



No. FI202102-01

February 25th, 2021

Subject: Report on operating results for the year ended December 31st, 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 its financial statements, to notify the reasons for such changes.

(Unit: Thousand Baht)

Profit & Loss statement	2020	%	2019	%	YoY%
Total Revenue	3,320,933	100.0%	3,386,856	100.0%	-1.95%
Revenue from selling goods	3,268,084	98.4%	3,299,478	97.4%	-0.95%
Net gain from foreign exchange	-	0.0%	7,378	0.2%	-100.00%
Gain from changes in interest in associate	-	0.0%	10,081	0.3%	-100.00%
Others income	52,849	1.6%	69,919	2.1%	-24.41%
Cost of goods sold	2,067,232	62.2%	2,083,847	61.5%	-0.80%
Gross profit	1,253,701	37.8%	1,303,008	38.5%	-3.78%
SG&A	755,750	22.8%	780,809	23.1%	-3.21%
Selling expenses	451,485	13.6%	490,110	14.5%	-7.88%
Administrative expenses	298,359	9.0%	290,699	8.6%	2.64%
Net loss from foreign exchange	5,906	0.2%	-	0.0%	100.00%
EBIT	497,951	15.0%	522,199	15.4%	-4.64%
Finance costs	(3,153)	-0.1%	(1,116)	0.0%	182.49%
Reversal of impairment loss (TFRS 9)	2,673	0.1%	-	0.0%	100.00%
Share of profit(loss) from investment in association	(15,555)	-0.5%	(18,346)	-0.6%	-15.21%
EBT	481,916	14.5%	502,737	14.8%	-4.14%
Income tax expense	95,966	2.9%	100,011	2.9%	-4.04%
Net profit(loss)	385,950	11.6%	402,726	11.9%	-4.17%
Net profit(loss) of Parent Company	380,161	11.4%	403,063	11.9%	-5.68%



Overall

According to the overall performance of Sappe Public Company Limited and its subsidiaries (“the Company”) reflected in consolidated financial statements of year 2020, total revenue was at Baht 3,320.9 million, 1.9% decrease from the previous year. The decrease was from lower revenue from selling goods by 0.9%, resulting from COVID-19 pandemic situation and lock down measures occurred since Q1/2020, causing a decline in consumers’ purchasing power in both international and domestic markets. Nevertheless, the domestic market is still growing steadily as a result of the rising health-conscious trend which positively affects the Company’s Functional Drink category products.

Cost of goods sold to total revenue increased by 0.7 pts. to 62.2%, mainly due to an increase in Thai excise tax imposed on some beverage categories. Regardless of this factor, the Company’s cost of goods sold to total revenue decreased, supported by lower raw material and packing costs, as well as continued cost saving projects.

Selling expenses to total revenue was at 13.6%, a decrease of 0.9 pts. comparing to the previous year due to the effective budget management and the ability to maintain administrative expenses at Baht 298.4 million, almost the same level as the previous year. As a result, Net profit for the year was at Baht 386.0 million, a decrease of 4.2% from the same period of last year at Baht 402.7 million.

Revenue from Selling Goods

The revenue from selling goods of the Company for year 2020 was at Baht 3,268.1 million, 0.9% decrease from previous year. Domestic sales revenue was at Baht 1,481.3 million increase 6.9% from the previous year while international sales revenue was at Baht 1,786.8 million decrease 7.3% decreases from the previous year.

Despite lower purchasing power of domestic consumers due to the COVID-19 pandemic situation, domestic sales revenue continued to grow from the previous year because of the rising health-conscious trend, providing positive effect to the Functional Drink category products, including Beauti Drink and B’lue, and the effectiveness of selling expenses budget management to create brand awareness. In addition, healthier snack category was also a major contribution for domestic sales growth from a new product launch, Gumi Gumi Jelly, which focused on the Traditional trade market at an affordable price.

For international sales revenue, it has been affected by the COVID-19 pandemic situation, especially the sales from some countries in Asia, the Company’s largest market. Nonetheless, the Company starts to see positive sign of economic recovery from the vaccination against COVID-19 globally, consequently projecting international sales for year 2021 to grow in accordance with the Company’s fundamentals.

Cost of Goods Sold

Cost of goods sold in year 2020 accounted for 62.2% of total revenue, higher than the previous year at 61.5%, caused by an increasing sales portion of B’lue and All Coco whose cost of goods sold was high, higher excise tax imposed on some beverage categories at a rate of 10% effective since October 2019 even though such rate has been reduced to 3% in July 2020. However, the regardless of excise tax factor, the Company’s cost of goods sold to total revenue decreased, supported by lower raw material and packing costs, as well as continued cost saving projects.

For year 2021, the reduction of excise tax to 3% since July 2020 will improve our cost of goods sold and the company still continuously focus on the cost saving projects.

**Selling Expenses**

The Company's selling expenses to total revenue accounted for 13.6%, a decrease of 0.9 pts. comparing to the previous year at 14.5% due to an effective cost control. Such percentage is still in line with the Company's budget.

Administrative Expenses

Administrative expenses of the Company was at Baht 298.4 million, close to the previous year at Baht 290.7 million due to an effective cost control.

Share of profit (loss) from Investment in Association.

The Company realized a total loss of Baht 15.5 million, resulting from a joint investment in an associate (25% shareholding), Danone-Sappe Beverages Co., Ltd., in sales and marketing to create a medium-to long-term brand awareness in accordance with the plan.

Net Profit (Loss)

The net profit in year 2020 was at Baht 385.9 million or 11.6% of the total revenue, a decrease of 4.2% comparing to the previous year at Baht 402.7 million.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)
Director and Chief Executive Officer