



No. FI202111-01

11 Nov 2021

Subject: Report on operating results for the first quarter ended 30 September 2021 and changes in the operating results from the same period of the previous year

To: President of the Stock Exchange of Thailand

Regarding a regulation of the Stock Exchange of Thailand stating that in case of the listed company's operating results are different from the same period of the previous year by more than 20%, the listed company shall submit a report, along with its financial statements, to notify the reasons for such changes.

(Unit: Thousand Baht)

P&L Statement as at Q3/2021

Profit & Loss statement	Q3/2021	%	Q3/2020	%	Q2/2021	%	YoY%	QoQ%	9M/2021	%	9M/2020	%	YoY%
Total Revenue	1,083,863	100.0%	954,248	100.0%	960,495	100.0%	13.6%	12.8%	2,816,997	100.0%	2,526,796	100.0%	11.5%
Revenue from selling goods	1,000,145	92.3%	940,366	98.5%	891,006	92.8%	6.4%	12.2%	2,625,440	93.2%	2,474,825	97.9%	6.1%
Net gain from foreign exchange	-	0.0%	1,168	0.1%	-	0.0%	-100.0%		-	0.0%	-	0.0%	
Others income	83,718	7.7%	12,714	1.3%	69,489	7.2%	558.5%	20.5%	191,557	6.8%	38,934	1.5%	392.0%
Cost of goods sold	595,583	55.0%	576,349	60.4%	536,289	55.8%	3.3%	11.1%	1,591,522	56.5%	1,564,674	61.9%	1.7%
Gross profit	488,280	45.0%	377,899	39.6%	424,206	44.2%	29.2%	15.1%	1,225,475	43.5%	949,085	37.6%	29.1%
SG&A	305,599	28.2%	197,952	20.7%	282,715	27.4%	54.4%	16.3%	761,624	27.0%	559,798	22.2%	36.1%
Selling expenses	221,157	20.4%	124,785	13.1%	182,427	19.0%	77.2%	21.2%	521,988	18.5%	324,448	12.8%	60.9%
Administrative expenses	81,314	7.5%	73,167	7.7%	80,002	8.3%	11.1%	1.6%	231,616	8.2%	222,787	8.8%	4.0%
Net loss from foreign exchange	3,128	0.3%	-	0.0%	286	0.0%	100.0%	993.8%	8,020	0.3%	12,563	0.5%	-36.2%
EBIT	182,682	16.9%	179,947	18.9%	161,491	16.8%	1.5%	13.1%	463,852	16.5%	389,287	15.4%	19.2%
Finance costs	(528)	0.0%	(749)	-0.1%	(707)	-0.1%	-29.6%	-25.4%	(1,891)	-0.1%	(2,443)	-0.1%	-22.6%
Reversal of impairment loss (TFRS 9)	8	0.0%	426	0.0%	(168)	0.0%	-98.0%	-105.0%	(330)	0.0%	4,118	0.2%	-108.0%
Share of profit(loss) from investment in association	(3,610)	-0.3%	(9,956)	-1.0%	(3,609)	-0.4%	-63.7%	0.0%	(16,505)	-0.6%	(15,458)	-0.3%	6.8%
EBT	178,553	16.5%	169,668	17.8%	157,007	16.3%	5.2%	13.7%	445,127	15.8%	375,504	14.9%	18.5%
Income tax expense	35,557	3.3%	35,104	3.7%	31,835	3.3%	1.3%	11.7%	91,911	3.3%	76,290	3.0%	20.5%
Net profit(loss)	142,995	13.2%	134,564	14.1%	125,172	13.0%	6.3%	14.2%	353,215	12.5%	299,214	11.8%	18.0%
Net profit(loss) of Parent Company	142,000	13.1%	132,773	13.9%	126,866	13.2%	6.9%	11.9%	355,434	12.6%	297,537	11.8%	19.5%



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for Q3/2021 was Baht 1,083.9 million which is the highest total revenue compared with all previous quarters or increasing by 13.6% from the same period of last year. The increase was mainly from the export market where the company foresaw the positive sign of economic recovery after many countries have vaccine against COVID-19, comparing to the same period of last year. On the other hand, in domestic market, total sales decreased, comparing to the same period of last year due to the COVID-19 situation in Thailand, which has not yet recovered, and the flood crisis in many provinces leading to lower consumer traffic and logistic supply chain issues.

Cost of goods sold to total revenue decreased by 5.4 pts. to 55.0% from the increasing machine utilization rate and continued cost-saving projects.

Selling and Administrative expenses were Bath 302.5 million, increasing by 52.7% from the same period of last year at Bath 198.0 million. This significant increase resulted from container shortage situation leading to higher logistic cost in export market. However, this additional cost can be collected from customers and the company recorded those transactions as other income. As a result, net profit in Q3/2021 was at Baht 143.0 million, increasing by 6.3% from the same period of previous year at Baht 134.6 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 1,000.1 million, 6.4% higher than the same period of last year. Domestic sales were Baht 315.0 million, 33.7% YoY decrease, and international sales were Baht 685.1 million, 47.2% YoY increase.

Domestic sales decreased due to worse COVID-19 outbreak situation in this quarter and the flood crisis in many provinces leading to lower consumer traffic in both Modern trade and Traditional trade channels while the Online and E-Commerce channels have a significant growth. Nonetheless, the growth in Online and E-commerce cannot compensate the lower sales in the main channel yet. However, the company has new products (NDP) launching plan since Q2/2021 onwards to increase the sales growth after the positive recovery of COVID-19 pandemic in the end of this year. These NPD include Preaw coffee (Collagen Peptide Type II), Maxtive coffee (Cordyceps), SAPPE x TAKABB, Beauti Drink Ruby Lady, Kru Pensri Candy, Gumi Gumi Yoghurt Jelly, Sappe Aloe Vera Honey-lemon and peach, Sappe Beauti Drink Immu-C and Beauty Booster.

The export sales have significant growth rate at 47.2% YoY with the positive sign of economic recovery in many countries, increasing customers purchasing power in every markets especially in Asia that we foresee a significant growth comparing with the previous quarter. Although, the container shortage issue since the end of last year have not yet recovered, affecting sea freight cost, the company has already discussed with business partner to manage this issue situation in long-term.

Cost of Goods Sold

COGS to the total revenue from selling goods in Q3/2021 was at 55.0%, lower than Q3/2020 at 60.4%, due to increasing machine utilization rate from significant export sales increase, depreciation of Thai Baht and the continue cost-saving projects.



Selling Expenses

Selling expenses to the total revenue was reported at 20.4%, higher than the same period of last year at 7.3% due to marketing investment in domestic and international markets and increasing sea freight cost from the container shortage situation.

At present, the company has provided service by sourcing shipping companies to some customers at lower sea freight cost which will be collected from those customers later. This transaction has caused higher selling expense but eventually will be offset with other income from Q1/2021 onwards.

In addition, the company have re-allocated marketing budget by lowering partial domestic budget and increasing international marketing budget to build brand awareness, expand consumer base and build brand loyalty in export markets through O2O (Online to Online/Offline Marketing) strategy to support the big growth in export market and to compensate the decline of domestic sales.

However, excluding sea freight cost mentioned above, % selling expense to total sales was still in the budget and has been carefully managed under unexpected COVID-19 situation.

Administrative Expenses

The company reported administrative expenses at Baht 81.3 million or 7.5% of the total revenue, slightly increasing from the same period of last year at Baht 73.2 million or 7.7% of the total revenue.

Share of profit (loss) from Investment in Association.

The Company realized a total loss of Baht 3.6 million, resulting from a joint investment in an associate, Danone-Sappe Beverages Co., Ltd. (25% shareholding), in the form of sales and marketing activities to create a medium-to long-term brand awareness. The company expects to significant decrease this Net loss in next year onward.

Net Profit (Loss)

The company reported net profit at Baht 143.0 million or 13.2% of the total revenue or 6.3% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer