



No. FI202208-01

10 August 2022

Subject: Report on operating results for the first quarter ended 30 June 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)

Statement of income	Q2/2022	%	Q2/2021	%	Q1/2022	%	YoY%	QoQ%	1H/2022	%	1H/2021	%	YoY%
Total Revenue	1,334,482	100.0%	960,495	100.0%	1,141,242	100.0%	38.9%	16.9%	2,475,723	100.0%	1,733,134	100.0%	42.8%
Revenue from sale of goods	1,236,378	92.6%	891,006	92.8%	1,018,978	89.3%	38.8%	21.3%	2,255,356	91.1%	1,625,295	93.8%	38.8%
Other income	98,104	7.4%	69,489	7.2%	122,264	10.7%	41.2%	-19.8%	220,367	8.9%	107,839	6.2%	104.3%
Cost of sales of goods	736,410	55.2%	536,289	55.8%	598,692	52.5%	37.3%	23.0%	1,335,101	53.9%	995,939	57.5%	34.1%
Gross profit	598,072	44.8%	424,206	44.2%	542,550	47.5%	41.0%	10.2%	1,140,622	46.1%	737,195	42.5%	54.7%
SG&A	386,970	29.0%	262,715	27.4%	349,209	30.6%	47.3%	10.8%	736,179	29.7%	456,025	26.3%	61.4%
Distribution costs	292,463	21.9%	182,427	19.0%	266,289	23.3%	60.3%	9.8%	558,752	22.6%	300,831	17.4%	85.7%
Administrative expenses	87,266	6.5%	80,002	8.3%	84,419	7.4%	9.1%	3.4%	171,685	6.9%	150,302	8.7%	14.2%
Net foreign exchange loss	7,241	0.5%	286	0.0%	(1,499)	-0.1%	2431.8%	-583.1%	5,742	0.2%	4,892	0.3%	17.4%
EBIT	211,102	15.8%	161,491	16.8%	193,341	16.9%	30.7%	9.2%	404,443	16.3%	281,170	16.2%	43.8%
Finance costs	(577)	0.0%	(707)	-0.1%	(560)	0.0%	-18.4%	3.0%	(1,137)	0.0%	(1,363)	-0.1%	-16.6%
Impairment loss (TFRS 9)	(4,385)	-0.3%	(168)	0.0%	134	0.0%	2510.1%	-3371.3%	(4,251)	-0.2%	(338)	0.0%	1157.7%
Share of profit(loss) of associates (Equity Method)	680	0.1%	(3,609)	-0.4%	815	0.1%	-118.8%	-16.5%	1,495	0.1%	(12,895)	-0.3%	-111.6%
EBT	206,820	15.5%	157,007	16.3%	193,730	17.0%	31.7%	6.8%	400,550	16.2%	286,574	15.4%	50.3%
Tax expense	39,513	3.0%	31,835	3.3%	37,523	3.3%	24.1%	5.3%	77,036	3.1%	56,354	3.3%	36.7%
Profit for the period	167,307	12.5%	125,172	13.0%	156,207	13.7%	33.7%	7.1%	323,514	13.1%	210,220	12.1%	53.9%
Profit for the period - Parent Company	167,282	12.5%	126,866	13.2%	153,388	13.4%	31.9%	9.1%	320,670	13.0%	213,434	12.3%	50.2%



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for Q2/2022 was Baht 1,334.5 million, the highest revenue since the company has established or increasing by 38.9% from the same period of last year. The increase was mainly derived from export market in Asia, Europe and Middle East where the company has expanded distribution channels through National chained Modern Trade outlets in several countries.

Cost of goods sold to total revenue decreased by 0.6 pts. to 55.2%. Despite the fact that the company gained positive impact from depreciation of THB against USD, this benefit cannot compensate the increase of raw material costs. The major factor improving %COGS was the improvement of factory performance such as the increase of machine utilization rate, the reduction of production loss and well-managed manpower and overhead expenses.

Selling expenses was Bath 292.5 million, increasing by 60.3% from the same period of last year at Bath 182.4 million. This significant increase resulted from container shortage situation leading to higher logistic cost for export market. However, this additional cost can be collected from customers and the company recorded such transactions as other income. As a result, net profit – parent company for Q2/2022 was at Baht 167.3 million, the highest profit since the establishment or increasing by 31.9% from the same period of last year at Baht 126.8 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 1,236.4 million, also the highest quarterly revenue since the establishment or increasing by 38.8% higher than the same period of last year

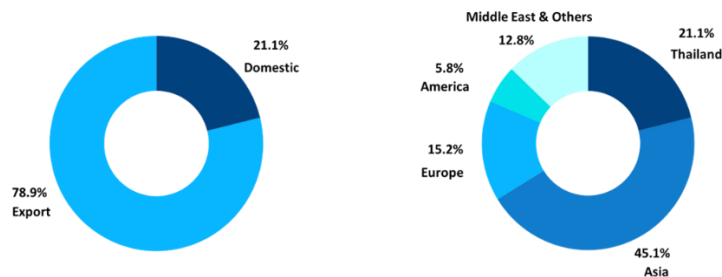
International sales were Baht 975.1 million, 67.7% YoY increase, becoming the new baseline of the company's export sales. The significant growth was contributed by the expansion of sales channels through National chained Modern trade outlets in Europe and the recovery of consumption power in Asia and Middle East. The best-selling products exported over 90 countries worldwide are Mogu Mogu, fruit juices with chewy nata de coco chunks, and Sappe Aloe Vera, fruit juices with chewy Aloe Vera chunks. Comparing to the same period of last year, sales in Europe, Asia and Middle East grew at +92.1%, +83.9% and 59.3% respectively. The company still foresees this growth momentum in the next quarters.

Domestic sales were Baht 261.3 million or 15.6% YoY decrease, resulting from both external & internal factors; unrecovered domestic consumption, limitation of production capacity required to support significant growth in export



market, and the adjustment of new product launch plans postponed to the third quarter onwards. The company continues to focus on online marketing and e-Commerce channels that has been foreseen high potential and opportunities in the future

Revenue from sale of goods in Q2/2022



Cost of Goods Sold

The company began to recognize the rising cost of raw materials such as sugar, nata de coco chunks, and packaging, in particular the cost of PET resin increased in line with the oil price. However, %COGS to total revenue in this quarter accounted for 55.2%, a decrease of 55.8% compared to the same quarter of previous year due to:

1. The increase from 65% in Q2/2021 to 79% in this quarter of export sales contribution, providing higher gross margin than domestic sales
2. The increase in sales contributed by the depreciation of THB against USD
3. The increase in capacity utilization rate to support the new base adjustment of the export market that has grown significantly
4. Continuous improvement of production process such as efficient production planning design, human resource management, improving production yield, and reducing loss caused by the production process
5. Investment projects to reduce production costs in other areas, such as installation of solar rooftop to save energy cost, use of machine learning for product quality control, and the replacement of manual processes with automation processes.

Selling Expenses

Selling expenses to the total revenue was reported at 21.9%, higher than the same period of last year at 2.9 pts. due to the rising export costs from assisting customers to seek sea freight service providers, which was in line with the increasing number of export orders.



At present, the company has provided service by seeking several shipping companies for some customers at lower cost which will be later collected from those customers and recorded as other income to the company. Since Q1/2021, this type of transaction has caused higher selling expense but eventually will be offset by other income.

By taking into account the efficiency of budget spending, % selling expense to total sales, excluding sea freight cost mentioned above, was still in the budget and align with the full-year domestic and export marketing plans

Administrative Expenses

The company reported administrative expenses at Baht 87.3 million or 6.5% of the total revenue, slightly decrease from the same period of last year at 8.3% because the growth of 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 0.7 million, resulting from two joint investments in associates, M Intelligence Company Limited (16.2% shareholding) realizing profit of Baht 0.3 million, and Danone-Sappe Beverages Co., Ltd. (25% shareholding), realizing loss of Baht 0.4 million. The company expects significant improvement of net loss of Danone-Sappe Beverages Co., Ltd. in the remaining quarters.

Net Profit (Loss) – Parent Company

The company reported net profit – parent company at Baht 167.3 million, 12.5% of the total revenue, the highest profit since the establishment or increasing 31.9% YoY.

Sincerely Yours,

Sappe Public Company Limited

Ms. Piyajit Ruckariyapong

Chief Executive Officer