



No. FI202011-01

November 12<sup>th</sup>, 2020

Subject: Report on operating results for the year ended September 30<sup>th</sup>, 2020  
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 financial statements, to notify the reasons for such changes.

(Unit: Thousand Baht)

Profit & Loss statement	Q3/2020	%	Q3/2019	%	Q2/2020	%	YoY%	QoQ%
<b>Total Revenue</b>	<b>954,248</b>	<b>100.0%</b>	<b>832,979</b>	<b>100.0%</b>	<b>728,197</b>	<b>100.0%</b>	<b>14.6%</b>	<b>31.0%</b>
Revenue from selling goods	940,366	98.6%	814,713	97.8%	704,413	96.7%	15.4%	33.5%
Net gain from foreign exchange	1,168	0.1%	154	0.0%	11,869	1.6%	657.4%	-90.2%
Gain from changes in interest in associate	-	0.0%	-	0.0%	-	0.0%		
Others income	12,714	1.3%	18,112	2.2%	11,915	1.7%	-29.8%	6.7%
<b>Cost of goods sold</b>	<b>576,349</b>	<b>60.4%</b>	<b>491,794</b>	<b>59.0%</b>	<b>454,889</b>	<b>62.5%</b>	<b>17.2%</b>	<b>26.7%</b>
<b>Gross profit</b>	<b>377,899</b>	<b>39.6%</b>	<b>341,185</b>	<b>41.0%</b>	<b>273,308</b>	<b>37.5%</b>	<b>10.8%</b>	<b>38.3%</b>
<b>SG&amp;A</b>	<b>197,952</b>	<b>20.7%</b>	<b>209,212</b>	<b>25.1%</b>	<b>168,221</b>	<b>23.1%</b>	<b>-5.4%</b>	<b>17.7%</b>
Selling expenses	124,785	13.1%	136,382	16.4%	93,658	12.9%	-8.5%	33.2%
Administrative expenses	73,167	7.6%	72,830	8.7%	74,563	10.2%	0.5%	-1.9%
Net loss from foreign exchange	-	0.0%	-	0.0%	-	0.0%		
<b>EBIT</b>	<b>179,947</b>	<b>18.9%</b>	<b>131,973</b>	<b>15.9%</b>	<b>105,087</b>	<b>14.4%</b>	<b>36.4%</b>	<b>71.2%</b>
Finance costs	(749)	-0.1%	(293)	0.0%	(831)	-0.1%	156.1%	-9.9%
Reversal of impairment loss (TFRS 9)	426	0.0%	-	0.0%	2,531	0.3%	100.0%	-83.2%
Share of profit(loss) from investment in association	(9,956)	-1.0%	(3,664)	-0.5%	(2,397)	-0.3%	171.7%	315.4%
<b>EBT</b>	<b>169,668</b>	<b>17.8%</b>	<b>128,016</b>	<b>15.4%</b>	<b>104,390</b>	<b>14.3%</b>	<b>32.5%</b>	<b>62.5%</b>
Income tax expense	35,104	3.7%	26,698	3.2%	22,741	3.1%	31.5%	54.4%
<b>Net profit(loss)</b>	<b>134,564</b>	<b>14.1%</b>	<b>101,318</b>	<b>12.2%</b>	<b>81,649</b>	<b>11.2%</b>	<b>32.8%</b>	<b>64.8%</b>
Net profit(loss) of Parent Company	132,773	13.9%	102,184	12.3%	82,753	11.4%	29.9%	60.4%



## Overall

Regarding overall performance of Sappe Public Company Limited, consolidated total revenue for Q3/2020 was Baht 954.2 million, increasing by 14.6% from the same period of last year. The growth was mainly from domestic sales as a result of the rising of health-conscious trend after the pandemic, which contributed an impressive growth of the functional category.

Cost of goods sold to the total revenue slightly increased by 1.4 pts. comparing to the same period of last year, due to the increasing sales portion of B'lue and All Coco, which have higher costs than Sappe products, and additional excise tax imposed on some categories. However, the overall cost of goods sold decreased, which were from the lower cost of raw materials & packaging costs together with the better cost management.

Selling expenses to the total revenue was reported at 13.1%, slightly decreasing by 3.3 pts. when comparing to the same period of last year due to the effectiveness of budget management and the ability to maintain administrative expense at Baht 73.2 million, slightly increasing from the same period last year. The company reported its net profit for Q3/2020 at Baht 134.6 million, growing by 32.8% from the same period of last year at Baht 101.3 million.

## Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 940.4 million, 15.4% higher than the same period of last year. Domestic sales were Baht 475.1 million, 52.2% YoY increase, and international sales were Baht 465.3 million, 7.5% YoY decrease.

Domestic sales significantly increased, mainly due to the rising health-conscious trend after the pandemic contributing functional category's impressive growth. The company was able to manage marketing budget spending to create brand awareness more effectively comparing to the previous year. In addition, healthy snack category was also a major contribution for domestic sales growth from new products launch such as Gumi Gumi Jelly and Preaw Pudding.

The international sales, especially in the major countries in Asia, were adversely affected by COVID-19 pandemic but stronger recovery is expected in Q4/2020 onwards.

## Cost of Goods Sold

COGS to the total revenue in Q3/2020 was at 60.4%, higher than Q3/2019 reported at 59.0%. This was due to the increasing sales portion of B'lue and All Coco, which have higher costs than Sappe products, and the impose of excise tax at 10% of retail price since Oct/2019. However, since July 2020, the Excise Department has already announced the reduction of such tax rate to 3%.



Other positive factors for COGS reduction still remain, including significant lower packaging and bottle costs (PET Resin) than Q3/2019, higher utilization rate from recovered sales trend in both domestic and international markets and the better cost management in the factory.

### **Selling expenses**

The Company's selling expenses to the total revenue was reported at 13.1%, a decrease from the same period last year with selling expenses of 16.4% due to an effective cost control. In this regard, the above percentage is still in line with the Company's budget with higher sales in this quarter compared to the previous quarter.

### **Administrative expenses**

The company reported the expenses at Baht 73.2 million, equal amount to the same period of last year.

### **Share of profit (loss) from investment in association**

Total loss of Baht 9.9 million from investment in an associate, Danone-Sappe Beverages Co., Ltd. (owned 25% shares), was reported. The loss was from high spending to create mid to long term brand awareness of B'lue product.

### **Net Profit (Loss)**

The company reported net profit at Baht 134.6 million or 14.1% of the total revenue, 64.8% QoQ and 32.8% YoY increase.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer