



No. FI202202-01

23 Feb 2022

Subject: Report on operating results for the first quarter ended 31 December 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)

Profit & Loss statement	2021	%	2020	%	YoY%
Total Revenue	3,712,765	100.0%	3,320,933	100.0%	11.8%
Revenue from selling goods	3,444,160	92.8%	3,268,084	98.4%	5.4%
Others income	268,605	7.2%	52,849	1.6%	408.3%
Cost of goods sold	2,089,127	56.3%	2,067,232	62.2%	1.1%
Gross profit	1,623,638	43.7%	1,253,701	37.8%	29.5%
SG&A	1,083,813	29.2%	755,750	22.8%	43.4%
Selling expenses	759,883	20.5%	451,485	13.6%	68.3%
Administrative expenses	318,255	8.6%	298,359	9.0%	6.7%
Net loss from foreign exchange	5,675	0.2%	5,906	0.2%	-3.9%
EBIT	539,825	14.5%	497,951	15.0%	8.4%
Finance costs	(2,516)	-0.1%	(3,153)	-0.1%	-20.2%
Reversal of impairment loss (TFRS 9)	(859)	0.0%	2,674	0.1%	-132.1%
Share of profit(loss) from investment in association	(20,235)	-0.5%	(15,555)	-0.5%	30.1%
EBT	516,215	13.9%	481,917	14.5%	7.1%
Income tax expense	105,980	2.9%	95,966	2.9%	10.4%
Net profit(loss)	410,235	11.0%	385,950	11.6%	6.3%
Net profit(loss) of Parent Company	410,814	11.1%	380,161	11.4%	8.1%

Registration No. 0107556000591

Sappe Public Company Limited (HQ)
71 Ramkhamhaeng Rd., Huamark,
Bangkapi, BKK 10240
Tel. +662-319-4949 Fax: +662-319-7337

Factory 1
9/3 Serithai Rd., Kannayao, BKK 10230
Tel. +662-517-7183-5 Fax: +662-517-6820
W W W . S A P P E . C O M

Factory 2
8 Moo 7 Tambon Puech-udom, Amphoe
Lamlukka, Pathumthani 12150
Tel. +662-319-4949 Fax: +662-190-1021



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for the year 2021 was Baht 3,712.8 million, the highest revenue since the company has established or increasing by 11.8% from the same period of last year. The increase was mainly from the export market where is foreseen the positive sign of economic recovery after many countries have vaccine against COVID-19 and the expansion of new channel coverage. On the other hand, total domestic sales decreased, comparing to the same period of last year due to the COVID-19 situation in Thailand, which has not yet recovered, the increase of inflation rate and unrecovered tourism sector and economy.

Cost of goods sold to total revenue decreased by 3.9 pts. to 56.3% from the increasing machine utilization rate and continued cost-saving projects.

Selling expenses was Bath 759.9 million, increasing by 68.3% from the same period of last year at Bath 451.5 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 for the year 2021 was at Baht 410.2 million, increasing by 6.3% from the same period of previous year at Baht 386.0 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 3,444.2 million, 5.4% higher than the same period of last year. Domestic sales were Baht 1,209.0 million, 20.0% YoY decrease, and international sales were Baht 2,234.3 million, 27.2% YoY increase.

Domestic sales decreased due to worse COVID-19 outbreak situation this year, comparing to last year and the company allocated partial domestic selling expense budget to export selling expense budget which directly affected to sales in Modern trade and Traditional trade 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 had 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 and Black Galanga), SAPPE x TAKABB, Beauti Drink Ruby Lady, Kru Pensri Candy, Gumi Gumi Yoghurt Jelly, Sappe Aloe Vera Honey-lemon and peach, Sappe Beauti Drink Immuc and Beauty Booster.

For the export sales, the company is still able to maintain yearly growth since 2018 excepting last year due to the COVID outbreak affecting the entire year. In 2021, the export sales had significant growth rate at 27.2% YoY with the positive sign of economic recovery in many countries, increasing customers purchasing power, and the expansion of new channel coverage in Europe, Middle east, and North America. Moreover, the company has implemented O2O (Online to Offline) marketing strategy with the major customer in Asia who has broaden-coverage in Modern trade, to expand new consumer group, to build a brand loyalty and to achieve export sales target.



However, the sales in Q4:2021 decreased when compared with Q3:2021 as the container shortage situation has remained and export market demand has just recovered, leading to the postpone of export sale order to Q1:2022. For the increasing of sea freight cost, the company has already discussed with business partner to manage this issue in the long-term.

Cost of Goods Sold

COGS to the total revenue in Q3/2021 was at 56.3%, lower than the previous year at 62.2%, due to increasing machine utilization rate from significant export sales increase and the continue cost-saving projects. In 2022, the company is still focusing on both increasing machine utilization rate and continue cost-saving projects to support the fluctuation of raw materials price.

Selling Expenses

Selling expenses to the total revenue was reported at 20.5%, higher than the same period of last year at 6.9 pts. 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 318.3 million or 8.6% of the total revenue, slightly decrease from the same period of last year 9.0% of the total revenue due to the growth of total revenue was higher than the growth of administrative expenses.

Share of profit (loss) from Investment in Association.

The Company realized a total loss of Baht 20.2 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 410.2 million or 11.0% of the total revenue or 6.3% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer