(in thousand Baht)</i>			
At 1 January	1,850	1,239	24	-
Addition	3,368	611	3,302	24
At 31 December	5,218	1,850	3,326	24

Information of credit risk is disclosed in note 26 (b.1).

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Finished goods	322,566	131,951	282,776	101,450
Trading goods	3,888	4,868	3,668	5,699
Work in progress	24,090	9,687	11,424	4,089
Raw materials	31,991	53,869	31,132	53,344
Package and packing material	58,118	72,515	53,234	67,747
Spare parts, factory supplies and others	26,943	36,511	23,342	33,212
Goods in transit	1,648	-	1,648	-
Total	469,244	309,401	407,224	265,541
Less Allowance for decline in value	(1,985)	(1,940)	(1,985)	(1,940)
Allowance for slow moving	(22,802)	(16,743)	(21,335)	(16,462)
Net	444,457	290,718	383,904	247,139
Inventories recognised in ‘cost of sales of goods’:				
- Cost	2,697,983	2,087,169	2,494,223	1,863,683
- Write-down to net realisable value	45	(1,045)	45	(1,045)
- Write-down	4,873	3,003	4,873	3,003
Net	2,702,901	2,089,127	2,449,141	1,865,641

Consolidated financial statements									
	Type of business	Ownership interest		Paid-up capital		Cost		At equity method	
		2022	2021	2022	2021	2022	2021	2022	2021
(in thousand Baht)									
Indirect associates	Danone Sappe Beverages Co., Ltd. M Intelligence Co., Ltd.	Ownership interest (%)		Paid-up capital		Cost		At equity method	
		2022	2021	2022	2021	2022	2021	2022	2021
	Distributing health drinking product	25.0	25.0	300,000	300,000	75,000	75,000	20,098	18,712
	Distributing digital transformation products	16.2	16.2	4,947	4,947	70,000	70,000	69,026	70,243
	Total					145,000	145,000	89,124	88,955
Indirect joint venture	WOPE Co., Ltd.	Ownership interest		Paid-up capital		Cost		At equity method	
		2022	2021	2022	2021	2022	2021	2022	2021
	Distributing candy products	60.0	-	50,000	-	30,000	-	30,174	-
	Total					175,000	145,000	119,298	88,955

An indirect associate and indirect joint venture were incorporated in Thailand.

None of the Group's associates are publicly listed and consequently do not have published price quotations.

**Material movement for the year
ended 31 December**

**Consolidated financial
statements**
2022 2021
(in thousand Baht)

Associates

Acquire investment in M Intelligence Co., Ltd.	-	70,000
Increase capital of Danone Sappe Beverages Co., Ltd	-	25,000

Joint venture

Acquire investment in WOPE Co., Ltd.	30,000	-
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In February 2021, Danone Sappe Beverages Co., Ltd. increased its registered share capital from Baht 200 million to Baht 300 million by issuing share capital to Baht 100 million (1,000,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd., a subsidiary has paid-up share capital amounting to Baht 25 million. The percentage of holding interest of the Group remains unchanged. Danone Sappe Beverages Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 25 February 2021.

On 13 December 2021, the Group purchased share of M Intelligence Co., Ltd. by acquiring 16.21 percent shareholding interest or 116,667 shares (Baht 10 par value) at Baht 600 per shares amounting to Baht 70,000,200. M Intelligence Co., Ltd. was accounted as an associate of the Group.

On 27 September 2022, the Group purchased share of WOPE Co., Ltd. by acquiring 60 percent shareholding interest or 300,000 shares (Baht 100 par value) amounting to Baht 30 million. Wope Co., Ltd. was accounted as a joint venture of the group under which the Group has joint control over the company.

Material Associate

The following table summarises the financial information of the material associate as included in their own financial statements, adjusted for fair value adjustment at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Danone Sappe Beverages Co., Ltd.	
	2022	2021
	(in thousand Baht)	
Revenue	102,674	156,529
Profit (loss) from continuing operations	5,665	(81,781)
Total comprehensive income (100%)	5,665	(81,781)
Total comprehensive income of the Group's interest	1,416	(20,445)
Elimination of unrealised profit on downstream sales and upstream purchase	(30)	(32)
Group's share of total comprehensive income	1,386	(20,477)
Current assets	87,536	150,474
Non-current assets	68	107
Current liabilities	(1,476)	(70,118)
Net assets (100%)	86,128	80,463
Group's share of net assets	21,532	20,116
Elimination of unrealised profit on downstream sales and upstream purchase	(1,434)	(1,404)
Carrying amount of interest in associate	20,098	18,712

Immaterial Associate and Joint venture

The following is summarized financial information for the Group's interest in immaterial associate and joint venture based on the amounts reported in the Group's consolidated financial statements:

	M Intelligence Co., Ltd.		WOPE Co., Ltd.	
	2022	2021	2022	2021
	<i>(in thousand Bath)</i>			
Carrying amount of interests in immaterial associates and joint venture	70,000	70,000	30,000	-
Group's share of:				
- Profit from continuing operations	<u>(1,217)</u>	<u>243</u>	<u>174</u>	<u>-</u>
- Total comprehensive income	<u>(1,217)</u>	<u>243</u>	<u>174</u>	<u>-</u>

9 Investments in subsidiaries

Separate financial statements

	Ownership interest (%)		Paid-up capital		Cost		Impairment		At cost - net	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>(in thousand Baht)</i>									
Direct subsidiaries										
Sappe Europe s.r.o.	60	60	EUR 6,639		162	162	(162)	-	-	162
Sappe Holding (Thailand) Co., Ltd.	100	100	Baht 420 million	Baht 390 million	420,000	390,000	-	-	420,000	390,000
Total					420,162	390,162	(162)	-	420,000	390,162
Indirect subsidiaries										
Sappe Trading (Hong Kong) Company Limited	100	100		HKD 100,000	454	454	(454)	(454)	-	-
Sappe Hong Kong Company Limited	100	100		HKD 3,000,000	13,980	13,980	(13,980)	(13,980)	-	-
Sappe Trading (Shanghai) Co., Ltd.	100	100		CNY 2,000,000	10,173	10,173	(10,173)	(10,173)	-	-
All Coco Group Co., Ltd.	51	51		Baht 168 million	196,350	196,350	-	-	196,350	196,350
Total					220,957	220,957	(24,607)	(24,607)	196,350	196,350

Material movement for the year ended 31 December	Separate financial statements	
	2022	2021
	<i>(in thousand Baht)</i>	
Increase capital of Sappe Holding (Thailand) Co., Ltd.	30,000	100,000
Impairment loss on investments in Sappe Europe s.r.o	(162)	-

By acquiring shares in All Coco Group Co., Ltd. for the first time in 2016, the Group has the right to purchase additional shares in the maximum portion of 9% after 4 years from the effective date of the first sales and purchase of shares agreement, at the fair value.

In 2016, the Group sold its entire interest in PT. Sappe Indonesia, a subsidiary, of 2,550 shares or 51 percent equity ownership in PT. Sappe Indonesia. The Group has an option to repurchase 51 percent of PT. Sappe Indonesia issued and paid-up share capital. The option can be exercised within three years but no later than five years after the disposal date. The repurchase price will be Baht 82.03 million. In the case that PT. Sappe Indonesia increase its share capital, the repurchase price will be determined by financial due diligence performed by an independence financial advisor. As at 31 December 2021, the option to repurchase are expired which the Group does not exercise this option.

In January 2021, Sappe Holding (Thailand) Co., Ltd., increased its registered share capital from Baht 290 million to Baht 320 million (32,000,000 shares, at the price of Baht 10 per share) by issuing authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 30 million (3,000,000 shares, at the price of Baht 10 per share). The Company made a payment for Baht 30 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 8 January 2021.

In December 2021, Sappe Holding (Thailand) Co., Ltd., increased its registered share capital from Baht 320 million to Baht 390 million (39,000,000 shares, at the price of Baht 10 per share) by issuing authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 70 million (7,000,000 shares, at the price of Baht 10 per share). The Company made a payment for Baht 70 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 1 December 2021.

In August 2022, Sappe Holding (Thailand) Co., Ltd., increased its registered share capital from Baht 390 million to Baht 420 million (42,000,000 shares, at the price of Baht 10 per share) by issuing authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 30 million (3,000,000 shares, at the price of Baht 10 per share). The Company made a payment for Baht 30 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 29 August 2022.

Giving consideration of the current operation at overseas subsidiaries, the Group has provided allowance for impairment loss totaling Baht 24.77 million during the year ended 31 December 2022 (2021: Baht 24.61 million).

At the Board of Directors Meeting held on 8 December 2022, the Board has approved Sappe Holding (Thailand) Co., Ltd., a subsidiary of the Company to establish a subsidiary in Philippines by 100% of the registered capital amounting to 200,000 USD. The subsidiary is in the process of registration.

10 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group elimination:

	All Coco Group Co., Ltd.	
	2022	2021
	<i>(in thousand Baht)</i>	
Non-controlling interest percentage	49%	49%
Current assets	147,596	115,942
Non-current assets	131,716	143,737
Current liabilities	(53,399)	(39,863)
Non-current liabilities	(13,291)	(10,332)
Net assets	212,622	209,484
Carrying amount of non-controlling interest	104,185	102,647
Revenue	318,898	321,340
Profit	3,138	42
Total comprehensive income	3,138	42
Profit allocated to non-controlling interest	1,538	21

11 Property, plant and equipment

	Consolidated financial statements					
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Asset under construction and installation
				(in thousand Baht)		Total
Cost						
At 1 January 2021	146,771	472,190	1,277,749	113,895	54,124	2,132,010
Additions	92	456	54,467	3,934	2,996	140,855
Transfer	6,746	4,918	88,047	3,367	3,195	-
Disposals	-	-	(663)	(1,994)	(2,749)	(5,406)
Effect of movements in exchange rates	-	-	259	11	48	318
At 31 December 2021 and 1 January 2022	153,609	477,564	1,419,859	119,213	57,614	2,267,777
Additions	33	956	11,359	3,929	3,978	285,468
Transfer	-	4,492	36,849	301	-	(41,642)
Disposals	-	(280)	(4,026)	(11,837)	(5,701)	(23,278)
Effect of movements in exchange rates	-	-	(272)	(5)	(51)	(328)
At 31 December 2022	153,642	482,732	1,463,769	111,601	55,840	2,529,639
Depreciation and impairment losses						
At 1 January 2021	27,315	207,120	764,245	85,381	40,294	1,125,789
Depreciation for the year	3,382	28,167	147,518	10,363	5,974	195,404
Disposals	-	-	(463)	(1,756)	(2,748)	(4,967)
Effect of movements in exchange rates	-	-	221	9	47	277
At 31 December 2021 and 1 January 2022	30,697	235,287	911,521	93,997	43,567	1,316,503
Depreciation for the year	3,350	27,439	122,508	9,448	5,445	168,190
Impairment loss (reversal)	-	-	-	-	-	(1,434)
Disposals	-	(277)	(3,865)	(11,209)	(5,700)	(21,051)
Effect of movements in exchange rates	-	-	(245)	(5)	(52)	(302)
At 31 December 2022	34,047	262,449	1,029,919	92,231	43,260	1,461,906

	Consolidated financial statements					
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Asset under construction and installation
				(in thousand Baht)		Total
Net book value						
At 31 December 2021	122,912	242,277	508,338	25,216	14,047	951,274
At 31 December 2022	119,595	220,283	433,850	19,370	12,580	1,067,733

Separate financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Asset under construction and installation	Total
<i>(in thousand Baht)</i>							
Cost							
At 1 January 2021	138,557	396,982	1,214,519	109,132	53,561	66,819	1,979,570
Additions	-	420	9,734	3,503	2,996	76,909	93,562
Transfer	6,745	4,915	86,261	3,367	3,195	(104,483)	-
Disposals	-	-	(352)	(1,572)	(2,749)	-	(4,673)
At 31 December 2021 and 1 January 2022	145,302	402,317	1,310,162	114,430	57,003	39,245	2,068,459
Additions	-	-	7,870	3,184	3,978	264,345	279,377
Transfer	-	4,127	36,543	275	-	(40,945)	-
Disposals	-	(280)	(3,062)	(10,387)	(5,701)	(1,434)	(20,864)
At 31 December 2022	145,302	406,164	1,351,513	107,502	55,280	261,211	2,326,972
Depreciation and impairment losses							
At 1 January 2021	26,486	191,272	755,785	83,215	40,138	1,434	1,098,330
Depreciation for the year	3,211	22,897	117,058	9,306	5,690	-	158,162
Disposals	-	-	(350)	(1,566)	(2,748)	-	(4,664)
At 31 December 2021 and 1 January 2022	29,697	214,169	872,493	90,955	43,080	1,434	1,251,828
Depreciation for the year	3,179	22,103	109,795	8,666	5,320	-	149,063
Impairment loss (reversal)	-	-	-	-	-	(1,434)	(1,434)
Disposals	-	(278)	(2,904)	(10,363)	(5,700)	-	(19,245)
At 31 December 2022	32,876	235,994	979,384	89,258	42,700	-	1,380,212
Net book value							
At 31 December 2021	115,605	188,148	437,669	23,475	13,923	37,811	816,631
At 31 December 2022	112,426	170,170	372,129	18,244	12,580	261,211	946,760

The gross amount of the Group and Company's fully depreciated land improvement, plant and equipment that was still in use as at 31 December 2022 amounted to Baht 472.60 million and Baht 449.00 million, respectively (2021: Baht 401.67 million and Baht 384.86 million).

12 Leases

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>Right-of-use assets at 31 December</i>				
		(in thousand Baht)		
Buildings	64,212	54,965	54,785	47,224
Total	64,212	54,965	54,785	47,224

In 2022, increasing to the right-of-use assets of the Group and the Company were Baht 21.82 million and Baht 18.02 million, respectively. (2021 : no addition)

The Group leases a number of building and plants for 3-20 years, with extension options at the end of lease term. The rental is payable monthly as specified in the contract.

Extension options

The Group has extension options on leases exercisable before the end of the contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and will regularly reassess so.

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<i>Year ended 31 December</i>				
		(in thousand Baht)		
<i>Amounts recognised in profit or loss</i>				
Depreciation of right-of-use assets:				
- Buildings	11,298	12,168	10,463	10,762
Interest on lease liabilities	1,934	2,143	1,586	1,768
Expenses relating to short-term leases	6,670	1,202	4,673	-

In 2022, total cash outflow for leases of the Group and the Company were Baht 12.95 million and Baht 11.83 million, respectively. (2021: Baht 14.39 million and Baht 12.06 million, respectively)

13 Goodwill

	Consolidated financial statements	
	2022	2021
		(in million Baht)
<i>Cost</i>		
At 1 January	90,899	90,899
At 31 December	90,899	90,899
<i>Net book value</i>		
At 31 December	90,899	90,899

Impairment testing for CGU containing goodwill

The recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows to be generated from the continuing operations of All Coco Group Co., Ltd., which the carrying amount of the CGU was determined to be lower than its recoverable amount therefore no impairment losses to be recognised as of 31 December 2022 and 2021.

Key assumptions used in the estimation of value in use	Consolidated financial statements	
	2022	2021
	(%)	
Discount rate	5.17	5.10
Terminal value growth rate	0.0	0.0

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

14 Intangible assets other than goodwill

	Consolidated financial statements			
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost				
At 1 January 2021	39,101	54,494	1,896	95,491
Additions	92	1,970	-	2,062
Disposals	-	-	(168)	(168)
Effect of movements in exchange rates	19	-	-	19
At 31 December 2021 and 1 January 2022	39,212	56,464	1,728	97,404
Additions	90	1,327	-	1,417
Effect of movements in exchange rates	(27)	-	-	(27)
At 31 December 2022	39,275	57,791	1,728	98,794
Amortisation				
At 1 January 2021	26,531	18,613	395	45,539
Amortisation for the year	2,332	6,068	100	8,500
Effect of movements in exchange rates	19	-	-	19
At 31 December 2021 and 1 January 2022	28,882	24,681	495	54,058
Amortisation for the year	1,838	5,782	100	7,720
Effect of movements in exchange rates	(27)	-	-	(27)
At 31 December 2022	30,693	30,463	595	61,751

Consolidated financial statements				
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Net book value				
At 31 December 2021	<u>10,330</u>	<u>31,783</u>	<u>1,233</u>	<u>43,346</u>
At 31 December 2022	<u>8,582</u>	<u>27,328</u>	<u>1,133</u>	<u>37,043</u>
Separate financial statements				
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost				
At 1 January 2021	29,762	53,348	1,560	84,670
Additions	54	1,968	-	2,022
At 31 December 2021 and 1 January 2022	<u>29,816</u>	<u>55,316</u>	<u>1,560</u>	<u>86,692</u>
Additions	-	1,327	-	1,327
At 31 December 2022	<u>29,816</u>	<u>56,643</u>	<u>1,560</u>	<u>88,019</u>
Amortisation				
At 1 January 2021	25,377	18,559	395	44,331
Amortisation for the year	1,341	6,039	100	7,480
At 31 December 2021 and 1 January 2022	<u>26,718</u>	<u>24,598</u>	<u>495</u>	<u>51,811</u>
Amortisation for the year	965	5,753	100	6,818
At 31 December 2022	<u>27,683</u>	<u>30,351</u>	<u>595</u>	<u>58,629</u>
Net book value				
At 31 December 2021	<u>3,098</u>	<u>30,718</u>	<u>1,065</u>	<u>34,881</u>
At 31 December 2022	<u>2,133</u>	<u>26,292</u>	<u>965</u>	<u>29,390</u>

15 Other current payables

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
		<i>(in thousand Baht)</i>			
Other payables - related parties	4	2,066	795	1,380	377
Accrued interest expense - related parties	4	441	268	-	-
Accrued expenses		197,345	139,280	186,824	130,484
Accrued promotional expense		237,737	126,003	237,431	125,675
Advance received for goods		203,467	111,818	203,467	110,810
Other payables - other parties		77,291	97,205	70,221	87,874
Other advance received		2,716	10,673	2,716	10,673
Others		13,163	9,052	7,575	2,751
Total		<u>734,226</u>	<u>495,094</u>	<u>709,614</u>	<u>468,644</u>

16 Non-current provisions for employee benefits

<i>At 31 December</i>	Consolidated financial statements		Separate financial statements	
	2022	2021 (in thousand Baht)	2022	2021
Post-employment benefits	56,938	33,756	55,455	32,749
Other long-term employee benefits	4,879	2,855	4,879	2,855
Total	61,817	36,611	60,334	35,604

Defined benefit plan

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E.2541 (1998) to provide requirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2022	2021 (in thousand Baht)	2022	2021
At 1 January	36,611	27,613	35,604	27,021
Recognised in profit or loss:				
Current service cost	11,010	8,913	10,550	8,508
Past service cost	2,004	-	2,004	-
Interest on obligation	901	680	885	670
Recognised in other comprehensive income:				
Actuarial (gain) loss				
- Demographic assumptions	12,308	-	12,308	-
- Financial assumptions	(2,168)	-	(2,168)	-
- Experience adjustment	1,666	-	1,666	-
Benefit paid	(515)	(595)	(515)	(595)
At 31 December	61,817	36,611	60,334	35,604

Other long-term employee benefit

Other long-term employee benefit was based on the length of service of employees and actuarial assumptions as basis to calculate the obligations.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2022	2021 (%)	2022	2021
Discount rate	2.49 - 3.15	2.49 - 2.93	3.15	2.49
Future salary growth	5	5	5	5
Employee turnover	0 - 37	0 - 40	0 - 27	0 - 40

Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 31 December 2022, the weighted-average duration of the defined benefit obligation was 24.00 - 29.19 years (2021: 23.85 - 30.28 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Consolidated financial statements				
Effect to the defined benefit obligation At 31 December	1% increase in assumption 2022	2021	1% decrease in assumption 2022	2021
	<i>(in thousand Baht)</i>			
Discount rate	(6,399)	(4,167)	7,545	4,885
Future salary growth	6,992	5,356	(6,044)	(4,588)
Employee turnover	(6,961)	(4,586)	3,202	2,012
Future mortality	346	234	(344)	(232)

Separate financial statements				
Effect to the defined benefit obligation At 31 December	1% increase in assumption 2022	2021	1% decrease in assumption 2022	2021
	<i>(in thousand Baht)</i>			
Discount rate	(6,214)	(4,070)	7,327	4,773
Future salary growth	6,752	5,219	(5,839)	(4,469)
Employee turnover	(6,759)	(4,477)	3,118	1,972
Future mortality	335	228	(333)	(226)

17 Share capital

	Par value per share (in Baht)	2022		2021	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Authorised shares at 31 December		<u>308,438</u>	<u>308,438</u>	<u>308,438</u>	<u>308,438</u>
Issued and paid-up shares					
At 1 January					
- ordinary shares	1	306,087	306,087	304,378	304,378
Shares options exercised (Note 18)	1	<u>2,202</u>	<u>2,202</u>	<u>1,709</u>	<u>1,709</u>
At 31 December					
- ordinary shares	1	308,289	308,289	306,087	306,087

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

18 Warrants

At the annual general shareholders' meeting of the Company held on 26 April 2018, the shareholders passed resolutions to approve the issuance of 4,070,000 units of warrants with a term of 4 years ("Warrant" or "SAPPE-WA2") to qualifying management and employees of the Company. The warrants will be granted on the last working day of June and December of each year. The first exercise date is 12 months after issuing the warrants and the holders must have complied with all terms of the exercising right.

The warrants have been allocated to the management (including directors) and employees of the Company. The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 20.56 per share (unless the adjustment of the exercising right). The terms of the exercise and the fair value of the share options has the detail as follow:

Description	Details														
Type of warrants	Warrants to purchase ordinary shares of Sappe Public Company Limited issued to the management (including the executive directors) and employees of the Company at the second time (SAPPE-WA2), specification of the holder's name and non-transferable unless the transfer of inheritance or transfer to heirs or representatives by law.														
Issue and sell quantities	4,070,000 units														
Terms of warrants	4 years from the issuance date of warrant														
Exercise ratio	1 warrant to 1 ordinary share unless there is a change in exercise ratio under the change conditions.														
Exercise price	Baht 20.56 per share														
Exercise period and proportion	The holders of SAPPE-WA2 can exercise the warrants to purchase ordinary shares of the Company after holding it for the specified period. The first exercise date is 12 months after issuing the warrants. The details are as follows:														
<table border="1"> <thead> <tr> <th>The period of holding the warrants (month) after issuance</th><th>The right that can be exercised as a percentage of the warrants received</th></tr> </thead> <tbody> <tr> <td>12</td><td>20%</td></tr> <tr> <td>18</td><td>30%</td></tr> <tr> <td>24</td><td>40%</td></tr> <tr> <td>30</td><td>55%</td></tr> <tr> <td>36</td><td>70%</td></tr> <tr> <td>42</td><td>100%</td></tr> </tbody> </table>		The period of holding the warrants (month) after issuance	The right that can be exercised as a percentage of the warrants received	12	20%	18	30%	24	40%	30	55%	36	70%	42	100%
The period of holding the warrants (month) after issuance	The right that can be exercised as a percentage of the warrants received														
12	20%														
18	30%														
24	40%														
30	55%														
36	70%														
42	100%														

Fair value of warrants Baht 6.9 - 8.3

The purchasing condition requires that the employees must have employee status on each date of exercising the right.

The fair value of the warrant is measured using a Black-Scholes Model with the following financial assumptions:

Grant date share price (Baht)	26.00
Exercise price warrant (Baht)	20.56
Historical volatility in 3 years and 3 months at the allotment date (% per semi-annual)	35.00
Historical dividend yield (%)	2.60
Risk free interest rate at the allotment date (%)	1.18 - 1.85

On 30 December 2021, warrants were exercised by the Company's management and employees. The Company received in cash of Baht 25.48 million. On 4 January 2022, increase in the paid-up capital from Baht 306,086,680 to Baht 307,325,780 (comprising 1,239,100 shares at par value Baht 1 per share) have been registered with the Ministry of Commerce.

On 13 May 2022, warrants were exercised by the Company's management and employees. The Company received in cash of Baht 19.81 million. On 17 May 2022, increase in the paid-up capital from Baht 307,325,780 to Baht 308,289,080 (comprising 963,300 shares at par value Baht 1 per share) have been registered with the Ministry of Commerce. In order that, the warrants to purchase the Company's ordinary shares No.2 (SAPPE-WA2) which were issued and offered to management and employees of the Company expired in May 2022.

Reversal of the expense for the share-based payment transactions for the expired option in the consolidated and separate financial statements for the year ended 31 December 2022 were Baht 1.23 million (2021: Expenses Baht 3.55 million).

Movements during the years ended 31 December of warrants were as follows:

	Consolidated / Separate financial statements			
	2022		2021	
	Average exercise price per share (Baht)	Option shares (in thousand shares)	Average exercise price per share (Baht)	Option shares (in thousand shares)
At 1 January	8.09	2,351	7.72	4,060
Exercise	8.08	(2,202)	7.21	(1,709)
Expired	8.27	(149)	-	-
At 31 December	-	-	8.09	2,351

19 Legal reserves

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

20 Segment information and disaggregation of revenue

(a) Segment information

Management determined that the Group has 2 reportable segments, as described below, which are the strategic divisions for different products and are managed separately because they require different technology. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Health drinking products
Segment 2	Coconut products

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Year ended 31 December	Consolidated financial statements							
	Health drinking products	Coconut products	Other segments	Total	Eliminate	2022	2021	Net
	2022	2021	2022	2021	2022	2021	2021	2021
(in thousand Baht)								
Information about reportable segments								
External revenues	4,316,383	3,181,557	37,136	35,056	4,566,400	3,444,160	4,566,400	3,444,160
Inter-segment revenue	861	66	-	-	101,253	89,042	-	-
Total revenue	4,317,244	3,181,623	37,136	35,056	4,667,653	3,533,202	(89,042)	3,444,160
Disaggregation of revenue								
Primary geographical markets								
Indonesia and Philippines	1,081,972	-	-	-	1,081,972	704,926	-	704,926
Thailand	888,303	267,920	-	-	1,156,223	1,298,901	(89,042)	1,209,859
Korea	518,021	-	-	-	518,021	333,985	-	333,985
Others	1,828,948	45,353	37,136	35,056	1,911,437	1,195,390	-	1,195,390
Total revenue	4,317,244	3,181,623	37,136	35,056	4,667,653	3,533,202	(89,042)	3,444,160
Major products								
Drinks	3,904,404	2,734,348	37,136	35,056	4,142,998	3,018,742	(46,816)	2,971,926
Healthy food products	146,180	173,745	-	-	146,180	173,745	-	173,745
Others	266,660	273,530	-	-	378,475	340,715	(42,276)	298,489
Total revenue	4,317,244	3,181,623	37,136	35,056	4,667,653	3,533,202	(89,042)	3,444,160
Share of profit (loss) of investments in associates and joint venture	1,386	(20,477)	(1,042)	243	344	(20,234)	-	(20,234)
Segment profit (loss) before income tax	814,069	510,966	(2,960)	4,625	814,591	516,319	(104)	516,215

Year ended 31 December	Consolidated financial statements									
	Health drinking products		Coconut products		Other segments		Total		Eliminate	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	<i>(in thousand Baht)</i>									
Interest income	3,516	1,753	-	-	-	-	3,516	1,753	(526)	2,990
Depreciation and amortisation	166,345	176,406	20,350	20,929	514	543	187,209	197,878	-	187,209
Tax expense	161,363	105,273	344	686	-	21	161,707	105,980	-	161,707
Investment in associates and joint venture	20,098	18,712	-	-	99,200	70,243	119,298	88,955	-	119,298
Segment assets	4,491,165	3,783,682	279,313	259,678	254,753	226,126	5,025,231	4,269,486	(463,904)	4,561,327
Segment liabilities	1,156,145	797,915	66,690	50,194	45,289	46,307	1,268,124	894,416	(66,851)	1,201,273
									(52,486)	3,848,401
										841,930

	Separate financial statements	
	Reportable segments	
Year ended 31 December	2022	2021
	(in thousand Baht)	
Disaggregation of revenue		
Primary geographical markets		
Indonesia and Philippines	1,081,972	704,926
Thailand	888,303	1,023,022
Korea	518,021	333,985
Others	1,828,948	1,119,690
Total revenue	4,317,244	3,181,623
Major products		
Drinks	3,904,404	2,734,348
Healthy food products	146,180	173,745
Others	266,660	273,530
Total revenue	4,317,244	3,181,623

(b) Geographical segments

In presenting information on the geographical revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

<i>Geographical information</i>	Consolidated financial statements			
	Revenues		Non-current assets	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Indonesia and Philippines	1,081,972	704,926	-	-
Thailand	1,054,970	1,209,859	1,481,640	1,323,763
Korea	518,021	333,985	-	-
Others	1,911,437	1,195,390	405	945
Total	4,566,400	3,444,160	1,482,045	1,324,708

(c) Major customer

Revenues from 2 major customers of the Group's represent approximately Baht 1,144 million (2021: 2 customers approximately Baht 705 million) of the Group's total revenues.

21 Other income

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Freight income	287,189	232,619	286,563	232,430
Unrealised gain from other current financial assets revaluation	7,467	4,887	7,467	4,887
Interest income	3,025	1,251	3,516	1,753
Revenue from scrap sales	29	310	-	284
Others	35,395	29,539	27,962	25,004
Total	333,105	268,606	325,508	264,358

22 Expenses by nature

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		(175,093)	(3,475)	(188,662)	(41,605)
Raw materials and consumables used		2,193,463	1,523,814	2,092,788	1,408,738
Employee benefit expenses		522,518	420,494	474,487	386,375
Transportation expenses		506,720	356,274	498,936	351,309
Sale promotion expenses		382,806	328,545	378,821	316,190
Depreciation and amortisation expenses	11, 12, 14	187,209	197,878	166,345	176,406
Utilities expenses		114,174	80,977	88,609	66,192
Wages		58,328	65,662	58,328	65,662
Others		278,926	197,096	246,204	168,487
Total cost of sales of goods, distribution costs and administrative expenses		4,069,051	3,167,265	3,815,856	2,897,754

During the year 2022, the Group and the Company has contributed provident fund for its employees amounting to Baht 6.24 million and Baht 6.00 million, respectively (2021: Baht 6.23 million and Baht 5.99 million, respectively), which included in employee benefit expenses.

23 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	166,382	107,394	165,798	106,739
Prior years tax over recorded	(377)	-	(377)	-
	166,005	107,394	165,421	106,739
Deferred tax expense				
Movement in temporary differences	(4,298)	(1,414)	(4,058)	(1,466)
Total income tax expense	161,707	105,980	161,363	105,273

Consolidated financial statements						
		2022		2021		
<i>Income tax</i>	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of tax
			(in thousand Baht)			
<i>Recognised in other comprehensive income</i>						
Defined benefit plan actuarial losses	11,805	(2,361)	9,444	-	-	-
Total	11,805	(2,361)	9,444	-	-	-

Separate financial statements						
	Before tax	2022 Tax benefit	Net of tax	Before tax	2021 Tax expense	Net of tax
<i>Income tax</i>						

Reconciliation of effectively tax rate				
	Consolidated financial statements			
	Rate (%)	2022 <i>(in thousand Baht)</i>	Rate (%)	2021 <i>(in thousand Baht)</i>
Profit before income tax		816,136		516,215
Income tax using the Thai corporation tax rate	20	163,227	20	103,243
Effect of different tax rates in foreign jurisdictions		(677)		(248)
Income not subject to tax		69		4,047
Additional expenses deductible		(4,798)		(3,968)
Expenses not deductible for tax purposes		3,886		2,906
Total	20	161,707	21	105,980

Reconciliation of effectively tax rate

	Separate financial statements			
	2022		2021	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		814,069		531,443
Income tax using the Thai corporation tax rate	20	162,814	20	106,289
Additional expenses deductible		(4,295)		(3,456)
Expenses not deductible for tax purposes		3,221		2,440
Prior years tax over recorded		(377)		-
Total	20	161,363	20	105,273

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
		(in thousand Baht)		
Deferred tax assets	27,454	20,527	26,470	19,887
Deferred tax liabilities	(4,013)	(3,714)	(374)	(210)
Net	23,441	16,813	26,096	19,677

Consolidated financial statements (Charged) / Credited to

	At 1 January 2022	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2022
Deferred tax				
Deferred tax assets				
Investment in debt instruments	49	-	-	49
Trade accounts receivable	370	674	-	1,044
Other current receivables	3,106	224	-	3,330
Short-term loans to related parties	1,774	(50)	-	1,724
Inventories	3,737	1,220	-	4,957
Investment in subsidiaries	-	32	-	32
Property, plant and equipment	2,579	(1,130)	-	1,449
Right-of-use assets	4,269	(1,578)	-	2,691
Lease liabilities	(3,104)	1,622	-	(1,482)
Provisions for employee benefit	7,322	2,680	2,361	12,363
Other current payables	425	872	-	1,297
Total	20,527	4,566	2,361	27,454
Deferred tax liabilities				
Property, plant and equipment	(1,736)	(388)	-	(2,124)
Lease liabilities	(1,768)	253	-	(1,515)
Derivatives	(210)	(164)	-	(374)
Total	(3,714)	(299)	-	(4,013)
Net	16,813	4,267	2,361	23,441

Consolidated financial statements			
Deferred tax	At 1 January 2021	(Charged) / Credited to Profit or loss (in thousand Baht)	At 31 December 2021
Deferred tax assets			
Investment in debt instruments	-	49	49
Trade accounts receivable	248	122	370
Other current receivables	2,981	125	3,106
Short-term loans to related parties	1,726	48	1,774
Inventories	3,422	315	3,737
Property, plant and equipment	3,512	(933)	2,579
Right-of-use assets	1,089	3,180	4,269
Lease liabilities	-	(3,104)	(3,104)
Provisions for employee benefit	5,522	1,800	7,322
Other current payables	309	116	425
Total	18,809	1,718	20,527
Deferred tax liabilities			
Property, plant and equipment	(1,655)	(81)	(1,736)
Lease liabilities	(1,678)	(90)	(1,768)
Derivatives	(77)	(133)	(210)
Total	(3,410)	(304)	(3,714)
Net	15,399	1,414	16,813

Separated financial statements				
(Charged) / Credited to				
Deferred tax	At 1 January 2022	Profit or loss	Other comprehensive income	At 31 December 2022
Deferred tax assets				
Investment in debt instruments	49	-	-	49
Trade accounts receivable	5	660	-	665
Other current receivables	3,097	223	-	3,320
Short-term loans to related parties	1,774	(50)	-	1,724
Inventories	3,681	983	-	4,664
Property, plant and equipment	2,579	(1,130)	-	1,449
Right-of-use assets	1,165	43	-	1,208
Provisions for employee benefit	7,120	2,586	2,361	12,067
Other current payables	417	875	-	1,292
Investment in subsidiaries	-	32	-	32
Total	19,887	4,222	2,361	26,470
Deferred tax liabilities				
Derivatives	(210)	(164)	-	(374)
Total	(210)	(164)	-	(374)
Net	19,677	4,058	2,361	26,096

	Separate financial statements		
	At 1 January 2021	(Charged) / Credit to Profit or loss (in thousand Baht)	At 31 December 2021
Deferred tax			
Deferred tax assets			
Investment in debt instruments	-	49	49
Trade accounts receivable	-	5	5
Other current receivables	2,981	116	3,097
Short-term loans to related parties	1,726	48	1,774
Inventories	3,289	392	3,681
Property, plant and equipment	3,512	(933)	2,579
Right-of-use assets	1,089	76	1,165
Provisions for employee benefit	5,404	1,716	7,120
Other current payables	287	130	417
Total	18,288	1,599	19,887
Deferred tax liabilities			
Derivatives	(77)	(133)	(210)
Total	(77)	(133)	(210)
Net	18,211	1,466	19,677

The Company has not recognised deferred tax liabilities arising from temporary differences on currency translation difference of the subsidiaries' financial statements because the Company does not intend to dispose of investments in the subsidiaries in the foreseeable future.

During 2022, The Group's subsidiaries, Sappe Holding (Thailand) Co., Ltd, All Coco Group Co., Ltd. and Sappe Hong Kong Co., Ltd. have not recognised deferred tax assets arising from temporary differences on investment in subsidiaries totalling Baht 2.9 million, Baht 3.0 million and Baht 2.0 million, respectively (2021: Baht 2.9 million, Baht 3.0 million and Baht 2.0 million) because the Company have cumulative tax losses.

24 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht / thousand shares)</i>			
<i>Profit attributable to ordinary shareholders</i>				
Profit attributable to ordinary shareholders of the Company (basic)	<u>653,151</u>	<u>410,814</u>	<u>652,706</u>	<u>426,170</u>
Profit attributable to ordinary shareholders of the Company (diluted)	<u>653,151</u>	<u>410,814</u>	<u>652,706</u>	<u>426,170</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	306,087	304,378	306,087	304,378
Effect of shares options exercised	<u>1,833</u>	<u>861</u>	<u>1,833</u>	<u>861</u>
Weighted average number of ordinary shares outstanding (basic) at 31 December	<u>307,920</u>	<u>305,239</u>	<u>307,920</u>	<u>305,239</u>
Effect of exercise of shares options	<u>-</u>	<u>469</u>	<u>-</u>	<u>469</u>
Weighted average number of ordinary shares outstanding (diluted) at 31 December	<u>307,920</u>	<u>305,708</u>	<u>307,920</u>	<u>305,708</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>2.12</u>	<u>1.35</u>	<u>2.12</u>	<u>1.40</u>
Earnings per share (dilute) <i>(in Baht)</i>	<u>-</u>	<u>1.34</u>	<u>-</u>	<u>1.39</u>

There was no disclosure of diluted earnings per share for the year ended 31 December 2022 due to expiration of the warrants to purchase ordinary shares of the Company to the management and employees of the Company at the second time (SAPPE-WA2).

25 Dividends

	Approval date	Payment schedule	Dividend rate per share <i>(in Baht)</i>	Amount <i>(in thousand Baht)</i>
2022				
2021 Annual dividend	27 April 2022	26 May 2022	1.10	338,057
2021				
2020 Interim dividend	29 April 2021	27 May 2021	1.02	310,463

26 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements					Fair value	
		Carrying amount						
		Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	Total	Level 1	Level 2	Level 3	Total
	Note				(in thousand Baht)			
At 31 December								
2022								
Financial assets								
Other financial assets								
Investment in debt instruments		1,829,719	66,752	1,896,471	66,975	1,829,719	-	1,896,694
Derivatives assets		2,499	-	2,499	-	2,499	-	2,499
Total other financial assets		<u>1,832,218</u>	<u>66,752</u>	<u>1,898,970</u>				
Financial liabilities								
Bank overdrafts		-	1,057	1,057	-	1,057	-	1,057
Loans from related parties	4	-	9,346	9,346	-	9,346	-	9,346
2021								
Financial assets								
Other financial assets								
Derivatives assets		1,371,106	66,752	1,437,858	66,995	1,371,106	-	1,438,101
Total other financial assets		<u>1,371,106</u>	<u>66,752</u>	<u>1,437,858</u>				
Financial liabilities								
Loans from related parties	4	-	(9,460)	(9,460)	-	(9,460)	-	(9,460)
Derivatives liabilities		(436)	-	(436)	-	(436)	-	(436)

		Separate financial statements				Fair value		
		Carrying amount						
		Financial instruments measured at FVTPL	Financial instruments measured at amortised cost	(in thousand Baht)				
	Note			Total	Level 1	Level 2	Level 3	Total
At 31 December								
2022								
Financial assets								
Loans to related parties	4	-	5,610	5,610	-	5,610	-	5,610
Other financial assets								
Investment in debt instruments		1,829,719	66,752	1,896,471	66,975	1,829,719	-	1,896,694
Derivatives assets		2,499	-	2,499	-	2,499	-	2,499
Total other financial assets		1,832,218	66,752	1,898,970				
2021								
Financial assets								
Loans to related parties	4	-	5,610	5,610	-	5,610	-	5,610
Other financial assets								
Investment in debt instruments		1,371,106	66,752	1,437,858	66,995	1,371,106	-	1,438,101
Total other financial assets		1,371,106	66,752	1,437,858				
Financial liabilities								
Derivatives liabilities		(436)	-	(436)	-	(436)	-	(436)

The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position.

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Derivatives	Market value / Derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding the Group's credit risk) and other risks to reflect true economic value.
Debt securities	The net asset value as of the reporting date.

(b) *Financial risk management policies*

Risk management framework.

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(b.1.1) Trade accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 20 (b) and 20 (c).

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the authorized person.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 3 months. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivables are disclosed in note 6.

(b.1.2) Investment in debt securities

The Group considers that all debt investments measured at amortised cost have low credit risk. Then the credit loss allowance assessed during the year was therefore limited to 12 months expected losses or 'low credit risk'. Marketable bonds are considered to be an investment grade credit rating published by external credit rating agencies.

The Group monitors changes in credit risk by tracking published external credit ratings. To assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

(b.1.3) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

(b.2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

<i>At 31 December</i>	Consolidated financial statements				
	Carrying amount	1 year or less	Contractual cash flows		Total
			More than 1 year but less than 5 years	More than 5 years	
			<i>(in thousand Baht)</i>		
2022					
<i>Non-derivative financial liabilities</i>					
Bank overdraft	1,057	1,057	-	-	1,057
Trade payables	229,971	229,971	-	-	229,971
Loan from related parties	9,346	9,346	-	-	9,346
Lease liabilities	71,466	12,964	38,977	32,461	84,402
	<u>311,840</u>	<u>253,338</u>	<u>38,977</u>	<u>32,461</u>	<u>324,776</u>
<i>Derivative financial assets</i>					
Forward exchange contracts:					
- Cash outflow	-	(125,443)	-	-	(125,443)
- Cash inflow	2,499	127,942	-	-	127,942
	<u>2,499</u>	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>2,499</u>
2021					
<i>Non-derivative financial liabilities</i>					
Bank overdraft	1,888	1,888	-	-	1,888
Trade payables	180,815	180,815	-	-	180,815
Loan from related parties	9,460	9,460	-	-	9,460
Lease liabilities	61,948	11,923	26,267	37,035	75,225
	<u>254,111</u>	<u>204,086</u>	<u>26,267</u>	<u>37,035</u>	<u>267,388</u>
<i>Derivative financial liabilities</i>					
Forward exchange contracts:					
- Cash outflow	(436)	(214,512)	-	-	(214,512)
- Cash inflow	-	214,076	-	-	214,076
	<u>(436)</u>	<u>(436)</u>	<u>-</u>	<u>-</u>	<u>(436)</u>

At 31 December	Separate financial statements				
	Contractual cash flows				
	Carrying amount	1 year or less	More than 1 year but less than 5 years (in thousand Baht)	More than 5 years	Total
2022					
Non-derivative financial liabilities					
Trade payables	240,030	240,030	-	-	240,030
Lease liabilities	60,827	12,053	35,277	21,012	68,342
	<u>300,857</u>	<u>252,083</u>	<u>35,277</u>	<u>21,012</u>	<u>308,372</u>
Derivative financial liabilities					
Forward exchange contracts:					
- Cash outflow	-	(125,443)	-	-	(125,443)
- Cash inflow	2,499	127,942	-	-	127,942
	<u>2,499</u>	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>2,499</u>
2021					
Non-derivative financial liabilities					
Trade payables	192,602	192,602	-	-	192,602
Lease liabilities	53,047	10,307	23,925	27,108	61,340
	<u>245,649</u>	<u>202,909</u>	<u>23,925</u>	<u>27,108</u>	<u>253,942</u>
Derivative financial liabilities					
Forward exchange contracts:					
- Cash outflow	(436)	(214,512)	-	-	(214,512)
- Cash inflow	-	214,076	-	-	214,076
	<u>(436)</u>	<u>(436)</u>	<u>-</u>	<u>-</u>	<u>(436)</u>

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial assets and derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(b.3) Market risk

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows

(b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

	Consolidated financial statements							
	2022			2021				
<i>Exposure to foreign currency at 31 December</i>	USD	EUR	HKD	CNY	USD	EUR	HKD	CNY
Cash and cash equivalents	69	5	12,315	661	81	15	11,977	698
Trade accounts receivables	91,885	65,882	-	-	67,092	39,102	-	-
Other current receivables	-	1,180	-	2,291	-	1,356	-	2,200
Interest-bearing liabilities	-	(5,013)	-	-	-	(5,958)	-	-
Trade payables	(5,062)	(983)	-	-	-	(203)	-	-
Other current payables	(167,987)	(11,814)	(146)	(99)	(48,866)	(8,848)	(94)	(567)
Net statement of financial position exposure	(81,095)	49,257	12,169	2,853	18,307	25,464	11,883	2,331
Forward exchange selling contracts	91,885	-	-	-	(67,092)	-	-	-
Net exposure	(172,980)	49,257	12,169	2,853	(48,785)	25,464	11,883	2,331
	Separate financial statements							
	2022			2021				
	USD	EUR	USD	EUR	USD	EUR		
				(in thousand Baht)				
Cash and cash equivalents	63	2	63	63		2		
Trade accounts receivables	60,982	57,004	62,354	62,354		31,233		
Trade accounts payables	(5,062)	(983)	-	-		-		
Other current payables	(167,349)	(5,587)	(48,369)	(48,369)		(1,775)		
Net statement of financial position exposure	(111,366)	50,436	14,048	14,048		29,460		
Forward exchange selling contracts	(60,982)	-	(62,354)	(62,354)		-		
Net exposure	(172,348)	50,436	(48,306)	(48,306)		29,460		

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. So, the Group has low interest rate risk. The sensitivity impact to the increase or decrease in interest expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements of the Group.

27 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board regularly monitors the return on capital, by evaluating result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

28 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	2022	2021	2022	2021
	<i>(in thousand Baht)</i>			
Capital commitments				
Machinery, equipment and other constructions	437,683	26,609	437,072	26,609
Total	437,683	26,609	437,072	26,609
Other commitments				
Short-term lease commitments	8,489	455	7,227	-
Service agreement	11,916	20,277	9,043	19,881
Bank guarantees	10,616	10,616	10,616	10,616
Total	31,021	31,348	26,886	30,497

29 Event after the reporting period

At the Board of Directors Meeting held on 28 February 2023, the Board has approved Sappe Holding (Thailand) Co., Ltd. to increase the registered capital of the company from Baht 420 million to Baht 427 million (42,700,000 shares, par value of Baht 10 each) by issuing new ordinary shares in the amount of Baht 7 million (700,000 shares, par value of Baht 10 each) to establish a subsidiary in foreign country. Sappe Holding (Thailand) Co., Ltd. is in the process of registration of the capital increase.

Attachment

Attachment 1

Details of directors, executives, controlling persons, the person assigned to take the highest responsibility in Accounting and Finance, the person assigned to take direct responsibility for accounting supervision and the Company's secretary

Mr. Natee Onin (Age 50)

Position : Chairman of the Board of Directors

Type of Director : Non-executive Director

Period of directorship at SAPPE : 9 years 4 months (start date was 2 September 2013)

Nationality : Thai

Education :

- Ph.D. Business Administration, Ramkhamhaeng University
- M.Sc. International Business, London South Bank University, UK.
- Bachelor of Business Administration, Assumption University

Thai Institute of Director (IOD)'s Trainings and Seminars :

- Director Certification Program (DCP) Class 269/2019
- Board Matters and Trends (BMT) Class 4/2017
- Chairman Forum 1/2014, topic "Clean Business: What is the Chairman Role?" 1/2014
- Director Accreditation Program (DAP) Class 106/2013
- Role of the Chairman Program (RCP) Class 32/2013

Others Training Courses :

- Politics and Economics program for Executive Class 1/2563, Srinakharinwirot University

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally : -None-
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Spouse of Mrs.Yata Onin (Chief Innovation Officer)

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

Jul 2021 – Present	Director,	Neab Karnchang Company Limited / Apartment rental service for residential purpose
Jul 2021 – Present	Director,	Penkhun Karnchang Company Limited / Apartment rental service for residential purpose
Jul 2021 – Present	Managing director,	Bluecape Company Limited / Apartment rental service for residential purpose
Aug 2019 – Present	Director,	Srinakharinwirot University / Bachelor of Science Program in Food Innovation and Business
Oct 2016 – Present	Director,	Oninloft Company Limited / Apartment rental service for student
Sep 2016 – Present	Director,	Kampangsaan Company Limited / Apartment rental service for residential purpose
Sep 2016 – Present	Director,	June 59 Company Limited / Apartment rental service for residential purpose
Sep 2016 – Present	Director,	July 59 Company Limited / Apartment rental service for residential purpose
Aug 2013 – Present	Director,	3T Engineering Company Limited / Production and distribution of conveyor belts in industrial factories
Jul 2013 – Present	Director,	Leisure House Company Limited / Construction business
Jan 2011 – Present	General Manager,	Toyox Trading (Thailand) Company Limited / Industrial pipe distribution
May 2009 – Present	Director,	Onin Property Company Limited / Real Estate Agent



Mr. Adisak Ruckariyaphong (Age 49)

Position : Vice-Chairman and Chairman of Executive Committee

Type of Director : Executive Director

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master's degree of Business Management, Nagoya University, Japan
- Bachelor's degree of Business Administration, Assumption University

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP) 103/2013

Others Training Courses :

- Chief People Officer Program (CPO) 5/2015, Panyapiwat Institute of Management
- Senior Executive Program 21/2015, Capital Market Academy Program (CMA)
- Academy of Business Creativity (ABC) 1/2013, Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally : 16.78
- Held by spouse or minor children: -None-

Family Relationship of Management :

- Son of Mr. Anan Ruckariyapong and sibling of Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand:

Oct 2018 – Present

Independent

director and Audit

Committee member

Index Living Mall Public Company Limited / Distributor of furniture, household goods, accessories, and appliances

- Non-listed companies in the Stock Exchange of Thailand :

Sep 2022 – Present

Director,

Wope Company Limited

July 2022 – Present

Director,

Pacific Tube & Industry (Thailand) Company Limited / Tube and Metal Conduit Manufacturer

March 2022 – Present

President,

TTT Corporation (formerly known as Toyox Trading Thailand Company Limited)

Nov 2018 – Present

Director,

Kingkong Cruise Company Limited / Boat Service for tourism and travel

Oct 2018 – Present

Director,

Index International Group Company Limited / Architecture and related consultant business

Feb 2018 – Present

Director,

Meatster Company Limited / Retail and wholesale of meat product

Nov 2017 – Present

Director,

Coco Art Company Limited / Manufacturer and Distributor of coconut and other agricultural products

Oct 2017 – Present

Director,

Toyox Asia (Thailand) Company Limited / Manufacturer of industrial hoses

Oct 2016 – Present

Director,

All Coco Group Company Limited / Manufacturer and distributor of coconut products (subsidiary)

Sep 2016 – Present

Director,

Hose Center Company Limited / Manufacturer and distributor of industrial hoses

Dec 2015 – Present

Director,

SappeHongKongCompanyLimited/Managementserviceforassociatedcompanies (subsidiary)

Jun 2015 – Present

Director,

Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)

May 2015 – Present

Director,

Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)

Sep 2011 – Present

Director,

Mitan Interior Design Service Company Limited / Wholesale of household electronic appliances

Sep 2010 – Present

Director,

Hayashi Products Company Limited / Distributor of condoms

Jul 2008 – Present

Director,

Sappe Corporation Company Limited / Distributor of non-alcoholic beverages

2007 – Present

Managing Director, Toyox Trading (Thailand) Company Limited / Distributor of industrial pipes

Aug 2013 – May 2016

Director,

3T Engineering Company Limited / Manufacturer and distributor of conveyor belts in industrial factories



Mr. Anan Ruckariyapong (Age 79)

Position : Director and President

Type of director : Executive Director

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) 103/2013

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: 1.60
- Held by spouse or minor children: -None-

Family Relationship of Management :

Father of Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

2008 – Present	Director,	Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
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Ms. Piyajit Ruckariyapong (Age 47)

Position : Director and Chief Executive Officer

Type of director : Executive Director

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Bachelor's Degree (with honors), Liberal Arts from University of Sheffield, UK

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) Class 327/2022
- Director Accreditation Program (DAP) Class 103/2013

Others Training Courses :

- Top Executive Program 2021, Royal Thai Police
- Top Executive Program in Commerce and Trade (TEPCoT) 13 (2020-2021) The University of the Thai Chamber of Commerce (UTCC)
- Senior Executive Program 26 /2018 Capital Market Academy Program (CMA)
- Academy of Business Creativity (ABC) 5/2016 Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: 17.69
- Held by spouse or minor children: -None-

Family Relationship of Management :

- Daughter of Mr. Anan Ruckariyapong and sibling of Mr. Adisak Ruckariyaphong and Mr. Arnupap Ruckariyapong

5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

Sep 2022 – Present	Director,	Wope Company Limited
Nov 2016 – Present	Director,	Sappe Trading (Shanghai) Company Limited / Distributing health drinking products (subsidiary)
Oct 2016 – Present	Director,	All Coco Group Company Limited / Producing and distributing coconut products (subsidiary)
Dec 2015 – Present	Director,	Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
Jun 2015 – Present	Director,	Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 – Present	Director,	Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
2019 – Present	Director,	Danone Sappe Beverages Company Limited / Distributor of non-alcoholic beverages
Jul 2008 – Present	Director,	Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
2013 – Dec 2016	Director,	PT. Sappe Indonesia / Distributing health drinking products



Mr. Arnupap Ruckariyapong (Age 44)

Position : Director and Chief Operating Officer

Type of director : Executive Director

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Bachelor's Degree, Engineer Major Computer Science, University of California, USA

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) 103/2013

Others Training Courses :

- Academy of Business Creativity (ABC) 3/2015 Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2022):

- Held personally : 15.26
- Held by spouse or minor children : -None-

Family Relationship of Management :

- Son of Mr. Anan Ruckariyapong and sibling of Mr. Adisak Ruckariyaphong and Ms. Piyajit Ruckariyapong

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

Dec 2022 – Present	Director,	Khaoyai Property Company Limited / Real estate
Dec 2021 – Present	Director,	M Intelligence Company Limited / Consulting service about digital transformation
2019 - Present	Director,	All Coco Group Company Limited / Producing and distributing coconut products (subsidiary)
Dec 2015 – Present	Director,	SappeHongKongCompanyLimited/Management service for associated companies (subsidiary)
Jun 2015 – Present	Director,	Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 – Present	Director,	Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
2010 – Present	Director,	Hayachi Products Company Limited / Distributor of condoms
Jul 2008 – Present	Director,	Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
Sep 2016 – 2020	Director,	On Fifth Company Limited / Restaurant
Mar 2016 – 2020	Director,	3T Engineering Company Limited/ Manufacturer and distributor of conveyor belts for industrial factories



Mr. Thana Thienachariya (Age 53)

Position : Director

Type of Director : Independent Director

Period of directorship at SAPPE : 9 year 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master's degree of Business Administration, Washington State University, USA.
- Bachelor's degree of Economic (2nd class honors), Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) 181/2013

Others Training Courses :

- TLCA Executive Development Program (EPD) 8/2011 Thai Listed Companies Association
- A new leader in democracy Program 1/2011 King Prajadhipok's institute
- Senior Executive Program 8/2009 Capital Market Academy Program (CMA)

Percentage of SAPPE Shareholding (%) (as of 31 December 2022) :

- Held personally: -None-
- Held by spouse or minor children : -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

24 Dec 2020 – Present	Independent Director,	TQM Corporation Public Company Limited / Insurance and Life Insurance
1 Nov 2020 – Present	Advisor to the CEO	Siam Commercial Bank Public Company Limited / Commercial Bank
2015 – Present	Director,	Aksorn Education Public Company Limited / Teaching media in various formats
2015 – Oct 2020	Senior Executive	Chief Marketing Officer, and Head of External Communication & CSR
	Vice President,	Siam Commercial Bank Public Company Limited / Commercial Bank
	(Acting),	
2015 - Jul 2016	Independent Director	Singha Estate Public Company Limited / Real Estate
	and Audit Committee,	
• Non-listed companies in the Stock Exchange of Thailand :		
1 Nov – Present	Director,	CardX Company Limited / Financial conglomerate of SCBX
12 Nov – Present	Director and Chairman	Bluebik Group Company Limited / Management Consulting
	of the Board of Directors,	
13 Jul 2020 – Present	Director,	Purple Ventures Company Limited / Develop and provide a lifestyle e-Marketplace platform service
2013 – Present	Director,	Academy of Business Creativity, Sripatum University
2013 – Jul 2020	Director,	Southpaw Business Company Limited / Management Consulting
Aug 2013 – 2016	Director,	SF Corporation Company Limited / Cinema



Mrs. Niratchara Siriamphunkul (Age 60)

Position : Director

Type of director : Independent Director and Audit Committee

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Bachelor of Economics, Chiang Mai University

Training Courses by the Thai Institute of Directors Association (IOD):

- Successful Formulation & Execution of Strategy (SFE) 36/2021
- Director Certification Program (DCP) 180/2013

Others Training Courses :

- Senior Executive Program 5/2008 Capital Market Academy Program (CMA)

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand : -None-
- Non-listed companies in the Stock Exchange of Thailand :

2007 – Present Chairman, Thung Sod Company Limited / Packaging product business

Remark: Mrs. Niratchara Siriamphunkul was appointed as Audit Committee member with effective from 1 November 2022



Mr. Padungdej Indralak (Age 68)

Position : Director and Chairman of Audit Committee

Type of Director : Independent Director

Period of directorship at SAPPE : 5 years 5 months (since 26 July 2017)

Nationality : Thai

Education :

- Postgraduate Diploma (Development Economics), North London Polytechnic, UK
- B.A. (Economics), Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Director Accreditation Program, Class 103/2013

Others Training Courses :

- SCG Management Development Program (Wharton Business School)
- National Defense College (NDC 2548)
- Corporate Finance Certificate, INSEAD, France.
- Senior Executive Program, Capital Market Academy Program (CMA), Class 18/2014

Percentage of SAPPE Shareholding (%) (as of 31 December 2022) :

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

2018 – Nov 2022	Independent Director and Audit Committee,	Thai Group Holding Public Company Limited / Insurance and Life Insurance
2019 – Nov 2022	Director of Enterprise Risk Management Committee and Nomination and Remuneration Committee,	Thai Group Holding Public Company Limited / Insurance and Life Insurance
2013 – 2015	Independent Director, Audit Committee and Director of Enterprise Risk Management committee,	Nok Airlines Public Company Limited / Airlines Business
- Non-listed companies in the Stock Exchange of Thailand :

2014 – 24 Jan 2022	Director and Audit Committee,	Southeast Insurance Public Company Limited / Insurance
2018 – 24 Jan 2022	Director of Enterprise Risk Management Committee,	Southeast Insurance Public Company Limited / Insurance
2014 – Nov 2022	Director and Audit Committee,	Southeast Insurance Public Company Limited / Life Insurance
2018 – Nov 2022	Director of Enterprise Risk Management Committee,	Southeast Insurance Public Company Limited / Life Insurance
2014 – Nov 2022	Director and Audit Committee,	Southeast Capital Company Limited / Leasing
2018 – Nov 2022	Director of Enterprise Risk Management Committee,	Southeast Capital Company Limited / Leasing
2014 – Nov 2022	Independent Director and Chairman of Audit Committee,	ANZ Bank (Thai) Public Company Limited / Financial Institution
2014 – 2015	Director,	Nok Mangkang Company Limited / Airlines Business
2014 – 2015	Independent Director, Audit Committee and Director of Enterprise Risk Management Committee,	Wuttisak Clinic International Group Company Limited / Beauty Business



Ms. Kunnigar Triyangkulsri (Age 56)

Position : Director and Audit Committee

Type of director : Independent Director

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master of International Finance, American Graduate School of International Management, USA
- Bachelor of Business Administration, Major Finance, Thammasat University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Role and the Nomination and Governance Committee 7/2015
- Audit Committee Program (ACP) 45/2013
- Director Certification Program (DCP) 133/2010

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand: -None-
- Non-listed companies in the Stock Exchange of Thailand:

Oct 2018 - Present	Sub-Committee of Supervision and Examination	Anti-Money Laundering Office / Government Agency
Aug 2017 - Present	Director	AHG Partner Company Limited / Health & Care Business
Year 2012 - Present	Director	Arun Health Garden Company Limited / Real estate
Year 2005 - Present	Director	Arunotel Company Limited / Hotel and restaurant
Feb 2019 - July 2020	Advisor of Supervision and Examination Division	Anti-Money Laundering Office / Government Agency
Dec 2013 - Dec 2016	Independent Director	The Thai Credit Retail Bank Public Company Limited / Commercial Bank

Remark: Ms. Kunnigar Triyangkulsri tendered the resignation from Independent Director and Audit Committee with effective from 10 August 2022.



Mr. Surath Pralongsilp (Age 52)

Position : Director and Audit Committee

Type of Director : Independent Director

Period of directorship at SAPPE : 9 years 4 months (since 2 September 2013)

Nationality : Thai

Education :

- Master's degree, M.A in Finance and Investment, University of Exeter
- Master's degree of Business Administration, Thammasat University
- Bachelor's degree of Engineering Program in Industrial Engineering, Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD) :

- The Board's Role in Mergers & Acquisition (BMA) ๑๓ 1/2022
- National Director Conference "Leadership Behind Closed Door" NDC 1/2021
- What You Board Needs to Know about C-Suite Development O-DB 11/2021
- Director Certification Program (DCP) 259/2018
- Advance Audit Committee Program (AACP) 14/2014
- Director Accreditation Program (DAP) 106/2013

Others Training Courses :

- Strategic Chief Financial Officer 9/2019, The Securities Exchange of Thailand
- Executive Development Program 4/2009, Thai Listed Companies Association

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

Oct 2021 – Present	Chief Commercial Officer,	TQM Alpha Public Company Limited / Insurance Company
March 2019 – Mar 2021	Director and Executive Vice President (Finance),	Kulthorn Kirby Public Company Limited / The manufacturing and distribution of reciprocating compressors
Sep 2015 – Jun 2017	Director and CEO,	Bangpakong Terminal Public Company Limited / Port facilities Service
Aug 2014 – Aug 2015	Director and Audit Committee,	Bangpakong Terminal Public Company Limited / Port facilities Service

- Non-listed companies in the Stock Exchange of Thailand :

Aug 2022 – Present	Director,	Bulk One Group Company Limited/ Software Company for construction industry
April 2019 – Mar 2021	Director,	Kulthorn Premier Company Limited / The manufacturer of the motor compressor and quality iron casting
	Director,	Kulthorn Kirby Foundry Company Limited / The manufacturer of the quality iron casting
	Director,	Kulthorn Materials and Controls Company Limited / The manufacturer of the enameled copper wire and thermostat used in refrigerators
	Director,	Kulthorn Steel Company Limited / The Steel Coil Center for the manufacturer of motor compressor, electrical motor, and other parts
	Director,	Kulthorn Metal Products Company Limited / The Manufacturer and distributor of Metal, Metallurgy, and Metal working
	Director,	Kulthorn Research and Development Company Limited / research and development of technology and innovation
Jan 2015 – Aug 2015	Senior Vice President of Marketing and Supply Chain,	Italthai Industrial Company Limited / Operate a dealer business and provide after-sales service for Machinery
Jan 2013 – Dec 2014	Director of Supply Chain Management,	Italthai Industrial Company Limited / Operate a dealer business and provide after-sales service for Machinery



Ms. Sutatip Chantharangsee (Age 44)

Position : Company Secretary and Board of Directors Secretary Audit Committee Secretary,
Executive Committee Secretary and Assistant Vice President– New Business
Partnership, Strategy and Finance Department

Appointment Date : 13 December 2018

Nationality : Thai

Education :

- Master's degree of Business Administration, Sasin School of Management
- Bachelor's degree, Faculty of Commerce and Accountancy,
Banking and Finance (Second-class Honor) Thammasat University

Training Courses by the Thai Institute of Directors Association (IOD) :

- Company Secretary Program 2019

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: 0.0025
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

2014 – 2017	Finance Department Manager,	Chememan Public Company Limited
2007 – 2010	Assistant Vice President - Multi Corporate Business Department,	Kasikorn bank Public Company Limited / Commercial Bank

- Non-listed companies in the Stock Exchange of Thailand :

2011 – 2014	Treasurer & Corporate Planning Team Lead,	CUEL Company Limited
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Duties and Responsibilities of the Company Secretary:

1. Prepare and retain the documents as follows:
 - Directors Register
 - Invitation Letters to Attend the Board of Directors' Meeting, Board Meeting Minutes and Company's Annual Report
 - Invitation Letters to the Annual General Meeting of Shareholders and Minutes of the Shareholder Meeting
2. Keep reports on interest filed by directors or executives and submit a copy of the report on interest under Section 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within seven business days from the date on which the Company has received such report
3. Perform any other acts as specified in the Notification of the Capital Market Supervisory Board.

In addition, the corporate secretary has other duties as follows

- Providing advice, supervising, coordinating and following up to ensure that the Board of Directors has complied with the objectives. Articles of Association Resolution Board of Directors and Shareholders' Resolutions Legal and regulatory requirements related
- Organize the Board of Directors' meeting and Shareholders' meeting
- Organize orientation and give advice for newly appointed directors
- Recommend appropriate training courses to the Board of Directors
- Coordinate with all department in its organization to comply with the resolution of the Board of Directors, the resolutions of the shareholders' meeting and governmental supervisory units
- Promote directors and executives to have knowledge and understanding of good corporate governance and the Company's business ethics. and follow up to ensure compliance with such principles as well as reviewing the good corporate governance and business ethics of the Company. comply with the law international practices and leading companies
- Ensuring that the Company treats all shareholders equally, fairly and in accordance with the law and strengthen good relationship with minority shareholders
- Coordinate various matters between shareholders, directors, executives and all stakeholders
- Perform other duties as assigned by the Company

Mr. Anak Lapsuksatit (Age 43)

Position : Chief Financial Officer

Appointment Date : 1 March 2017 (the person assigned to take the highest Responsibility in Accounting and Finance)

Education :

- Master's degree, Faculty of Commerce and Accountancy, Marketing, Thammasat University
- Bachelor's degree, Faculty of Commerce and Accountancy, Banking and Finance, Thammasat University

Training Courses

- CFO refresher course class July 2022
- Strategic CFO in Capital Markets 6/2018, The Securities Exchange of Thailand
- MULTIPLIER® How the Best Leaders Ignite Everyone's Intelligence 2020, Pacrim Group
- The 4 Essential Roles of LEADERSHIP™ 2018, Pacrim Group
- The 7 Habits of Highly Effective People® 2014, Pacrim Group
- Leadership: Great Leaders, Great Teams, Great Results™ 2012, Pacrim Group

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: 0.03
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

2010 – Present	Vice President of Strategy & Finance,	Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages
2009 – 2010	Senior Vice President of Corporate Business,	Kasikorn bank Public Company Limited / Commercial Bank



Ms. Jarinya Buransuk (Age 40)

Position : Assistant Vice President of Accounting

(The account preparer has the qualifications and conditions in accordance with the rules specified in the Notification of the Business Development Department)

Appointment Date : 24 June 2013 (Account Controller)

Education:

- Master's degree, Master of Accounting Faculty of Commerce and Accountancy Chulalongkorn University

Continuing Professional Development Program

2022

- Financial & Risk Instruments for Non-Financial Institutions (7 hours)
- TFRS 2023 (7 hours)

2021

- Financial Instruments for Non-Financial Institutions (7 hours)
- TFRS 2022 (Thai Accounting Standard and Thai Financial Reporting Standards Revised 2022) (7 hours)

2020

- CFO 2021 (7 hours)
- Thai Accounting Standard PAEs 2020 (7 hours)

2019

- Transfer Pricing 2019 between related party (7 hours)
- (Draft) TFRS 16 Leases (7 hours)
- Revenue Recognition (TFRS 15) and changes of Accounting Standard related to PAEs and NPAE (3 hours)
- Thai Financial Reporting Standards related to Financial Instruments (IFRS 9) and Leases (IFRS 16) in practice (2.30 hours)

2018

- New TFRS (7 hours)
- (Draft) TFRS 15: Thai Financial Reporting Standards: Revenue Recognition (6.30 hours)

2017

- Accounting of investments in associates, subsidiaries and joint ventures (7 hours)
- Tax invoice, Non deductible Input VAT and solution (7 hours)
- Submission of Financial Statements to DBD e-Filing (e-Filing) (2 hours)

2016

- Difference between Accounting and Taxation 2016 (6.30 hours)
- Statement of Cash Flows workshop and case study (6.30 hours)
- Submission of Financial Statements to DBD e-Filing (e-Filing) (2 hours)

2015

- AEC The impact of company income tax (6.30 hours)
- TFRS 2016 (6.30 hours)

Percentage of SAPPE Shareholding (%) (As of 31 December 2022) :

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management : -None-

Past 5 Year Experiences :

- Listed companies in the Stock Exchange of Thailand :

2019 – present	AVP- Accounting,	Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages
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2013 – 2019	Accounting Manager,	Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages
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- Non-listed companies in the Stock Exchange of Thailand :

2007 – 2013	Senior Auditor,	KPMG Phoomchai Audit Ltd. / Audit service
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Attachment 2

Details of the directors of subsidiaries

Director of the subsidiary, associated, and related companies

As of December 31, 2022, the directors (including related persons) holding directorships in subsidiaries, associated and related companies as follows:

Names of directors	Subsidiaries				Indirect Subsidiaries				Associated				Related			
	Sappe Holding (Thailand) Co., Ltd.	Sappe Europe s.r.o.	Sappe Trading (Hong Kong) Co., Ltd.	Sappe Hong Kong Co., Ltd.	Sappe Trading (Shanghai) Co., Ltd.	All Coco Group Co., Ltd.	All Coco Co., Ltd.	K Best Farm Co., Ltd.	Danone Sappe Beverages Co., Ltd.	M Intelligence Co., Ltd.	Wope Co., Ltd.	Sappe Corporation (Liquidation period)	TTT Corporation Co., Ltd. (Previously, Toyox Trading (Thailand) Co., Ltd.)	Hayashi Products Co., Ltd	Social Lab Co., Ltd.	
1. Mr. Natee Onin	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	-	
2. Mr. Adisak Ruckariyapong	✓	-	✗	✗	-	✓	-	-	-	-	✗	✓	✗	✓	-	
3. Mr. Anan Ruckariyapong	-	-	-	-	-	-	-	-	-	-	-	✗	-	-	-	
4. Mr. Arnupap Ruckariyapong	✓	-	✓	✓	-	✓	-	-	-	✓	-	✓	-	✓	-	
5. Ms. Piyajit Ruckariyapong	✗	-	✓	✓	✓	✓	-	-	✓	-	✓	✓	-	-	-	
6. Mrs. Niratchara Sriamphunkul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7. Mr. Thana Thienachariya	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
8. Mr. Padungdej Indralak	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
9. Ms. Kunnigar Triyangkulsri	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
10. Mr. Surath Pralongsil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Person related to director																
1. Mrs. Yata Onin Spouse of Mr. Natee Onin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2. Mrs. Chatpawee Ruckariyapong Spouse of Mr. Adisak Ruckariyapong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	

Remark × Chairman and ✓ Director

Details of the Head of Internal Audit

The company hired P&L Corporation Company Limited to conduct the 2021 internal audit and the details of the chief internal auditor are as follow:

Ms. Monnapat Phumirattanajarin, Vice President at P&L Corporation Co.,Ltd., provides internal audit service for listed companies (both SET and mai) and other private companies as well as companies in the process to be listed in the Stock Exchange of Thailand around 60 firms in total.

Education:

- Master's degree in accountancy (Master of Accountancy), Faculty of Commerce and Accountancy, Chulalongkorn University
- Bachelor's degree in accounting, College of Innovative Business and Accountancy, Dhurakij Pundit University

Working Experience:

- Vice President - P&L Corporation Co., Ltd.
- Marketing officer – Seamico Securities Public Company Limited
- Assistant teacher –Dhurakij Pundit University (College of Innovative Business Accountancy)
- Accountant staff – The sustainable energy project under the Appropriate Technology Association (Energy Ashram)

Training / Diploma / Certificate

- Internal auditing certificate from the Internal Auditing Certificate Program – IACP
- Certificate of the Institute of Internal Auditors of Thailand (CPIAT)
- Independent auditor certificate in small and medium-sized enterprises (CAC SME Independent Auditor Certification), the Thai Institute of Directors (IOD)
- The Institute of Internal Auditors of Thailand (IIA)
 - Clinic IA: Topic “2017 Standards Updates USAGE, And Conformance”
 - Clinic IA: Topic “Fraud Audit and Caution for Auditor”
 - Clinic IA: Topic “Board and management relationship”
 - Clinic IA: Topic “Agile Auditing”
 - Clinic IA: Topic “Top Risk 2021 & IT Audit Roles”
 - Clinic IA: Topic “The Convergence of Security Governance and Data Privacy”
 - Clinic IA: Topic “State of Cyber Security 2021 & Cyber Practices by Thai SEC”
 - Clinic IA: Topic “Business Process Auditing and Integrated Audit”
- Chulalongkorn University - Pre-CIA course
- Thailand Securities Institute (TSI) -Training Analysis Fundamental Information in Financial Market and Stock Market
- Political Science Association of Kasetsart University
- PDPA for Internal Audit

Attachment 4

Assets for Business Operations and Details About Asset Appraisal Items

1. Assets for Business Operations

1.1 Fixed Assets Used in Business Operations

As of 31 December 2022, fixed assets of the company and its subsidiaries that are used in business operations are as follows:

Type / Characteristic	Net Book Value as of 31 December 2022 (Million Baht)	Characteristic of Ownership	Obligation
1. Land and land improvement	119.60	Owner	None
2. Buildings and building improvement	220.28	Owner	None
	64.21	Right of use assets	Yes
3. Machinery and equipment	433.85	Owner	None
4. Decoration and installation items and office items	19.37	Owner	None
5. Vehicles	12.58	Owner	None
6. Assets under construction and installation	262.06	Owner	None
Total	1,131.95		

Remark: The company and its subsidiaries have buildings, building improvement and land improvement including decoration and installation items of the assets on the land where the company made a rental agreement with the company's major shareholder and the shareholder of indirect subsidiary.

1.2 Intangible Assets

As of 31 December 2022, the company and its subsidiaries owned computer software, patent and copyrights as follows:

Lists of Assets	Net Book Value as of 31 December 2022 (Million Baht)	Ownership	Obligation
Software copyright ^{1/}	8.58	Owner	None
Trademark and copyright ^{2/}	27.33	Owner	None
Product design expense	1.13	Owner	None
Total	37.04		

Remark: ^{1/}Computer software to be written off in 3-10 years.

^{2/}Trademark and copyright to be retired in accordance with patent life of that particular trademark or copyright.

1.3 Important Agreements of the Company

1.3.1 Lease Agreement

(A) Lease Agreements of Land and Factory

The company made a lease agreement of empty land/land with structure with the major shareholder of the company to be used as its factory, office and warehouse. The details are as follows:

1) **Bangchan Office (the company's former factory):** The office is located in Bangchan Industrial Estate, Serithai road, Kannayao district, Bangkok on a plot of 2 rai, 1 ngan and 88.2 sq. wah. The company leases land with structure including a factory building, an office building and other facilities. On the leased land, the company also constructed additional structures under its ownership.

2) **Khlong 13 Factory:** The factory is located on Pathum Thani 3012 rural road (on the west side of Khlong 13), Lam Luk Ka district, Pathum Thani province on a plot of 97 rai, 3 ngan and 49 sq. wah. The company made a lease agreement of empty land and later constructed the factory building and other structures under its ownership.

The lease agreement of land with building at Bangchan Office was 3 years with a 3-year extension option. As of 31 December 2022, the fixed assets including buildings, structures and other assets in which the company invested and installed on the rental land were worth 14.56 million baht, and the net book value was 2.42 million baht.

Making the lease agreement of assets at Bangchan Office is counted as the connected transaction which was endorsed by the audit committee meeting and received approval from the Board of Directors' meeting. The directors who have interest in this transaction did not attend the meeting and did not take part in the voting to approve the transaction.

The lease agreement of the Khlong 13 factory was 20 years and the company has invested in construction of a factory building and other facilities on the land. The construction started in 2010 and completed as well as commenced production in 2012. As of 31 December 2022, the fixed assets including a factory building, structures and other assets in which the company invested and installed on the land were worth 427.28 million baht in cost value and 177.12 million for net book value.

The lease agreement of assets at the Khlong 13 factory is regarded as the connected transaction which was endorsed by the audit committee meeting and received approval from the Board of Directors' Meeting. In addition, the directors who have interest in this transaction did not take part in the consideration and voting at the meeting to approve the transaction.

The company arranged appraisals of land/land with structures in both properties that the company made lease agreements. The appraisals were conducted by an independent appraiser, Agency for Real Estate Affairs Co., Ltd., which has been approved by the Securities and Exchange Commission according to the appraisal reports dated 7 August 2013 and 8 August 2013. The appraisals were made for public purpose.

(B) Lease Agreement of Land with Structures of Bangchan Office

Gist of Agreement	
Parties of Agreement	<i>Lessee</i> : Sappe Public Company Limited <i>Lessor</i> : Mr. Anan Ruckariyapong
Relationship between the parties and the company	Mr. Anan Ruckariyapong is the president and also the director who is authorized to sign on behalf of the company. He holds the company's share at 1.61 % of the issued shares (As of 31 December 2022)
Assets under Lease Agreement	Land, factory and other structures Title deed number 123454 with land area of 2 rai, 1 ngan and 88.20 sq. wah. The land with structures under the lease agreement is located at 9/3, Soi Serithai 56, Bangchan Industrial Estate, Serithai road, Kannayao subdistrict, Kannayao district, Bangkok, 10230
Term of Agreement	A lease period of 3 years, from 1 October, 2019-30 September 2022, and the lessee is entitled to extend the agreement for another 3 years at the time of renewal under the same terms and conditions. The rental rate shall be increased by 3.0% from the last rate, and the increase will be made annually at the same rate as rental rate adjustment each year.
Rental rate	The old agreement Rental rate in the third year (October 2021-September 2022) was 492,946 baht per month. The new agreement Rental rate in the first year (October 2022-September 2025) is 507,734 baht per month.
Rental rate setting	Rental rate is referred from the assessment of the independent appraiser. The initial rate in the first year for the factory and other structures was equal to the appraised rental price of the factory, and added with the rental fee of remaining land at 5% of the land appraisal price. The rental fee shall be increased in the following years at 3.0% per year.

Gist of Agreement

Appraisal Price

Market price for buy and sell

- Land: 34.59 million baht (Calculated the annual rental rate at 5% of the land appraisal price in the part under the lease agreement so the land rental fee is equal to 53,586 baht/ month)
- Building: 14.29 million baht (Appraisal price of all buildings and structures)

Market price for rental fee (Only the part under the lease agreement)

- Factory area 130 baht/sqm./month
 - Office area 169 baht/sqm./month
- Total rental fee of building 335,550 baht/month

• Name of Independent Appraiser

Agency for Real Estate Affairs Co., Ltd

• Date of Appraisal

31 July 2013

Important conditions of the agreement

- When the lease agreement ends and the lessee does not want to continue leasing the property, and the lessor desires to sell the land with other structures in this agreement, the lessor agrees to give the right to the lessee to buy the property before other buyers at the appraisal price assessed by the independent appraiser which has been approved by the Securities and Exchange Commission.
- The lessee can terminate the tenancy before the end of the leasing term by submitting a written notice not less than 60 days in advance but the lessor is not allowed to terminate the agreement before the end of the term. If the agreement expires and the lessor does not want the lessee to extend the tenancy, the lessor must inform the lessee in advance with a written notice at least 1 years before the end of the agreement term.
- When the lease agreement is due without an extension of tenancy, or the agreement is ended by any cause, the lessee shall be allowed to transfer the factory and structures built before and/or within the lease duration into ownership of the lessor without any payment, except that the lessor does not want to own the structures which were constructed by the lessee. The lessor can also request the lessee to demolish those structures with the expense in the responsibility of the lessee.
- In case that the lease agreement ends with breach of agreement committed by the lessor, the lessor must be responsible for the construction expense of building, factory and other structures which were constructed or enlarged before and/or within the duration of the agreement term to the lessee at the market price, and/or the price assessed by the independent appraiser which is endorsed by the Securities and Exchange Commission, and agreed by both parties as appraiser.

(C) Lease Agreement of Khlong 13 Factory

Gist of Agreement

Parties of Lease Agreement

Lessee : Sappe Public Company Limited

Lessor : Ruckariyapong Group of Persons

Relationship between the parties and the company

The group of persons consists of 6 members: Mr. Anan Ruckariyapong, Mr. Adisak Ruckariyaphong, Mrs. Somnuk Isoonpisarnsiri, Mr. Arnupap Ruckariyapong, Ms. Piyajit Ruckariyapong and Mr. Thanarat Ruckariyapong who are the directors, executives and/or the major shareholders of the company with collective holding of 73.41% of issued shares (As of 31 December 2022)

Assets under Lease Agreement

Empty land with title deed numbers: 208, 146943, 146944 and 146945.
The plot of 97 rai, 3 ngan and 49 sq.wah. is located on rural road Pathum Thani 3012 (West of Khlong 13), Phuet Udom, Lam Luk Ka district, Pathum Thani province 12150.

Term of Lease Agreement

20 year-term, started from 1 October 2013 and ends 30 September 2033.

Rental rate

Rental rate in the ninth year (October 2021-September 2022) is 179,264 baht per month, and the rate in the tenth year (October 2022-September 2023) is 182,849 baht per month

Gist of Agreement

Rental rate setting	The rental rate setting is referred from the appraisal of the independent appraiser with the annual rate in the first year equal to 5% of the appraised land price, and to be increased by 2% per year for the rest of the agreement term.
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Appraisal Price	Land: 61.20 million baht
• <i>Name of Independent Appraiser</i>	Agency for Real Estate Affairs Co., Ltd.
• <i>Date of Appraisal</i>	30 July, 2013

Important conditions of lease agreement	• After the expiration of the 3 year term counting from the date specified in this agreement, the lessor agrees that if the lessee desires to purchase the assets, the lessor will sell them to the lessee and both parties shall separately select one independent appraiser which has been approved the Securities and Exchange Commission. The transaction shall be made under the average price of the appraisal price assessed by the two independent appraisers (Average Appraisal Price). • Throughout the duration of tenancy, the lessor agrees not to sell the assets to other persons in any case, and if the lessor wants to sell the land and structures (if any) when the 20-year-term ends under this lease agreement, the lessor has to inform the lessee in a written notice at least 3 years before the end of the agreement. However, the notification from the lessor is not regarded as depriving the right of the lessee to buy the leased assets from the lessor. • When the 20-year tenancy expires and the lessor shall propose to sell the leased assets to the lessee or offer continuity of tenancy, the lessor has to offer at the average appraisal price (the price is calculated from the land only and is not included the structures on the leased land). If the lessee refuses to buy the leased assets, or does not respond to the offer within 60 days of the date of offering, the lessor is entitled to sell the land and the buildings of the lessee on that plot (if any) to other persons when the 20-year term of the lease agreement ends. • If the lessor wants the lessee to continue asset tenancy, the lessor shall offer a deal that both sides jointly agree in relevant matters including duration of the lease, rental rate, and terms and conditions. In this case, the lessor is required to offer a deal to the lessee before other persons. • The lessee is entitled to terminate the lease agreement before the end of the term by informing the lessor with a written notice not less than 60 days in advance, but the lessor cannot terminate the agreement before the expiration of the agreement. • When the lease agreement expires and the lessee has yet agreed to buy the assets or does not request for an extension of tenancy, or the agreement is ended by any cause, except the lessor breaches the agreement, the lessee allows the transfer of the factory and other structures constructed before and/or within the lease term to be in ownership of the lessor without payment. In case that the lessor does not want to own the structures constructed by the lessee, the lessor can request the lessee to demolish the structures and be responsible for the relevant expense. • In case that the lease agreement comes to an end as the lessor breaches the contract, the lessor shall be responsible for the construction expense of building, factory and other structures in which the lessee constructed before and/or within the lease term for the lessee at the average appraisal price for the building and structures.
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(D) Lease Agreement of Ramkhamhang Office

Gist of Agreement	
Parties of Agreement	Lessee: Sappe Public Company Limited Lessor: S.P. International Co., Ltd.
Relationship between the agreement parties and the company	-None-
Assets under Lease Agreement	S.P. Arcade Building, 3 rd floor with a total area of 1,507.7 sq.m. The building is located at 71, Ramkhamhaeng road, Hua Mark subdistrict, Bangpaki district, Bangkok 10240
Term of Lease Agreement	Three years, starting from 16 September 2020 until 15 September 2023. When the lease agreement expires, if the lessee wants to continue tenancy, the two agreement parties shall make a new agreement. For the rate adjustment and increase of service charge, the lessor agrees to raise the rental rate and service not exceeding 15% of the rental rate and service charge
Rental rate and service rate	618,157 baht per month

1.3.2 Agreement of Distributor Appointment

Agreement Party / Relationship with the Company	Gist of Service under Agreement	Terms of Agreement
1. Agreement between the Company (Product Owner) and Durbell Co., Ltd. (Distributor) Relationship with the Company: -None -	The company sells its products specified in the agreement to the distributor in order to distribute them in domestic retail and wholesale shops which are not 'Chain Store' whereas the distributor shall receive payment at a percentage of the price distributed to wholesale shops.	Duration of 3 years (11 September 2020 – 31 August 2023) and the agreement can be renewed automatically every 3 years under the conditions specified in the agreement.

1.3.3 Asset Insurance

The company has industrial all risks insurance and business interruption insurance for Bangchan office, Khlong 13 factory, Ramkhamhaeng office, Khlong 15 warehouse and Wang Noi storage LF Logistics (Thailand) Limited with a total insured sum of 1,953.70 million baht which covers the book value of that insured assets. The company also has public liability insurance with sum insured of 20 million baht. Details are summarized as follows:

Type of Policy	Insurance Company	Insured Assets	Sum Insured (Million Baht)	Period of Insurance	Insured
1. Industrial All Risks Insurance Policy	Dhipaya Insurance Public Company Limited	No. 8,18,19 Moo 7, Phuet Udom subdistrict, Lam Luk Ka district, Pathum Thani province 12150, No. 9/3 Bangchan Industrial Estate, Serithai road, Kannayao subdistrict, Kannayao district, Bangkok 10230, Ramkhamhaeng Office 71, Ramkhamhaeng road, Hua Mark subdistrict, Bangkok district, Bangkok 10240, Khlong 15 Warehouse Building 1, No. 53 Moo 4, Chumphon subdistrict, Ongkharak district, Nakhon Nayok 26120, and Wang Noi Storage LF Logistics (Thailand) Limited No. 505 Moo 2, Khlong Chik subdistrict, Bang Pa-in district, Ayutthaya province. Coverage • Building (Footing is excluded) including building improvement etc. • Furniture, fixtures, office equipment. • Machinery and equipment • Stock of finished goods, good in process, raw materials as well as packages. • Electrical substation. • Solar Roof Extended Coverage • Fractures caused by glass accident. • Electrical Injuries. • Loss or damage of insured assets arising from robbery and loot. • Loss or damage of insured assets arising from theft without visible sign of breaking. • Loss or damage caused by machinery interruption. • Loss or damage to electronic equipment and computers caused by accidents, other external factors and burglary. • Loss or damage of cash. • Damage to movable assets located outside the building or outdoor. The protection covers damages caused by wind, rain, hail, flood, sand or dust	1,653.70*	31 August 2022 - 31 August 2023	Sappe Public Company Limited
		• Business Interruption Insurance	300.00		

*Remark : Limited coverage for the loss or damage caused by flood in amount not exceeding 450.00 million baht per one time and throughout the period of insurance.

2. Trademark Used in Business Operations

The company owns trademarks or brand logos which have been registered with the Department of Intellectual Property, Ministry of Commerce such as Sappe, Beauty Drink and Mogu Mogu. The registration of each logo has a term of 10 years from the registration date and can be renewed every 10 years. Additionally, the company also has the trademarks registered in other countries such as the Philippines and the United States, and “Mogu Mogu” is among the brand logo which is registered overseas.

The company will extend the registration of its brand logos at the due period. When the company launches products under a new trademark, the company or its subsidiaries will carry out the registration for new trademarks as deemed appropriate. As of 31 December 2022, the company owns the key trademarks as follows:

Order	Trademark Image	Ownership	Registration Number (Country)	Terms of Trademark
1.		The company	ก343965 (THAILAND)	15 October 2010 - 12 January 2030 (In renewal process)
2.		The company	ก326260 (THAILAND)	31 July 2009 - 30 July 2029
3.		The company	ก353901 (THAILAND)	11 February 2011 - 10 November 2030
4.		The company	ก353905 (THAILAND)	2 June 2011 - 1 June 2031
5.		The company	171115878 (THAILAND)	18 March, 2015 - 17 March, 2025
6.		The company	171102579 (THAILAND)	15 November 2013 - 15 November 2023
7.	MOGU MOGU	The company	4-2014-013969 (PHILIPPINES)	11 November 2014 - 11 November 2024
8.		The company	D00 2010 039941 (INDONESIA)	5 November 2010 - 5 November 2030
9.		The company	D00 2008 030571 (INDONESIA)	22 August 2008 - 22 August 2028
10.	MOGU MOGU	The company	013443544 (EU)	10 November 2014 - 10 November 2024
11.		The company	007071053 (EU)	16 July 2008 - 16 July 2028
12.		The company	009705773 (EU)	2 February 2011 - 2 February 2031
13.	MOGU MOGU	The company	4923794 (U.S.A.)	5 November 2014 - 5 November 2024

3. Investment in Subsidiaries and Associates

As of 31 December 2022, the company have invested in subsidiaries and associates as follow:

Subsidiaries	Date of Investment	Paid-up Capital (Million Baht)	Shareholding (Percentage)	Investment at Cost Value (Million Baht)	Proportion to the Total Asset Value of the Company (Percentage)
Direct Subsidiaries					
1. Sappe Europe s.r.o. ("Sappe Europe")	1 July 2013	0.27	60.00	0.16	0.00
2. Sappe Holding (Thailand) Limited ("Sappe Holding")	8 May 2015	420.00	100.00	420.00	9.21
Indirect Associates					
1. Sappe Trading (Hong Kong) Company Limited ("Sappe Trading Hong Kong")	23 June 2015	0.45	100.00	0.45	0.01
2. Sappe Hong Kong Company Limited ("Sappe Hong Kong")	11 December 2015	13.98	100.00	13.98	0.31
3. Sappe Trading (Shanghai) Company Limited ("Sappe Shanghai")	1 November 2016	10.17	100.00	10.17	0.22
4. All Coco Group Company Limited ("All Coco") with subsidiaries as follows:	1 February 2019	168.00	51.00	196.35	4.30
• All Coco Company Limited					
• K Best Farm Company Limited					
Indirect Associates					
1. Danone Sappe Beverages Company Limited ("DANONE")	28 February 2019	300.00	25.00	75.00	1.64
2. M Intelligence Co., Ltd.	13 December 2021	4.95	16.21	70.0	1.53
Indirect Joint Venture					
1. Wope Co., Ltd.	27 September 2022	50.00	60.00	30.00	0.66

4. Investment Policy in Subsidiaries and Associates

The company has a policy to invest in the business related to the company's core business with potential to enhance the company's profitability. The investment should also create synergy in terms of strengthening the main business operations or adding value to the company business.

The company sets the policy to control and manage the business of its subsidiaries and associates in order to supervise those businesses as part of the company. In addition, the company also has measures to follow the management of the joint ventures to protect its interest of investment. In case of investment in subsidiaries, the company will control and set the management policy, appoint representatives to serve as directors and attend shareholders' meetings. The company's representatives are authorized to vote in accordance with the guideline or direction considered by the Board of Directors. However, the company has no policy to directly control the associates. For the representatives to be the directors in both subsidiaries and associates, the company will consider this as it sees appropriate, and this depends on the joint agreement.

Currently, the company invests in 2 direct subsidiaries and closely supervises them and follows their operations in order to reach the investment goals. To emphasize the investment in the subsidiaries, the company has received approval from the Board of Directors to appoint the appropriate and qualified persons, Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong, to take director role in Sappe Holding (Thailand) Co., Ltd.

For Sappe Europe s.r.o. in Slovakia, the company has encountered legal limitations stating that a director must have residence in Slovakia. With this complication to appoint representatives from Thailand, the Board of Directors has set measures to oversee this subsidiary through an approval of Director Charter and Table of authority for directors of Sappe Europe s.r.o. to adhere and follow.

The Report of the Audit Committee

The Audit Committee of Sappe Public Co., Ltd. ("Company") consists of 3 independent directors who are knowledgeable, capable, expertise and qualified as prescribed by the Charter of the Audit Committee. Mr. Padungdej Indralak is the chairman of the Audit Committee and Mrs Niratchara Siriamphunkul and Mr. Surath Pralongsilp are the Audit Committee members. All 3 Audit Committee members are not involved in the management, including not being executives, staffs, or employees in the Company, subsidiaries and other affiliated companies.

Throughout 2022, the Audit Committee performed duties in the scope of duties and responsibilities according to the Charter of the Audit Committee that the Board of Directors has given approval and perform duties in accordance with the scope of regulations and guidelines set by the Stock Exchange of Thailand including reviewing of the good corporate governance, reviewing of financial statements, reviewing of the accuracy and appropriateness of the disclosure of connected transactions between the Company and related parties and transactions that may have conflicts of interest, strict reviewing of the suitability of internal control systems and continuous development of internal control systems, and strict supervising of the internal audit department. The Audit Committee has also selected and proposed to the Board of Directors and to a meeting of shareholders to appoint the certified auditor of the Company, including consideration of compliance with professional requirements, performance, quality of the service and appropriateness of the remuneration of the auditors.

The Audit Committee was aware of the duties and responsibilities of overseeing the Company to operate in accordance with the policy of the Board of Directors with efficiency and transparency and to be able to be inspected in every step to ensure that the Company continuously developed the good corporate governance.

In 2022, the Audit Committee has independently and completely performed duties as assigned and has attended the meetings with the management, the auditors, and the internal auditors according to 4 relevant agenda which can be summarized as follows:

1. Comments about Accuracy, Completeness, and Reliability of the Company's Financial Reports

The Audit Committee reviewed the quarterly financial statements and the Company's financial statements for the year 2022 before proposing to the Board of Directors for consideration and approval of the Annual General Meeting of Shareholders for the year 2023 to ensure that the financial reports, connected transactions between the Company and related parties, and transactions that may lead to conflicts of interest, and disclosure of important information were

prepared correctly, completely and reliably. The Audit Committee also invited the auditors to attend the meeting on the agenda of reviewing the quarterly financial statements and the financial statements for the year 2022 in order to ask about important issues and to ensure that the said financial statements are consistent with the accounting standards and the financial reporting standards.

In addition, the Company allocated time for the Audit Committee to meet the auditors without the presence of the management team at least once a year to give an opportunity to discuss various issues according to the guidelines in line with the announcement of the Stock Exchange of Thailand.

2. Comments on the Appropriateness of the Auditors

The Audit Committee inspected independence, professional expertise, knowledge and experience, and performance and service quality that the auditors of KPMG Phoomchai Audit Ltd. After reviewing the appropriateness of the remuneration, the Audit Committee agreed that the auditors from KPMG Phoomchai Audit Ltd. performed duties, expressed opinions and provided useful suggestions in the preparation of financial reports and improvements on the internal control of the Company.

After evaluating the performance of the auditors in the past year, the Audit Committee forwarded the results to the Board of Directors meeting to propose to the Annual General Meeting of Shareholders for the year 2023 to consider the remuneration and appoint the auditors of KPMG Phoomchai Audit Ltd. to be the auditors of the Company for the year 2023 continually. The auditors were to be rotated every 7 years as specified by the Securities and Exchange Commission.

3. Supervision of the Internal Control Systems, Preparation of the Internal Control System Audit Plan, and Evaluation of the Sufficiency of the Company's Internal Control Systems

The Audit Committee ensures that the internal control systems of the Company are inspected and revised to ensure appropriateness and stability. The Committee appointed an independent external company to act as the internal control system auditor (Internal Auditor) and to consider the plan for the internal control systems of the Company for the year 2022. It reviewed the report of the internal auditor's audit performance on a quarterly basis and enforced the internal auditor to follow the progress on issues proposed for improvement. It aimed to ensure that the management department took appropriate actions within the specified time after the management department agreed with the proposals of the Audit Committee on the issues that the internal auditor detected from operations.

Moreover, the Audit Committee appointed P&L Corporation Company Limited as the internal auditor of the Company for 2023 and considered the plan for the internal control systems of 2023.

The Audit Committee and the Board of Directors evaluated the sufficiency of the internal control systems on an annual basis according to the international standards “The Committee of Sponsoring Organizations of the Treadway Commission: COSO” to ensure that the internal control evaluation is effective enough for the operations of the Company.

4. Compliance with Laws on Securities and Exchange, the Requirements of the Stock Exchange, or Laws Related to the Company's Business

After the Audit Committee reviewed the operations in accordance with laws on securities and exchange, requirements, announcements, regulations of the Securities and Exchange Commission and the Stock exchange of Thailand, and other laws related to the operations, they are of the opinion that the Company successfully complied with laws and relevant requirements, announcements and regulations.

5. Review of Transactions that may have Conflicts of Interest

The Audit Committee reviewed the transactions of the Company, including the transactions that may cause conflicts of interest in 2022, with subsidiaries or connected persons. It was intended to ensure that they were common operations which were performed for the maximum benefit of the Company. No transfer of benefits, nor any action against business ethics and Code of Conduct of the Company was founded. On the contrary, transactions were supervised to be consistent with laws, regulations, announcements and rules of the Securities and Exchange Commission and the Stock exchange of Thailand regarding the disclosure of information of transactions that may have conflicts of interest.

6. Review of the Good Corporate Governance of the Company

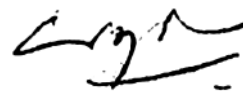
The Audit Committee promoted the Company's good corporate governance and oversaw the operations of the Company in accordance with the principles and guidelines for the good corporate governance of the Stock Exchange of Thailand. The Audit Committee strictly and fully complied with the said guidelines and determined the audit of the internal control systems of the Company to ensure that the Company complied with the supervision guidelines appropriately and consistently. This was to ensure the Company's acceptance and build confidence among shareholders and all interested parties.

7. Evaluation of the Performance of the Audit Committee

The Audit Committee evaluated the performance of the Audit Committee on an annual basis. In 2022, the appraisal of the performance of the Audit Committee covered 4 categories: (1) qualifications and independence of the Audit Committee (2) duties and responsibilities of the Audit Committee (3) the meeting of the Audit Committee and (4) receiving information from the company and a training. The Audit Committee has suggested important issues for the Company to improve its performance.

In conclusion, the Audit Committee performed the duties and responsibilities as outlined in the Charter of the Audit Committee approved by the Board of Directors by using sufficient knowledge, ability, carefulness, prudence, and independence for the equal benefit of all stakeholders. The Audit Committee is of the opinion that the financial reports of the Company are accurate, reliable, compliant with the generally accepted accounting standards. The Company has appropriate and effective internal control management, consistent operation in accordance with the good corporate governance system, and compliance with laws, regulations, and obligations relating to the Company's operations

On behalf of the Audit Committee,



(Mr. Padungdej Indralak)
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the financial statements of Sappe Public Company Limited ("Company") and its subsidiaries, which are prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, the Accounting Profession Act B.E. 2547, the interpretation and guidelines on accounting issued by the Federation of Accounting Professions, and the Securities and Exchange Act B.E. 2535. Regarding the preparation of financial reports, the Company has chosen and implemented under the appropriate accounting policies consistently, including sufficient disclosure of important information in the notes of financial statements and unconditional procurement of comments on the financial statements of the Company in the auditors' reports.

In addition, the Board of Directors is responsible for overseeing, establishing, and maintaining the internal control and risk management to ensure that accounting records are accurate, complete, timely and sufficient to maintain assets as well as preventing fraud or committing an offense against the Company. In this regard, the Board of Directors has appointed the Audit Committee consisting of independent directors overseeing financial statements and assessing the internal control and internal audit systems for efficiency and effectiveness. For this reason, The Board of Directors is of the opinion that, with the internal control and internal audit systems of the Company, the Company can build confidence that the Company's financial statements and financial reports are accurate in substantial.

On behalf of the Board of Directors



Mr. Anan Ruckariyapong
(Director)



Mr. Arnupap Ruckariyapong
(Director)

SAPPE.COM



Sappe Playground



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