



No. FI202205-01

11 May 2022

Subject: Report on operating results for the first quarter ended 31 March 2022 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	Q1/2022	%	Q1/2021	%	Q4/2021	%	YoY%	QoQ%
Total Revenue	1,142,741	100.0%	772,639	100.0%	895,768	100.0%	47.9%	27.6%
Revenue from selling goods	1,018,978	89.2%	734,289	95.0%	818,720	91.4%	38.8%	24.5%
Net gain from foreign exchange	1,499	0.1%	-	0.0%	-	0.0%	100.0%	100.0%
Gain from changes in interest in associate	-	0.0%	-	0.0%	-	0.0%		
Others income	122,264	10.7%	38,350	5.0%	77,048	8.6%	218.8%	58.7%
Cost of goods sold	598,692	52.4%	459,650	59.5%	497,604	55.6%	30.2%	20.3%
Gross profit	544,049	47.6%	312,989	40.5%	398,164	44.4%	73.8%	36.6%
SG&A	350,708	30.7%	193,310	25.0%	322,190	36.0%	81.4%	8.9%
Selling expenses	266,289	23.3%	118,404	15.3%	237,896	26.6%	124.9%	11.9%
Administrative expenses	84,419	7.4%	70,300	9.1%	86,639	9.7%	20.1%	-2.6%
Net loss from foreign exchange	-	0.0%	4,606	0.6%	(2,345)	-0.3%	-100.0%	-100.0%
EBIT	193,341	16.9%	119,679	15.5%	75,974	8.5%	61.5%	154.5%
Finance costs	(560)	0.0%	(656)	-0.1%	(625)	-0.1%	-14.6%	-10.4%
Reversal of impairment loss (TFRS 9)	134	0.0%	(170)	0.0%	(530)	-0.1%	-178.8%	-125.3%
Share of profit(loss) from investment in association	815	0.1%	(9,286)	-1.2%	(3,730)	-0.4%	-108.8%	-121.9%
EBT	193,730	17.0%	109,567	14.2%	71,090	7.9%	76.8%	172.5%
Income tax expense	37,523	3.3%	24,519	3.2%	14,069	1.6%	53.0%	166.7%
Net profit(loss)	156,207	13.7%	85,048	11.0%	57,020	6.4%	83.7%	174.0%
Net profit(loss) of Parent Company	153,388	13.4%	86,568	11.2%	55,381	6.2%	77.2%	177.0%



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for Q1/2022 was Baht 1,142.7 million, the highest revenue since the company has established or increasing by 47.9% from the same period of last year. The increase was mainly from the export market in Asia Europe and Middle East where the consumption power has a significant recovered and the company also has expanded the new sales channels especially in Modern Trade channel which is the National Chain in many countries.

Cost of goods sold to total revenue decreased by 7.1 pts. to 52.4% from the increasing machine utilization rate and continued cost-saving projects.

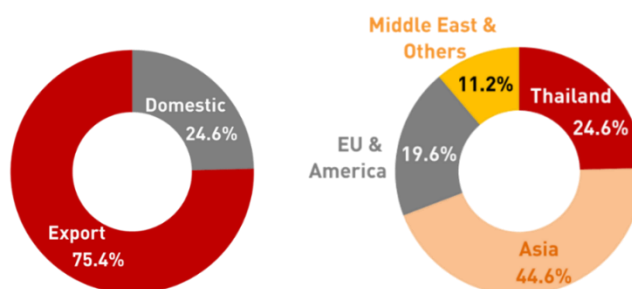
Selling expenses was Bath 266.3 million, increasing by 124.9% from the same period of last year at Bath 118.4 million. This significant increase resulted from container shortage situation leading to higher logistic cost in export market. However, this additional cost can be collected from customers and the company recorded those transactions as other income. As a result, net profit for Q1/2022 was at Baht 156.2 million, increasing by 83.7% from the same period of previous year at Baht 85.0 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 1,019.0 million, the highest quarterly revenue since the company has established or increasing by 38.8% higher than the same period of last year

International sales were Baht 768.2 million, 69.7% YoY increase, the new baseline of export sales in many continents, resulting from the expanding of sales channels into National chains in Europe and the recovery of consumption in Asia and Middle East. Sappe's products have been exported over 90 counties around the globe with the best seller products, Mogu Mogu, fruit juice with chewy nata de coco chunks, and Sappe Aloe Vera, fruit juice with chewy Aloe Vera chunks. As a result, our sales have significant growth in Europe, Asia and Middle East at +136%, +77% and 58% YoY respectively. This momentum can be foreseen in the next quarters.

Domestic sales were Baht 250.8 million or 11.0% YoY decrease from the limitation of production capacity required to support a significant growth in export market and led to the partial re-allocation of domestic selling expenses budget to export selling expenses together with the reduced selling activities, marketing plan and new products (NPD) launching plans in this quarter. Nonetheless, the company has increased an investment budget in Online and E-Commerce sales channels where the company foresees a big potential growth in the future.





Cost of Goods Sold

The company has foreseen the continually increasing of raw material and packing costs especially from PET Resin price which is directly variable to Crude oil price. However, %COGS to the total revenue in Q1/2022 was at 52.4%, lower than the same period of previous year at 59.5% from the following reasons:

1. The increasing of channel mix between export sales, where the company had a higher %gross margin than domestic sales, and domestic sales increased from 60% in Q1/2021 to 75% in this quarter.
2. A partial increase of export sales from the depreciation of Thai Baht against USD.
3. The increase of machine utilization rate to support new baseline of export sales.
4. Continuous improvement of production process for example: effective production planning design, production manpower management and improving production yield while reducing a production loss.
5. The continued cost-saving projects for example: The solar cell rooftop investment to reduce electricity cost, the implementations of machine learning for quality control and automation process to replace manual process.

Selling Expenses

Selling expenses to the total revenue was reported at 23.3%, higher than the same period of last year at 8.0 pts. due to the increasing of 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 later collected from the customers. These transactions have caused higher selling expenses but eventually will be offset with other income from Q1/2021 onwards.

However, excluding sea freight cost mentioned above, % selling expense to total sales was still in the budget and in accordance with the full-year domestic and export marketing plans by consideration of the most effective spending.

Administrative Expenses

The company reported administrative expenses at Baht 84.4 million or 7.4% of the total revenue, a slight decrease from the same period of last year at 9.1% of the total revenue as 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 profit of Baht 0.8 million, resulting from two joint investments in associates, M Intelligence Company Limited (16.2% shareholding) realizing profit of Baht 1.1 million, and Danone-Sappe Beverages Co., Ltd. (25% shareholding), realizing loss of 0.3 million. The company expects to significantly improve the net loss of Danone-Sappe Beverages Co., Ltd. in the remaining quarters comparing to the previous year.



Net Profit (Loss)

The company reported net profit at Baht 156.2 million or 13.7% of the total revenue or 83.7% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer