



MISSION

TO

MARS

2023

Vision

Becoming the preferred and trusted global brand driven by a team of passionate and synergistic top talents passionately working happily together in a dynamically innovative workplace.

มุ่งสู่แบรนด์ระดับโลก ที่น่าเชื่อถือ ด้วยองค์กรที่สร้างสรรคอย่างไม่หยุดนิ่ง ร่วมกันกับทีมที่มีความสนุกและกระหายความสำเร็จ

Mission

“Thai Pride” Be an inspiring Thai model organization delivering superior choices of food & beverages to better people’s lives.

เราจะเป็นองค์กรแห่งแรงบันดาลใจ ที่ส่งมอบอาหารและเครื่องดื่มที่อร่อยสุดเจ๋ง เพื่อทำให้ชีวิตของผู้คนดีขึ้น ผ่านจิตวิญญาณที่สร้างสรรคของเรา

“We believe Thais are second to none in the world. So why can’t Thais build a brand to compete on the global stage?”

We, therefore, set the goal from the beginning that we wanted to build a Thai brand to become a “Global Brand.”

We have been exporting our products since 2005. For almost 20 years, we have been dreaming every day. We have tried with passion. We have fallen but never given up.

Now, “Mogu Mogu” is “Category Creators” as the world’s first fruit juice mixed with coconut jelly. So, is it possible that in the future when people around the world think about “Snack Drink,” the first brand they will think about will be “Mogu Mogu”?

How to make this Thai brand get to the hearts of consumers worldwide.

Humans once wondered whether we could travel to Mars. It is like we wonder whether we can build a Global Brand or not ... That’s a challenging mission but it is possible.

And we are traveling to our own “Mars”.
Mission to Mars



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HALL OF FAME 2023



'BEST CEO AWARDS' from the Stock Exchange of Thailand.



'BEST COMPANY PERFORMANCE AWARDS' from the Stock Exchange of Thailand.



'Outstanding CEO Awards' and 'Outstanding Company Performance Awards' from the Stock Exchange of Thailand.



'Sustainable Stocks': SET ESG Ratings 2023 at BBB level, Agro & Food Industry from the Stock Exchange of Thailand for the second consecutive year.



'Best Under A Billion 2023': Forbes Asia for the second consecutive year.



Sappe CEO Piyajit Ruckariyapong among Forbes Asia's 'Power Businesswomen' 2023.



Bangkok Post CEO of the Year 2023 awards: Best CEO in 'Brand Stewardship Excellence'.



'Best CEO in IAA Awards for Listed Companies 2022-2023' from the Investment Analysts Association (IAA) and the Stock Exchange of Thailand.



Prime Minister's Export Award 2023 in 'Best Thai Brand' from the Department of International Trade Promotion (DITP).



Thailand's Best Managed Companies 2023 award in the industry sector of food and beverage manufacturing from Deloitte (Thailand).



'Thailand Corporate Excellence Awards 2023' Management Excellence. Presented by TMA and Sasin Graduate Institute of Business Administration, Chulalongkorn University.

We are determined to create innovative and quality products to meet various needs and to continue gaining access to consumers' lifestyle. We also pushed for procurement of materials from output of Thai farmers and produce products with Sappe's innovative knowledge and expertise. In 2023, Sappe won awards given to its brands as follows:



JFEX Awards New To Japan 2023: Silver Award given to Mogu Mogu



SIAL Innovation awards from the SIAL America 2023 event given to 1) Mogu Mogu Jelly, 2) Sappe Beauti Shot Stix, 3) Sappe InYang, 4) Preaw Coffee High Fiber Formula, and 5) Preaw Coffee Collagen Type II formula



Superior Taste Award 2023 from the International Taste & Quality Institute (iTQi) given to All Coco.



SIAL Innovation Shenzhen 2023 FINALIST award given to Sappe Beauti Shot Stix and SIAL Innovation Shenzhen 2023 Selection prize from SIAL INNOVATION Shenzhen 2023 Exhibition given to Mogu Mogu Jelly. The event was one of the most successful food and beverage exhibitions in China.

Message from Chairman and Chief Executive Officer



In 2023, we still walked along the path established to build our Thai brand to grow firmly and sustainably from exporting products to 100 countries worldwide. Best of all, Mogu Mogu was able to retain its top rank in the fruit juice category in several countries, particularly in key countries such as France and South Korea. We made total sales of 6,052.6 million baht, growing 32.5% with contribution from domestic sales at 19.1% and international sales at 80.9%. In 2023, SAPPE still made “All-Time-High” growth in three consecutive quarters. Due to our exceptional performance, we won over 20 awards at both national and regional levels within a year. This is a guarantee of high quality and reflects our “Global Standard”, marking the past year as a significant step forward in positioning the Thai brand “SAPPE” closer to attaining “Global Brand” status.



No.1 Nata de Coco Snack Drink

Revenue from Selling Goods

6,052.6
million baht

Growth
↑ 32.5%

Sales by location



Domestic
19.1%



Export
80.9%

We launched over 20 new products as well as several cool campaigns, starting from Mogu Mogu x ZEPETO in early 2023 to communicate with consumers around the world in both real life and Metaverse. This campaign had continued for two years in a row. In summer, we delivered an innovation to consumers in Thailand with an event for sensational vitamin water B'lue, entitled “WHAT'S YOUR VIBE?”, for them to have ultimate fun with “The Immersive Interactive Experience”. We also participated in TEP x OIIO ASIA TECHLAND 2023, known as Asia’s leading tech show that brings together innovations and technologies from around the world under the concept of “The Best Living Tech Experience in Asia”. SAPPE joined the event with “SAPPE Future Bar” offering seven drink menus mixed by “ROBOTENDY”, Thailand’s first robotic bartender. These extraordinary campaigns reflect SAPPE’s identity as the home of innovation which always creates cool items and events to entertain consumers throughout the year.

As we believe that everybody can have good health and access to safe and quality food, we have been trying to create new choices and invent products which are able to better consumers’ quality of life through our various items at affordable prices. Currently, we have a number of beverage choices covering water and powder beverages. In the past year, we introduced strawberry flavored “Sappe Beauti Powder Stix”, instant powder with 2,000 mg of collagen and vitamin C for healthy skin. The concept of this splendid drink is just tearing a pack, mixing it with water and drinking it to add collagen to your skin at an affordable price of 10 baht. SAPPE communicated quality of Sappe Beauti Powder Stix through the #RightToHaveBeautifulSkinForAll campaign, which received a warm welcome from both groceries and consumers.

This year, we collaborated with new partners to jointly create more products and Huachiew Chalermprakiet University is one of them. SAPPE and Huachiew Chalermprakiet joined forces to introduce Chinese herb-based dietary supplement “Sappe Inyang X Hua Chiew” as a pioneer in a new form of Chinese traditional medicine in Thailand. The Sappe Inyang X Hua Chiew targets the senior population known as the “Silver Age”. In addition, we made a global partnership by collaborating with Power Root Berhad, or PWRT:MK which is the leading instant coffee manufacturer in Malaysia. The business alliance with Power Root Bhd was aimed at elevating mutual strengths in production, marketing, and distribution. SAPPE brought Power Root’s instant coffee to penetrate the market in Thailand while Power Root was committed to helping SAPPE expanding its business in Malaysia in order to enhance the business for both sides.

Regarding community and society, we held 100 activities for the employees both at the headquarters and the factory to help enhance their potential and joy. SAPPE emphasized “Leader” development to keep up with changes in the BANI World and be ready to transform into a “Change Agent” to lead the organization to achieve the goal, under continuous coaching and feedback. We also continued taking care of the community surrounding our factory, proven by the success of “Wan Wan Wan” project that proudly entered its seventh year. In 2023, the project helped increase income for its members by 39% from 2022. Additionally, the Wan Wan Wan project also helped its members increase their average household income by 88% and the average monthly income per rai increased by three times. We also provide medical equipment to 13 community hospitals in Lam Luk Ka District, supporting the activities of community volunteers, educational institutions, organizations, and various agencies, both from the public and private sectors throughout the year.

In the period in which we have to join hands to oversee and protect our world from global warming and climate change, the company completely changed the labels on the bottles of all SAPPE products from PVC to Polyethylene Terephthalate (PET) and developed the packaging process to be in line with circular economy. We also collaborated with our partners to develop other types of packaging, such as packages made from recycled plastic beads and boxes made from recycled paper which allow those packaging wastes to decompose naturally. Apart from this, we have installed ‘Solar Floating’ on the surface of the wastewater treatment pond located in the back of the factory as well as Solar Rooftop installation on the factory’s roof. It is a part of our efforts to reduce greenhouse gas emissions which is a project that SAPPE currently gives greatest importance to. We also built a new automated warehouse with an aim to boost production capacity, storage, and distribution of products to be able to manage the warehouse efficiently.

On behalf of the Chairman, Chief Executive Officer, and Sappe executives, we would like to thank all employees for their remarkable performance throughout the year, bringing this year’s Mission to Mars one step closer to success. Our products and the operations of our entire organization are accepted domestically and internationally. We also would like to thank our customers, suppliers, shareholders, business partners and all stakeholders for having solid confidence in us and always giving SAPPE great support. Please give us moral support in the year 2024 to help us constantly create an amazing performance to better people’s lives through our innovative spirit, and to successfully build this Thai brand to become a global brand in the near future.



Mr. Natee Onin
Chairman
of the Board of Directors



Ms. Piyajit Ruckariyapong
Executive Committee
member and CEO

Business Overview

Sappe Public Company Limited or Sappe is recognized as the leader of innovative drinks and being among the world's very first manufacturers to invent fruit juice mixed with coconut jelly. Sappe is also the pioneer of functional drinks in Thailand running business with the determination that "We better people's lives through our innovative spirit". The company applies innovation to drive the business creatively in order to produce innovative products. Sappe character of being energetic and fun has been perfectly demonstrated through the products and corporate culture.

In 2023, Sappe created products in five categories in collaboration with Sappe players and business partners. Sappe's beverage offerings, led by the Sappe Beauti Drink brand, have long been leaders in the functional drink market. These offerings include refreshment made from agricultural products under Mogu Mogu, Sappe Aloe Vera and All Coco brands, which are distributed in 100 countries worldwide. Sappe is committed to running the business in line with sustainable practice, adhere with transparent administration and good governance and fully believe in the power of corporate culture. We are proud to be the Thai organization that has roles in lifting people's quality of life, supporting Thai farmers and pushing forward Thai products and Thai brands to stand tall on the world stage with the target to lead this Thai brand to become a global brand strongly and sustainably in all continents.

In 2023, Sappe launched new products into both domestic and international markets as follows



Five Product Categories

Functional Beverage



Functional Powder



Fruit Juice/ Juice Drink



Healthier Snack



Supplement and others



Economic Performance 2023 FACTS & FIGURES

TOTAL REVENUE
6,207.7MB

GROWTH
+26.7% YOY

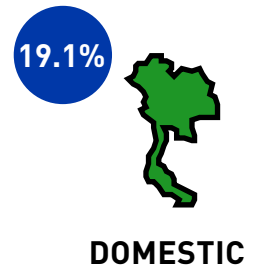
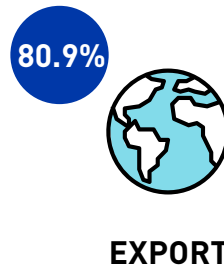
NI
1,074.2MB

GROWTH
+64.5% YOY

TOP 3 BRANDS

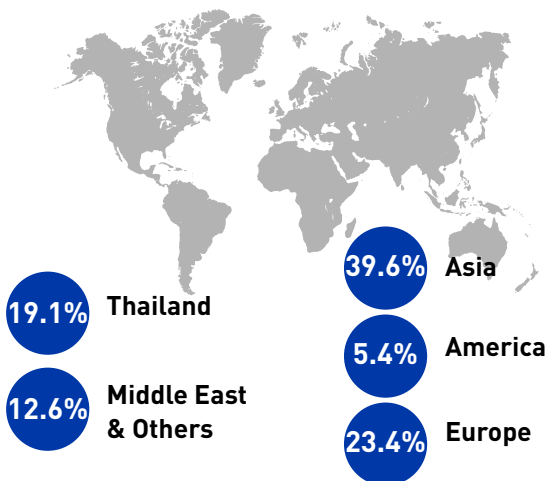


SALES BY LOCATION

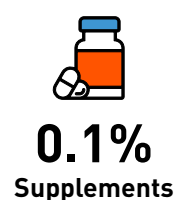
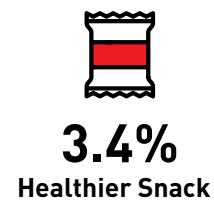
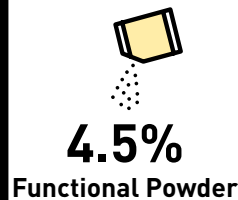
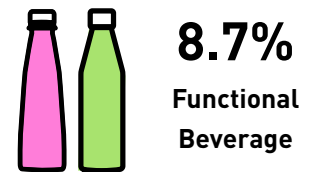


SALES BY REGION

100 COUNTRIES TERRITORIES

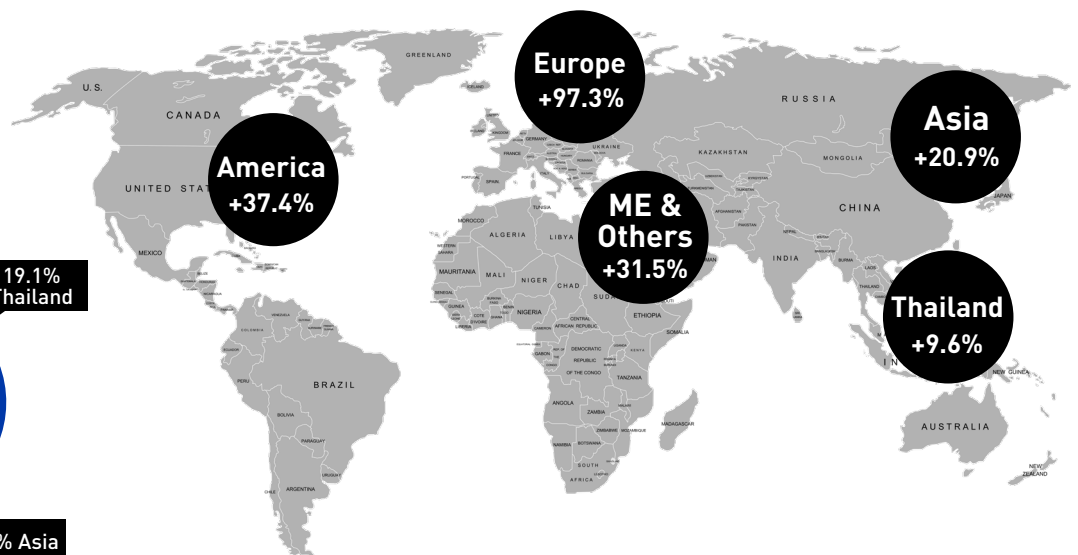
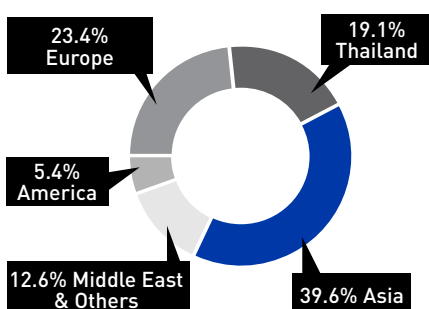


SALES BY PRODUCT CATEGORY



Y2023 (YoY) TOP LINE GROWTH BY REGIONS

International Business Top 3 Contribution by Countries



Social Performance



Sappe is an organization of innovation which gathers people of a new generation whom we call "Sappe players." We create a working atmosphere to be "Home of Innovators," building innovative spirit and using innovations to systematically enhance the firm and products with an innovation strategy. We push and turn all creative ideas of the employees into reality. We encourage them to exercise their thoughts and dare to try with no fear of making mistake. If they fall, they have to get up quickly through systematic working programs and platforms. We have a department in charge of innovation under leadership of Chief Brand Innovation & Growth Officer (CBIG) who oversees all innovative sectors of the organization covering products, culture, marketing, sales, corporate communication and other related areas. This proves we give importance to innovations and are an organization of innovations.



Employee information in 2023



Total Sappe Players
549 employees



Male
260



Female
289



HQ
169
people



Factory
380
people

Resignation rate among the employees at the executive level in 2023

1.38%

(Target: Less than 5%)

Training activities held in 2023



HQ
27 courses



Factory
35 courses

Training courses

Total number of training hours

HQ

4,074 hours

average **26.28** hours /person

Factory

10,800 hours

average **27** hours /person

SAPPE CORE VALUES



Experimental Creativity



Integrity for Sustainability



Do The Impossible



Fun Teamwork



Dynamic with Speed and Never Give Up

Employee Engagement Survey



4.44/5 points

Assessment results of employee's pride for involvement in creating innovations for the growth of the organization and society.



NPS Score 62%



Donated medical equipment for 13 community hospitals in Lam Luk Ka district. Supported activities of community volunteers, educational institutions, state agencies and private organizations throughout the year.



Wan Wan Wan 7th Year

Total income of the project **THB 299,331**



Taking care of the community around the factory under the "Wan Wan Wan" project in the 7th year. Increased income for local residents in the project by 39% from the previous year. Increased household income for project members by 88% on average. And the average monthly income per rai increased by three times.



Environmental Performance

Sappe has a strong will to manage its value chain efficiently throughout its value chain with innovation and modern technology in order to reduce environmental impact at the maximum level aiming at protecting the world from global warming and climate change.



100% PVC

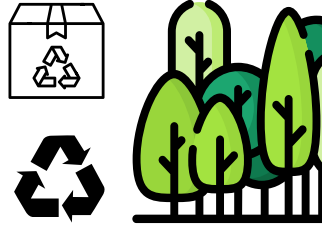


Changed bottle label of all Sappe products from PVC to 100% PET and used tethered caps for the products in some countries to help manage waste management and recycling.

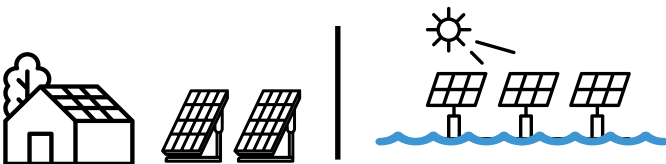


Developed packaging process to be in line with Circular Economy.

Collaborated with partners to develop other types of packaging such as packages made from recycled plastic beads and boxes made from recycled paper allowing packaging waste to decompose naturally.



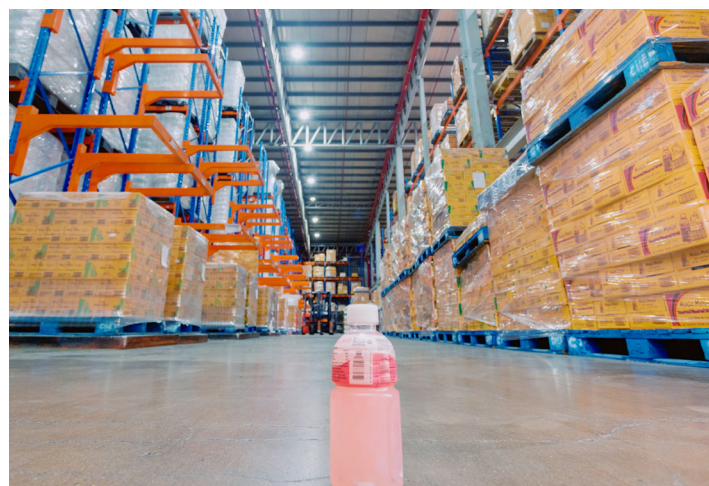
With the intention of caring for society and the environment, we brought in innovative solar plates which were installed on the factory's roof (solar rooftop) and on the water surface (solar floating) to produce renewable energy with the goal to reduce using electricity made from coal to cut Co2 emission which is the greenhouse gas causing global warming. In 2023, the company was able to cut the electricity usage from the electricity authorities by approximately 2,795,844 kWh.



Types of Fuel	2023	2022	2021
Electricity from electricity authorities (kilowatt-hour)	25,404,120 kWh	23,522,000 kWh	18,494,000 kWh
Solar Rooftop	2,795,884 kWh	3,151,000 kWh	1,967,000 kWh
Reduce Co2 emission	1,392 tons	3,243 tons	1,960 tons

Factory's Overview

The Sappe factory comprises two buildings and a warehouse. The first building produces functional drinks, fruit juice, and fruit-flavored beverages, with four production lines totaling a maximum capacity of 178,880 tons per year. The second building focuses on instant powder drinks with a maximum annual production of 1,379 tons, pouch products with a maximum annual production of 5,985 tons per year, and includes three sub-production lines. To meet increasing demand, the company expanded the factory area, established a new warehouse with an Automated Storage & Retrieval System (AS/RS), and added an extra production line in line with future plans.



Klong 13 Factory

2 Manufacturing Buildings

1 Warehouse

8,000 Sqm

4 Beverage Lines

2 Pouch Lines

7 Powder Filling Lines

In-house PET bottling
(preform & bottle)

SAP
ERP

During 2021-2023, the company had production capacity for beverages at the factory as follows:

Klong 13 Factory	2023	2022	2021
Full production capacity (Ton)	178,880	158,976	136,078
Actual production volume (Ton)	157,070	114,917	97,815
Percentage of capacity utilization	89%	72%	72%

BOARD OF DIRECTORS



Mr. Natee Onin
Chairman



Mr. Surath Pralongsil
Independent Director
and Chairman of the Audit



Mr. Thana Thienachariya
Independent Director



Mr. Adisak Ruckariyaphong
Vice Chairman and Chairman
of Executive Committee



Mr. Anan Ruckariyapong
Director / Member of Executive
Committee and President



Mr. Chanin Archjananun
Independent Director and
Member of the Audit Committee



Ms. Piyajit Ruckariyapong
Director / Member of Executive
Committee and Chief Executive
Officer



**Mrs. Niratchara
Siriamphunkul**
Independent Director and
Member of the Audit Committee



Mr. Arnupap Ruckariyapong
Director / Member of Executive
Committee and Chief Project and
Technology Officer

Statement of Financial Position – Consolidated financial statements

Statement of Financial Position	31-Dec-23		31-Dec-22		31-Dec-21		31-Dec-20	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Assets	5,680.24	100.00	4,561.33	100.00	3,848.40	100.00	3,647.16	100.00
Current assets	3,655.81	64.36	3,079.28	67.51	2,523.69	65.58	2,361.32	64.74
Cash and cash equivalents	554.20	9.76	298.81	6.55	382.61	9.94	194.39	5.33
Current Investments	1,977.36	34.81	1,829.72	40.11	1,371.10	35.63	1,415.10	38.80
Trade account receivable	328.42	5.78	324.14	7.11	340.58	8.85	435.59	11.94
Other current receivables	313.14	5.51	135.36	2.97	89.17	2.32	64.46	1.77
Short-term loans to related parties	-	-	-	-	-	-	-	-
Inventories	437.83	7.71	444.46	9.74	290.72	7.55	221.07	6.06
Other current assets	44.86	0.79	46.80	1.03	49.51	1.29	30.71	0.84
Non-current assets	2,024.43	35.64	1,482.04	32.49	1,324.71	34.42	1,285.84	35.26
Investment in associates	75.85	1.34	89.12	1.95	88.96	2.31	14.19	0.39
Investment in joint ventures	23.33	0.41	30.17	0.66	-	-	-	-
Other non-current financial assets	40.59	0.71	66.75	1.46	66.75	1.73	-	-
Other long-term investments	-	-	-	-	-	-	-	-
Property, plant and equipment	1,664.87	29.31	1,067.73	23.41	951.27	24.72	1,006.22	27.59
Right-of-use assets	52.82	0.93	64.21	1.41	54.97	1.43	96.76	2.65
Goodwill	90.90	1.60	90.90	1.99	90.90	2.36	90.90	2.49
Intangible assets other than goodwill	32.82	0.58	37.04	0.81	43.35	1.13	49.95	1.37
Deferred tax assets	32.30	0.57	26.41	0.58	19.81	0.51	18.31	0.50
Other non-current assets	10.95	0.19	9.70	0.21	8.70	0.23	9.51	0.26
Liabilities and equity	5,680.24	100.00	4,561.33	100.00	3,848.40	100.00	3,647.16	100.00
Liabilities	1,784.38	31.41	1,201.27	26.34	841.93	21.88	774.05	21.22
Current liabilities	1,647.48	29.00	1,071.14	23.48	745.47	19.37	670.50	18.38
Bank Overdraft	-	-	1.06	0.02	1.89	0.05	1.46	0.04
Trade accounts payable	270.82	4.77	229.97	5.04	180.82	4.70	217.94	5.98
Other current payables	1,214.58	21.38	734.23	16.10	495.09	12.86	360.00	9.87
Current portion of long term borrowings	-	-	-	-	-	-	-	-
from financial institutions	-	-	-	-	-	-	0.03	0.00
Short-term borrowings from related parties	9.47	0.17	9.35	0.20	9.46	0.25	9.35	0.26
Current portion of lease liabilities	11.52	0.20	10.92	0.24	10.07	0.26	25.33	0.69
Current income tax payable	129.98	2.29	85.61	1.88	48.14	1.25	56.39	1.55
Current provisions for employee benefits	11.11	0.20	-	-	-	-	-	-
Non-current liabilities	136.90	2.41	130.14	2.85	96.46	2.51	103.55	2.84
Long-term loans from financial institution	-	-	-	-	-	-	-	-
Lease Liabilities	49.20	0.87	60.54	1.33	51.88	1.35	65.90	1.81
Deferred tax liabilities	1.05	0.02	2.97	0.07	3.00	0.08	2.91	0.08
Non-current provisions for employee benefits	82.49	1.45	61.82	1.36	36.61	0.95	27.61	0.76
Other non-current liabilities	4.16	0.07	4.81	0.11	4.97	0.13	7.13	0.20
Equity	3,895.86	68.59	3,360.05	73.66	3,006.47	78.12	2,873.11	78.78
Issued and paid-up share capital	308.29	5.43	308.29	6.76	306.09	7.95	304.38	8.35
Share premium on ordinary shares	1,082.23	19.05	1,082.23	23.73	1,021.35	26.54	975.61	26.75
Share-based payment reserve	5.91	0.10	-	-	-	-	-	-
Treasury shares	(12.57)	(0.22)	-	-	-	-	-	-
Warrants	-	-	-	-	19.03	0.49	27.80	0.76
Retained earnings - Legal reserve	30.84	0.54	30.84	0.68	30.84	0.80	30.84	0.85
Retained earnings - Treasury shares reserve	12.57	0.22	-	-	-	-	-	-
Retained earnings - Unappropriated	2,392.26	42.12	1,839.30	40.32	1,533.65	39.85	1,433.30	39.30
Difference from common control transactions	(4.37)	(0.08)	(4.37)	(0.10)	(4.37)	(0.11)	(4.37)	(0.12)
Currency translation differences	2.34	0.04	1.52	0.03	(0.91)	(0.02)	4.03	0.11
Equity attributable to non-controlling interests	78.36	1.38	102.24	2.24	100.79	2.62	101.52	2.78

Statement of Financial Position - Separate financial statements

Statement of Financial Position	31-Dec-23		31-Dec-22		31-Dec-21		31-Dec-20	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Assets	5,693.93	100.00	4,491.17	100.00	3,783.88	100.00	3,548.78	100.00
Current assets	3,566.44	62.64	2,941.95	65.51	2,403.86	63.53	2,248.19	63.39
Cash and cash equivalents	488.36	8.58	249.99	5.57	324.55	8.58	151.92	4.28
Current Investments	1,977.36	34.73	1,829.72	40.74	1,371.11	36.24	1,415.10	39.90
Trade account receivables	311.04	5.46	281.16	6.26	318.78	8.43	418.91	11.81
Other account receivables	322.40	5.66	145.06	3.23	88.19	2.33	63.02	1.78
Short-term loans to related parties	5.61	0.10	5.61	0.12	5.61	0.15	5.61	0.16
Inventories	416.96	7.32	383.90	8.55	247.14	6.53	175.51	4.95
Other current assets	44.71	0.79	46.51	1.04	48.48	1.28	18.12	0.51
Non-current assets	2,127.49	37.36	1,549.22	34.49	1,379.82	36.47	1,298.59	36.61
Investment in subsidiaries	427.00	7.50	420.00	9.35	390.16	10.31	290.16	8.18
Other non-curren financial assets	40.59	0.71	66.75	1.49	66.75	1.76	-	-
Other long-term investments	-	-	-	-	-	-	-	-
Property, plant and equipment	1,556.96	27.34	946.76	21.08	816.63	21.58	881.24	24.85
Right-of-use assets	44.07	0.77	54.79	1.22	47.22	1.25	63.12	1.78
Intangible assets other than goodwill	25.82	0.45	29.39	0.65	34.88	0.92	40.34	1.14
Deferred tax assets	27.45	0.48	26.10	0.58	19.68	0.52	18.21	0.51
Other non-current assets	5.60	0.10	5.43	0.12	4.50	0.12	5.52	0.16
Liabilities and equity	5,693.91	128.78	4,491.17	100.00	3,783.88	100.00	3,548.78	100.00
Liabilities	1,752.97	30.79	1,156.15	25.74	797.91	21.09	715.40	20.17
Current liabilities	1,633.15	28.68	1,045.46	23.28	718.06	18.98	631.38	17.80
Trade account payable	278.99	4.90	240.03	5.34	192.60	5.09	228.78	6.45
Other current payables	1,202.14	21.11	709.61	15.80	468.64	12.39	335.21	9.45
Current portion of long term borrowings from financial instiotutions	-	-	-	-	-	-	-	-
Current portion of lease liabilities	11.05	0.19	10.47	0.23	8.80	0.23	11.57	0.33
Current income tax payable	129.86	2.28	85.34	1.90	48.02	1.27	55.82	1.57
Current provisions for employee benefits	11.11	0.20	-	-	-	-	-	-
Non-Current Liabilities	119.82	2.10	110.69	2.46	79.85	2.11	84.02	2.37
Long-term loans from financial institution	-	-	-	-	-	-	-	-
Lease Liabilities	39.48	0.69	50.35	1.12	44.25	1.17	57.00	1.61
Non-current provisions for employee benefits	80.34	1.41	60.33	1.34	35.60	0.94	27.02	0.76
Equity	3,940.94	69.21	3,335.02	74.26	2,985.77	78.91	2,831.38	79.83
Issued and paid-up share capital	308.29	5.41	308.29	6.86	306.09	8.09	304.38	8.58
Share premium on ordinary shares	1,082.23	19.01	1,082.23	24.10	1,021.35	26.99	975.61	27.51
Share-based payment reserve	5.99	0.11	-	-	-	-	-	-
Treasury shares	(12.57)	-	-	-	-	-	-	-
Warrants	-	-	-	-	19.03	0.50	27.80	0.78
Retained earnings - Legal reserve	30.84	0.54	30.84	0.69	30.84	0.82	30.84	0.87
Retained earnings - Treasury shares reserve	12.57	0.22	-	-	-	-	-	-
Retained earnings - Unappropriated	2,513.67	44.15	1,913.66	42.61	1,608.46	42.51	1,492.75	42.09

Statement of comprehensive income – Consolidated financial statements

Statement of comprehensive Income	Consolidated financial statements							
	31 December							
	2023		2022		2021		2020	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue								
Total revenue	6,207.71	102.56	4,899.51	107.29	3,712.77	107.80	3,320.93	101.62
Revenue from sale of goods	6,052.57	100.00	4,566.40	100.00	3,444.16	100.00	3,268.08	100.00
Other income	145.84	2.41	333.11	7.29	268.61	7.80	52.85	1.62
Accounting adjustments	-	-	-	-	-	-	-	-
Gain from change in interest in associate	-	-	-	-	-	-	-	-
Net foreign exchange gain	9.30	0.15	-	-	-	-	-	-
Total revenue (according to financial statements)	6,207.71	102.56	4,899.51	107.29	3,712.77	107.80	3,320.93	101.62
Expenses								
Cost of sales of goods	3,341.39	55.21	2,702.90	59.19	2,089.13	60.66	2,067.23	63.26
Accounting adjustments	-	-	-	-	-	-	-	-
Cost of sales (according to financial statements)	3,341.39	55.21	2,702.90	59.19	2,089.13	60.66	2,067.23	63.26
Distribution costs	986.39	16.30	982.88	21.52	759.88	22.06	451.48	13.81
Administrative expenses	512.24	8.46	383.27	8.39	318.26	9.24	298.36	9.13
Net foreign exchange loss	-	-	8.51	0.19	5.68	0.16	5.91	0.18
Share of losses from investments in associated	-	-	-	-	-	-	-	-
Finance costs	2.55	0.04	2.29	0.05	2.52	0.07	3.15	0.10
Total expenses	4,842.57	80.01	4,079.85	89.34	3,175.47	92.20	2,826.13	86.48
TFRS 9	(19.74)	(0.33)	(3.87)	(0.08)	(0.86)	(0.02)	2.67	0.08
Share of loss from associates accounted for using equity method	(20.12)	(0.33)	0.34	0.01	(20.23)	(0.59)	(15.55)	(0.48)
Profit before income tax expense	1,325.28	21.90	816.14	17.87	516.21	14.99	481.92	14.75
Tax expense	274.77	4.54	161.71	3.54	105.98	3.08	95.97	2.94
Profit for the year	1,050.51	17.36	654.43	14.33	410.23	11.91	385.95	11.81
Profit (loss) attributable to:								
Owners of the parent	1,074.20	17.75	653.15	14.30	410.81	11.93	380.16	11.63
Non-controlling interests	(23.68)	(0.39)	1.28	0.03	(0.58)	(0.02)	5.79	0.18
	1,050.52	17.36	654.43	14.33	410.23	11.91	385.95	11.81

Statement of Cash flows – Consolidated financial statements

Statements of Cash flows	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20
Net cash from (used in) operating activities	1,663,695,257	1,014,952,626	693,388,814	539,910,069
Net cash from (used in) investing activities	(868,328,754)	(792,091,491)	(215,802,827)	(251,551,165)
Net cash from (used in) financing activities	(535,326,334)	(306,667,556)	(289,372,337)	(275,663,481)
Cash and cash equivalents at 1 January	298,805,528	382,609,637	194,389,005	181,695,045
Effect of disposals of investments in subsidiary	-	-	-	-
Effect of exchange rate changes on cash and cash equivalents	(4,641,662)	2,312	6,982	(1,463)
Cash and cash equivalents at 31 December	554,204,035	298,805,528	382,609,637	194,389,005

Statement of comprehensive income – Separate financial statements

Statement of comprehensive income	Separate financial statements							
	31 December							
	2023		2022		2021		2020	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Revenue								
Total revenue	5,988.25	102.83	4,842.75	107.54	3,445.98	108.31	3,042.08	101.88
Revenue from sale of goods	5,813.36	100.00	4,317.24	100.00	3,181.62	100.00	2,991.88	100.00
Other income	141.38	2.43	325.51	7.54	264.36	8.31	50.20	1.68
Accounting adjustments	-	-	-	-	-	-	-	-
Net foreign exchange gain	11.51	0.20	-	-	-	-	-	-
Total revenue (according to financial statements)	5,988.25	102.83	4,842.75	107.54	3,445.98	108.31	3,042.08	101.88
Expenses								
	-	-	-	-	-	-	-	-
Cost of sales of goods	3,118.07	53.64	2,499.14	57.89	1,865.64	58.64	1,854.79	61.99
Accounting adjustments	-	-	-	-	-	-	-	-
Cost of sales (according to financial statements)	3,118.07	53.64	2,499.14	57.89	1,865.64	58.64	1,854.79	61.99
Distribution costs	970.29	16.69	961.60	22.27	737.88	23.19	423.24	14.15
Administrative expenses	473.31	8.14	355.11	8.23	294.23	9.25	273.15	9.13
Net foreign exchange loss	-	-	6.91	0.16	13.92	0.44	9.34	0.31
Finance costs	1.81	0.03	1.59	0.04	1.77	0.06	2.10	0.07
Total expenses	4,563.48	78.50	3,824.35	88.58	2,913.44	91.57	2,562.62	85.65
TFRS 9	(0.71)	(0.01)	(4.33)	(0.10)	(1.09)	(0.03)	1.65	0.06
Profit before income tax expense	1,402.07	24.12	814.07	18.86	531.45	16.70	481.11	16.08
Tax expense	280.81	4.83	161.36	3.74	105.27	3.31	94.47	3.16
Profit for the year	1,121.26	19.29	652.71	15.12	426.18	13.40	386.64	12.92

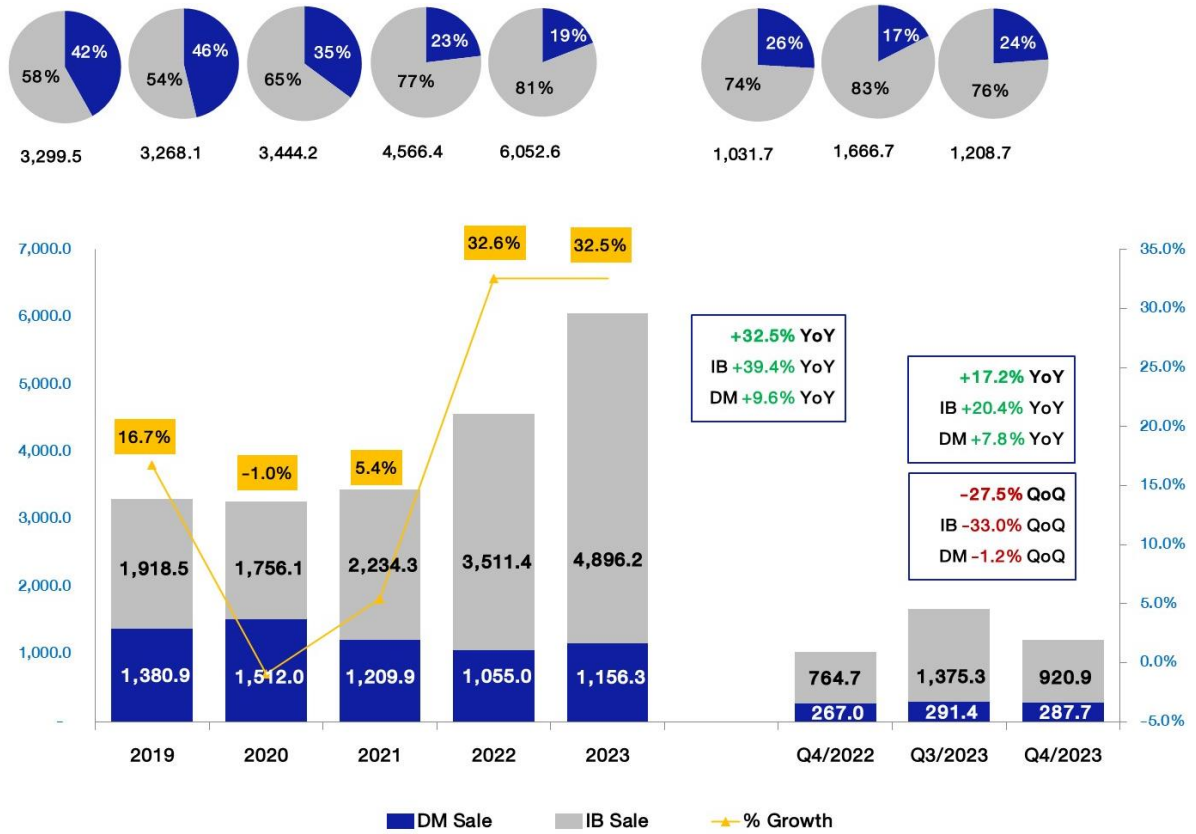
Statement of Cash flows – Separate financial statements

Statements of Cash flows	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20
Net cash from (used in) operating activities	1,645,370,579	1,015,529,912	673,858,067	532,191,434
Net cash from (used in) investing activities	(869,017,622)	(785,479,661)	(213,838,346)	(238,887,071)
Net cash from (used in) financing activities	(533,339,351)	(304,608,570)	(287,399,115)	(265,772,459)
Cash and cash equivalents at 1 January	249,988,981	324,544,988	151,917,400	124,386,959
Effect of exchange rate changes on cash and cash equivalents	(4,641,662)	2,312	6,982	(1,463)
Cash and cash equivalents at 31 December	488,360,925	249,988,981	324,544,988	151,917,400

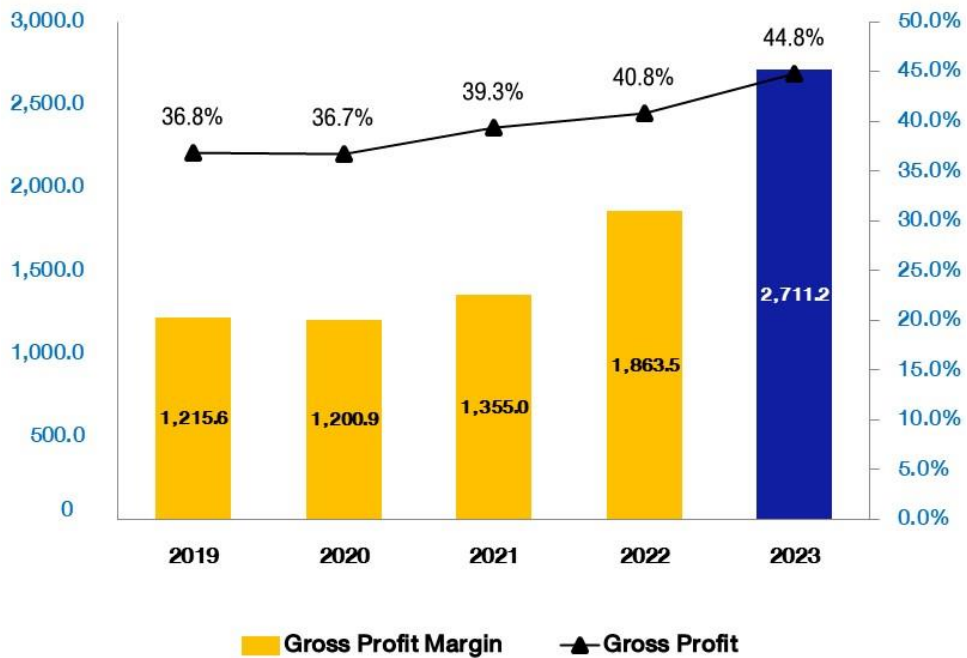
Financial ratios 2020 – 2023

Financial ratios	2023	2022	2021	2020
Liquidity ratio				
Liquidity ratio	2.22	2.87	3.39	3.52
Quick ratio	1.74	2.29	2.81	3.05
Cash ratio	1.22	1.12	0.98	0.85
Account receivable turnover	17.70	13.59	8.84	8.26
Average collection period (days)	20.34	26.48	40.73	43.57
Inventory turnover	9.48	11.89	18.46	26.31
Days sales of inventory (days)	37.98	30.27	19.50	13.68
Account payable turnover	13.34	13.16	10.48	10.34
Days payable outstanding (days)	26.98	27.36	34.36	34.83
Cash Cycle (days)	31.34	29.39	25.87	22.42
Profitability ratio				
Gross profit margin (%)	44.79	40.81	39.34	36.74
Operating profit margin (%)	19.99	10.66	7.80	13.52
Other income to total revenue (%)	2.50	6.80	7.23	1.59
Cash to profit margin (%)	137.50	208.60	258.06	122.17
Net profit margin (%)	16.92	13.36	11.05	11.62
Return on Equity (%)	28.96	20.56	13.95	13.74
Efficiency ratio				
Return on Asset (%)	20.51	15.56	10.95	10.97
Return on Fixed Asset (%)	89.35	82.61	61.26	54.34
Assets Turnover	1.21	1.17	0.99	0.94
Financial policy ratio				
Debt to Equity	0.46	0.36	0.28	0.27
Interest Coverage	830.56	553.20	358.80	170.46
Debt Service Ability	1.15	0.90	1.79	0.84
Dividend Payout (%)	48.42	51.66	75.68	65.44

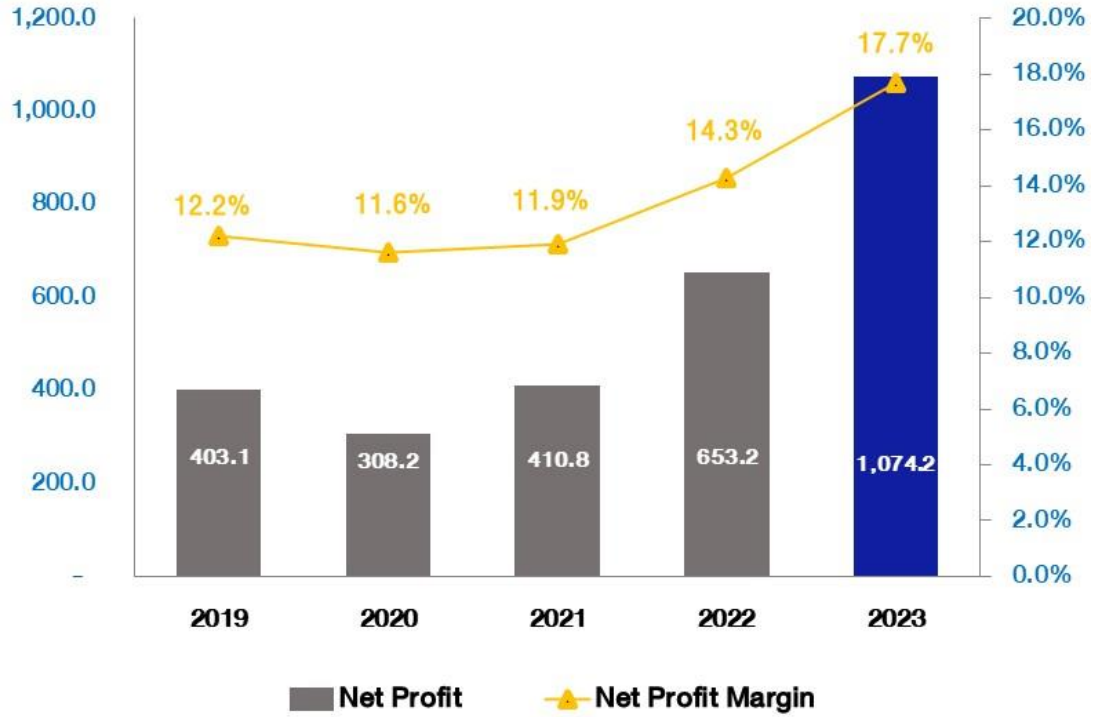
Revenue From Sales of Goods



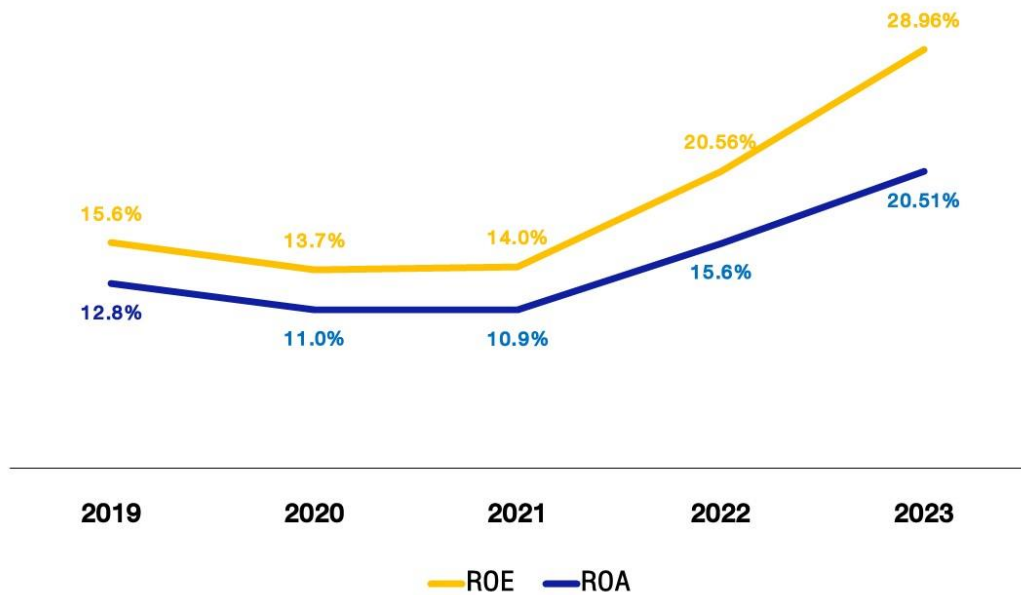
Gross Profit and Gross Profit Margin



Net Profit and Net Profit Margin



Return on Asset and Return on Equity



1

**Business
Operation and
Performance
Results**

Part 1

Business Operation and Performance

1. Structure and Business Operation

1.1 Policy and Overall Business

SAPPE, Thailand's leading innovative beverage brand, has been running business with a strong determination that **"We better people's lives through our innovative spirit,"** brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture. SAPPE now offers quality product across five categories and it has been a leader in Thailand's functional drink market under the Sappe Beauti Drink brand for a long time. The company has products made from raw materials from Thai farmers under the Mogu Mogu, Sappe Aloe Vera and All Coco brands which are available in 100 countries with the main goal to make this Thai brand SAPPE become a global brand.

Five Product Categories

1. **Functional Beverage Segment.** Sappe is regarded as the pioneer of this category in Thailand with the launch of Sappe Beauti Drink in 2006. Since its debut, Sappe Beauti Drink has dominated the functional drink market for over a decade. The other brands in this category include Sappe Beauti Drink, B'lue vitamin water and Kear functional drink with CBD extract and vitamin B Complex.
2. **Fruit Juice / Juice Drink Segment.** The beverage in this category is Mogu Mogu, the world's first functional drink made from fruit juice and coconut jelly, which was introduced in 2001. Our top exported juice drink brands in the global market are Sappe Aloe Vera, All Coco Nam Hom coconut juice and Gumi Gumi by Mogu Mogu.
3. **Functional Powder Segment.** The brands in this category include Preaw Coffee, Preaw Chlorophyll, Slim fit Coffee and Taurine Coffee by Preaw Coffee brand, which is the best seller (sale volume) in the weight-control coffee market. Also, SAPPE launched a line of drinking powder products for health and beauty under the brand Sappe Beauti Powder. It's a formula with collagen and vitamin C, providing customers with an option for skincare and helping us expand our brand's market.
4. **Healthier Snack,** including Sappe Beauti Jelly, Maxtive, Mogu Mogu jelly, Gumi Gumi jelly, All Coco coconut pudding and Kru Pensri Candy.
5. **Supplement & others,** including Sappe Inno science, Sappe Inyang, Limitless lozenge, Sood Sud herbal inhaler and Keaf hemp tea.

To strengthen its business, Sappe has partnered with potential business allies as follows:

1. 2015: The company established **Sappe Hong Kong Ltd.** aiming at marketing management in Hong Kong.
2. 2016: **Sappe Trading (Hong Kong) Ltd.** was established to import, export and distribute products in Hong Kong.
3. 2016: **Sappe Trading (Shanghai) Ltd.** was established to manage the marketing and product distribution in China.

4. 2016: Sappe acquired shares in Coconut Factory Co., Ltd., now **All Coco Co., Ltd.**, in order to expand the exporting market of coconut water to the global market.
5. 2019: Sappe made a business partnership with **MYEN Pte. Ltd. (Danone)** to establish Danone Sappe Beverages Co., Ltd. and launched B'lue vitamin water.
6. 2021: Sappe made a significant collaboration with **Workpoint Entertainment Public Company Limited** to launch a new product, "Kru Pensri" chewing candy, in two flavors.
7. 2021: Sappe entered digital transformation by acquiring shares in **M Intelligence**, a leading technology consulting company. The acquisition is counted as an investment in the new business which is a global mega trend.
8. 2022: Sappe collaborated with Thai Broadcasting Company Limited, to co-invest into a joint venture company, **WOPE Company Limited** to develop, manufacture, market and distribute innovative food and beverage products.
9. 2022: Sappe teams up with Dek-D interactive Company Limited, known as Dek- D, to introduce new items, **aromatic herbs 'Sood Sud' and 'Limitless' lozenge** for Gen Z consumers.
10. 2022: SAPPE established **Sappe Philippines Corporation** to increase its competitive advantage and to expand its business in the Philippines.
11. 2023: SAPPE cemented its business partnership with **Power Root Berhad (POWER ROOT)**, a leading beverage company in Malaysia, to penetrate Thailand's instant coffee market and to expand SAPPE's business in Malaysia with its products.

1.1.1 Vision, Mission, Objective and Goal of Business Operation

"We better people's lives through our innovative spirit"

Vision

"Becoming the preferred and trusted global brand driven by a team of passionate and synergistic top talents passionately working happily together in a dynamically innovative workplace."

Mission

"Thai Pride" Be an inspiring Thai model organization delivering superior choices of food & beverages to better people's lives.

Objective and Goal

"The company focuses on becoming a leader in the food and beverage business to produce and distribute healthy products for consumers. We also emphasize on new product development and modern and eye-catching packages, and offer quality products as new alternatives for consumers."

The company maintains its business goal in the next 3-5 years with sale growth of at least 10% per year. The growth will come from the company's original business, launches of new innovative products to the market and business partnership with other companies. Additionally, operational strategies will be applied cautiously along with human resources development and efficient working process for business excellence. The operation will be carried out under good corporate governance in order to achieve the goal.

1.1.2 Significant Changes and Developments In 2023

May

- Sappe collaborated with Huachiew Chalermprakiet University to launched and distributed a dietary supplement line under the "**Sappe Inyang x Hua Chiew**" brand, featuring two formulas: the Power Booster (Red box) targeted towards individuals who work late into the night and endure high levels of activity with minimal rest, and the Relaxing Calm (Blue box) designed for individuals experiencing stress and difficulties sleeping, offering mood adjustment and stress relief. These formulas were developed to support homeostasis using principles from Chinese traditional medicine. We are proud pioneers in Thailand for introducing this innovative product category infused with Chinese traditional medicine. Our products deliver the valuable knowledge of Chinese herbal science through convenient tablet form packaged in daily sachets for easy one-day consumption. Designed to align with consumers' lifestyles, our products are portable and effortless to consume.

June

- Announced a partnership with **Power Root Berhad (POWER ROOT)**, a prominent instant coffee manufacturing company based in Malaysia. This strategic collaboration is aimed at leveraging the respective strengths of both entities in production, marketing, and distribution. As part of this business alliance, Power Root intends to enter Thailand's instant coffee market with its flagship product, while also supporting SAPPE in expanding its business presence in Malaysia. This partnership seeks to capitalize on the strong business foundations of both companies for mutual growth and success.
- SAPPE's Board of Directors has given approval for an investment project aimed at constructing a factory and warehouse, as well as installing machinery for beverage manufacturing. The production capacity of this facility will be 66,000 tons per year. Additionally, space has been allocated for the addition of two more production lines, bringing a maximum production capacity of 242,500 tons per year. These facilities will be situated within the company's existing property in Lam Luk Ka District, Pathum Thani Province. The investment for this project will not exceed 1,630 million baht and will be funded from the company's cash flow.

August

- The Board of Directors has approved the divestment of the Company's 60% stake in Sappe Europe s.r.o., a subsidiary, with a valuation of 3,983 euros (approximately 152,528.98 baht). This decision is motivated by Sappe Europe s.r.o's failure to meet performance expectations and a lack of clear actionable plans to address these challenges, leading to sustained operational losses. The Company believes that direct marketing efforts within European territories will offer superior long-term business prospects. The transaction is expected to be finalized by the end of 2024. (As of December 31, 2023, the Company had classified the transaction as a non-current asset held for sale).

1.1.3 Company Information

Company:	Sappe Public Company Limited
Nature of Business Operations:	Manufacturer and distributor of healthy food and beverages
Office:	1) Head Office 9/3 Bangchan Industrial Estate, Soi Serithai 56, Serithai Road, Kannayao, Bangkok 2) Branch Office and Factory 8 Moo 7 Tambon Puech-udom, Amphoe Lamlukka, Prathumthani 3) Branch Office 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkapi, Bangkok
Registration No.:	0107556000591
Website:	www.sappe.com
Telephone:	0-2319-4949
Fax:	0-2319-7337
Email:	ir@sappe.com
Registered Capital:	308,289,080 Baht, divided into 308,289,080 Common shares at 1 Baht per share
Paid-up Capital:	308,289,080 Baht, divided into 308,289,080 Common shares at 1 Baht per share

1.2 Nature of Business Operations

1.2.1 Income structure

The Company and its subsidiaries' sales totaled to 3,444.2 million baht, 4,566.4 million baht and 6,052.6 million baht in 2021, 2022, and 2023 respectively. Classification of sales into product categories are as follows.

Product Category	2023		2022		2021	
	%	Million Baht	%	Million Baht	%	Million Baht
1. Functional Beverage	8.7	524.8	10.5	478.7	15.7	541.4
2. Fruit Juice/Juice Drink	83.4	5,046.6	81.4	3,718.8	71.7	2,468.7
3. Functional Powder	4.5	270.6	4.7	212.5	7.0	242.6
4. Healthier Snack	3.4	205.9	2.8	127.7	4.2	144.1
5. Supplement and Others	0.1	4.6	0.6	28.6	1.4	47.4

In 2023, the Company's sales proportion between domestic sales and overseas sales was 19.1 : 80.9.

Sales	2023		2022		2021	
	%	Million Baht	%	Million Baht	%	Million Baht
Total	100.0	6,052.6	100.0	4,566.4	100.0	3,444.2
Domestic	19.1	1,156.3	23.1	1,052.1	35.1	1,209.9
International	80.9	4,896.2	76.9	3,514.3	64.9	2,234.3

Domestic distribution channel consists of 6 main channels:

1. **The new model of retail stores or Modern Trade** which is convenience stores, supermarkets, hypermarkets and large wholesale retailers.
2. **Traditional Trade** which is a product distribution to the original retail stores through the company's distributors.
3. **Out of Home** which refers to a place or sale channel which relies on various lifestyles of the consumers such as hotels, restaurants, cafes, airports, golf courses, gyms, universities, food gardens, healthy food stores and sports shops.
4. **Industrial channel**. The company has developed this channel from an expansion of coconut products (coconut meat and water) in order to use them as ingredients for products such as ice cream, sweets, soup, and bakery items.
5. **E-commerce** which is known as selling through online platform including social media (Facebook page) of each product brand, Sappe Line Official Account (line@sappe) or distributing on a giant marketplace platform like Shopee and Lazada.
6. **Brand Activation and Selling**. It is the channel to introduce the brand through giving free products for tasting and having the items available for sale too. This channel was managed by Sappe's mobile sale team, which moved to various locations to meet the target group and to attend showcases, exhibitions and seminars that match the product's target group.

Overseas distribution channels include 1) Subsidiary, 2) Importer and 3) Local distributors in 100 countries in Asia, South East Asia, Middle East, Europe, Africa, North America and South America. In 2023, the international sales was 80.9% of total sales revenue, breaking down into 39.6% Asian countries, 23.4% European, 5.4% American countries and 12.6% Middle East and other countries.

1.2.2 Product Information

(1) Nature of Products or Services and Business Innovation Development

SAPPE, Thailand's leading innovative beverage brand, has been running business with a strong determination that **"We better people's lives through our innovative spirit,"** brings innovations to drive the organization to become a creative, energetic and fun company which can be seen through the company's products and corporate culture.

Although in 2023, the domestic market situation remained a challenge, the team has used this opportunity to understand and reach more consumers in order to develop products that are more liked, including targeted communication, as well as integrated work perspective where all activities are connected in the same direction for good and effective feedback.

SAPPE currently offers quality products across over 20 brands and 5 product categories, catering to the needs of both domestic and international consumers are as follows:

1. Functional Beverage Segment

- **Sappe Beauti Drink**

Pioneers and leaders of functional drink for women's health and beauty, Sappe offers products rich in unique benefits, delicious taste, with no added sugar and low in calories. Our aim is to promote women's health and beauty from head to toe.

- **B'lue**

A new creation of fruit flavored vitamin water, rich in vitamin B3, B6 and B12. The B'lue brand, developed by Danone Sappe Beverages Co., Ltd., is a product that matches a new generation's lifestyle with distinguished and modern packaging. Besides, B'lue vitamin water also attracts consumers with its flavorful taste and beneficial ingredients to respond to dynamic consumers who prefer water plus or flavored water to plain water. The brand also offers sugar-free formula as new choice for health-conscious consumers.

- **Sappe Keaf**

Functional drink with CBD extract distributed in two flavors: Sappe Keaf CBD water with vitamin B Complex and Sappe Keaf CBD with Chamomile. The peach flavored Keaf CBD water with vitamin B Complex can help support brain and neurological system and improve work concentration with main ingredients from vitamin B Complex (B3, B5, B6 and B12). The other one is the honey-yuzu flavored Keaf CBD Chamomile which was developed to help consumers feel more relaxed. Sappe Keaf CBD water is a healthy beverage with zero sugar, zero energy and fat free. It targets Gen-Y or Millennials and the general consumers who love trying new items.

2. Fruit Juice/Juice Drink Segment

- **Mogu Mogu**

The first fruit juice mixed with coconut jelly in the market known as the origin of the "chewable drink" which offers a new experience in the global beverage market. Mogu Mogu has been accepted with exports to and distributions in more than 100 countries around the world. This signature drink has a unique taste and style that hits the hearts of consumers around the world. The large pieces of coconut jelly inside the package have long been selected under export quality standards for both in a bottle of 320 ml and 1000 ml. In addition, the company also developed new and unique flavors to

entertain the global consumers for them to buy and try innovative items from Sappe. Apart from the delicious taste and fun moment when chewing while drinking, Mogu Mogu has been a popular drink chosen to consume together with various main dishes. It is also recognized as a “Snack Drink” which helps add fun and refreshment for all every day.

- **Sappe Aloe Vera**

Fruit juice mixed with aloe vera in various flavors. The Sappe Aloe Vera drink has been popular among customers for a long time with its taste and big aloe vera pulps.

- **All Coco**

It is made from Nam Hom coconut water (aromatic coconut water) from the best cultivated area in Banphaeo District, Samut Sakhon Province. The coconut farms have been overseen by experienced farmers and harvested in a proper period, resulting in the coconut output with scented and natural sweetness which is unique identity of All Coco. Additionally, All Coco also maintains chemical free production process which meets the standards of GLOBAL ORGANIC and G.A.P. Therefore, we are confident that our Nam Hom coconut products are high quality at a reasonable price and easy to find.

- **Gumi Gumi by Mogu Mogu**

Fruit juice products mixed with coconut jelly, exclusively distributed in Thailand, aim to target the original customer base of the Mogu Mogu brand. Despite the brand's global success, spanning distribution in over 100 countries, Sappe strive to maintain its distinctive feature of large pieces of coconut jelly. Offering export-quality standards, these products promise a delightful chewing experience.

3. Functional Powder Segment

- **Preaw Coffee and SlimFit Coffee**

The top-selling in weight control coffee for health and beauty created by Preaw offers various formulas to meet consumer needs.

- **Preaw Chlorophyll**

Chlorophyll powder imported from Japan with detoxifying quality.

- **Taurine coffee**

Building on the successful collaboration between Sappe and Workpoint through WOPE, we are excited to launch a new product line from Thailand's pioneering energy coffee company. Our latest offering boasts the key ingredients of taurine and vitamin B complex, delivering three powerful benefits: energizing, awakening, and revitalizing, all while nourishing the brain. Designed to keep working individuals aged 28-45 alert and mentally sharp, our product is ready to tackle any challenge head-on.

- **Sappe Beauti Powder Stix**

Functional powder with collagen and vitamin C created to enrich skin at a price of only 10 baht per sachet. This affordable price is a selling point to give a large number of consumers access to beauty at a price of 10-baht, underlining Sappe’s concept of “**The Right to Beauty for All**”.

4. Healthier Snack

- **Sappe Beuti Jelly**

Thailand's first innovative jelly product created to bolster Sappe's portfolio to compete in the premium mass market. Sappe Beuti Jelly is a special snack full of essential ingredients for health and beauty.

- **Maxtive**

An innovative "energy gel" product in a pouch which targets consumers who love all types of exercise. Maxtive functional jelly has Gros Michel banana (Kluai Hom Thong) as its main ingredient. The quality bananas are from the farmers under the support of Sappe as Gros Michel banana is among Thailand's top exporting fruits. It contains BCAA, vitamin B3 and B6 that help improve nerve function and ease muscle spasm symptoms. Maxtive energy jelly generates 200 calories per one pouch.

- **Mogu Mogu Jelly**

An easy to eat jelly product in pouch format, focusing on target group of children tangers with delicious taste and useful vitamin. A product with fun style and full of taste, filling stomach with carrageenan jelly mixed with konjac.

- **Gumi Gumi Jelly**

Fruit jelly mixed with carrageenan and konjac under the Gumi Gumi brand created to promote Sappe's portfolio to compete in the mass market. The delicious jelly makes your stomach full with healthy ingredients with notable selling points to respond to consumer needs amid the COVID-19 pandemic. Gumi Gumi jelly, in lychee and grape flavours, is high with vital vitamins to improve a body system. Gumi Gumi lychee jelly reflects Sappe's taste identity and is rich in vitamin C to help boost immunity and collagen while Gumi Gumi grape jelly contains vitamins to improve brain function and nerve system. The mellow grape jelly can also help ease irritability and stress.

- **All Coco Pudding**

The product is a result from the success of organic Nam Hom coconut, offering healthy dessert with three unique touches of All Coco Pudding.

- **Kru Pensri Candy**

The product is from Sappe's achievement in its partnership with a business ally, Workpoint Entertainment, to create an innovative item for the confectionary market. Kru Pensri chewing candy is made with the strong points of the two companies. It offers mouth-watering candy in two unique flavours, Kru Pensri Spicy Maxx and Kru Pensri Sour Maxx.

5. Supplement & Others

- **SAPPE InnoSci**

Sappe is determined to develop dietary supplements to meet the consumers' lifestyles and their different self-care requirements in each important aspect. To prove our will, the company has selected and put all supplements which are suitable for each nourishment in one sachet and the

amount is in line with research' recommendation for daily intake. Furthermore, each extract using in the production has been certified by the relevant research on efficiency.

- **Sappe Inyang**

Sappe Inyang includes functional shot which is water supplement made from herbs to efficiently clear the throat. Herbal ingredients are monk fruit, licorice, lime, and Indian gooseberry plus 100% vitamin C. Sappe Inyang functional shot is easy to drink, adding confidence without a concern about sore throat. One outstanding quality of this item is moistening your throat at the first sip. Apart from this, Sappe collaborated with Huachiew Chalermprakiet University, an expert in Chinese traditional medicine, to launch the "Sappe Inyang x Hua Chiew" supplement tablet made from Chinese herbs. The product suits the present lifestyle and targets the "Silver Age" group or the elderly.

- **Limitless Lozenges**

As children and teenagers nowadays have many activities, they need attentiveness to be ready for all activities. Sappe, therefore, launched a new product called "Limitless" lozenges, with nutrients for brain nourishment to make them active. The item was developed to mainly target Gen-Z.

- **Sood Sud herbal inhaler**

It helps the company reach teenaged consumers by studying consumer behavior and developing a product to meet the lifestyle of the target group.

- **Keaf hemp tea (Keaf Tea Bag)**

The herbal tea product line for health (Herbal Tea Bags) is designed to nourish the body with CBD extracted from hemp leaf herbs, without any chemical additives. Infused with the refreshing scent of peppermint leaves imported from the United Kingdom, our herbal teas offer a natural and wholesome experience.

Business Innovation Development

Sappe, an organization driven by innovation and powered by a dynamic team of young talent, is committed to creating an environment that nurtures creativity and fosters innovation. Our workplace culture is akin to a **"Home of Innovators,"** where employees are encouraged to think outside the box and explore bold ideas. We employ cutting-edge strategies to systematically develop both our organization and our products, embracing a culture of experimentation where failure is seen as an opportunity for growth. We believe in quickly learning from setbacks and bouncing back stronger than before.

To support our innovative culture, we have established a dedicated innovation department led by the Chief Brand Innovation & Growth Officer (CBIG). This department oversees all aspects of innovation within the organization, including product development, cultural initiatives, marketing strategies, sales approaches, and corporate communications. This centralized approach ensures that innovation is integrated into every aspect of our operations.

By fostering an innovative ethos and providing structured programs and work formats, we empower our employees to unleash their creative potential and drive continuous innovation across the organization. Our commitment to innovation is at the core of everything we do, driving our success and propelling us towards our goals

We are dedicated to creating high-quality innovative products that cater to diverse consumer needs and lifestyles. This includes advocating for the sourcing of raw materials from Thai farmers, leveraging Sappe's expertise and knowledge in innovation. To foster innovation, we have established a Small Lab/Small Factory where employees can engage in research and experimentation to develop real products. This space encourages trial and error, fostering creativity and fun. Many of our new ideas and innovations stem from these experiments, resulting in exciting new products. Our success in promoting innovation is evident through the release of no less than 20 high-quality products per year, many of which have received awards across various platforms. In 2023, we were honored with awards recognizing our product brands, including:

- 1) JFEX Awards New To Japan 2023: Silver Award presented to the Mogu Mogu brand.
- 2) Superior Taste Award 2023 by the International Food Quality and Taste Certification Institute (International Taste & Quality Institute: iTQi): Awarded to the All Coco brand.
- 3) The SIAL Innovation Award from SIAL America 2023 was bestowed upon the following brands: 1) Mogu Mogu Jelly, 2) Sappe Beauti Shot Stix, 3) Sappe Inyang, 4) Preaw Coffee - High Fiber Formula, and 5) Preaw Coffee - Collagen Type-Two Formula.
- 4) The SIAL Innovation Shenzhen 2023 FINALIST award was granted to the SAPPE BEAUTI SHOT STIX brand, while the SIAL Innovation Shenzhen 2023 SELECTION award was presented to MOGU MOGU JELLY from the SIAL INNOVATION Shenzhen 2023 Exhibition - a highly successful food and beverage exhibition in China.

In 2023, alongside the introduction of numerous new products into the market, we embarked on several exciting campaigns. Our journey began with the launch of Mogu Mogu x ZEPETO at the start of the year, facilitating global consumer engagement in both the physical and Metaverse realms for the second consecutive year. As summer approached, we brought novelty to consumers in Thailand through captivating brand events such as B'lue at the "WHAT'S

YOUR VIBE?" event. This immersive experience opened up a world of fun, accompanied by The Immersive Interactive Experience and participation in the TEP event x OIIO ASIA TECHLAND 2023 – Asia's largest tech show. At this event, themed "The Best Living Tech Experience in Asia," Sappe proudly unveiled the 'SAPPE Future Bar' booth, where 7 meticulously crafted cocktails were prepared glass-by-glass by robotic bartenders. Notably, Thailand's first robotic bartender, 'ROBOTENDY,' spearheaded this innovative campaign. These endeavors epitomize our commitment to innovation and our penchant for delivering unforgettable experiences to consumers, ensuring year-round enjoyment for all.

To enhance opportunities and competitiveness and foster additional innovations, Sappe has forged partnerships with leading community enterprises, research institutes, educational institutions, and universities nationwide. Together, we creatively develop products that align with evolving trends and consumer behavior. This year, we've expanded our collaborations with new partners to introduce more products to the market, including:

- Launching dietary supplements from Chinese herbs in collaboration with Huachiew Chalermprakiet University under the brand "Sappe Inyang."
- Extending our Sappe x Workpoint collaboration with new flavors of Kru Pensri candy and Taurine coffee.
- Forming a global alliance with Power Root Berhad (PWRT: MK), Malaysia's top beverage manufacturing company, to leverage strengths in production, marketing, and distribution. This partnership aims to introduce Power Root's products into Thailand's instant coffee market while expanding Sappe's products in Malaysia, utilizing the combined strengths of both companies.

Furthermore, Sappe is dedicated to efficient management across the value chain, employing innovation and modern technology to minimize environmental impacts and address global warming and climate fluctuations. As part of these efforts, we have invested in the construction of an automatic warehouse or Automated Storage & Retrieval System (AS/RS), along with expanding our factory building and adding a new production line to support our company's growth goals and reduce greenhouse gas emissions. Sappe has also transitioned the labels on 100% of our products from PVC to PET bottles and introduced Tethering caps in select products and countries to aid in waste management and recycling. Additionally, we are actively developing packaging solutions aligned with a circular economy model. This includes collaborating with partners to create packaging using recycled plastic pellets and cardboard boxes made from recycled paper, facilitating natural decomposition. To further reduce greenhouse gas emissions, we have installed floating solar panels on the water treatment pond behind the factory, as well as on the factory roof. These initiatives underscore Sappe's commitment to environmental sustainability, a priority project for us currently.

Research and development (R&D) Expense in three-year period

(Unit : Thousand Baht)

R&D Expense List	2023	2022	2021
Expense in conducting research and development (R&D) in the past three years	25,969	21,048	93,005

(2) Marketing and Competition

The year 2023 was still a year of volatility and uncertainty caused by internal factors (political direction, consumer confidence, purchasing power, tourism and more), and external factors (the Russia-Ukraine war and the Israel-Hamas war) as well as an increase in the production capacity to support the expansion of the international market.

The international market continued to grow, thanks to the market and shop expansions which included the current channels strengthening and widening access to products through the new channels in each country.

Regarding the domestic market in which the economy relies on the tourism industry, the number of tourists and changed behaviors of the tourists affected the economic situation and the internal purchasing power. Moreover, the beverage business remained very competitive from competing to gain a market share through promotional activities and product launching. The overall situation of the domestic beverage business in 2023 grew 11.2% compared to 2022 in value based. The in-dept studies throughout 2023 led to an adjustment of the market in 2023 and will continue to 2024, particularly for the key brands like “Beauti Drink”.

For the domestic distribution channel, 7-Eleven convenient stores were still the main channel for the company’s products particularly functional drinks led by Sappe Beauti Drink and the Water Plus category under the B’lue brand. Meanwhile, the traditional trade was second with instant coffee products from Preaw Coffee and vitamin jelly under the Gumi Gumi brand which has been growing continuously. The company also launched a new product called “Sappe Beauti Powder” to suit the domestic distribution channel and increase access to the product.

Distributing products through the company’s E-commerce was another channel which grew constantly in the past year. In 2023, Sappe launched products to sell only on this particular channel and was able to double the sale volume. It was quick adaptation to conform with the opportunities, changing behaviors of the consumers and present technology.

Overall Marketing and Competition in Each Category

1. Functional Beverage Segment

1.1 *Sappe Beauti Drink*

In 2023, Sappe Beauti Drink introduced two new products for summer and conducted the consumer insights to adjust its business plan to keep the existing consumers and get new ones for the brand. Regarding communication, “Daily Self-care” is the key message that the brand uses to communicate with the consumers. This message has been developed from “Healthy Makes Beauty” which was used earlier. To emphasize a motto on self-care, Sappe launched the new items with special labels designed by famous artist “give.me.museums” who is popular among Gen-Z as it wants to attract consumers of this generation and to spice up the functional drink market. Under the Sappe x give.me.museums collaboration, **Sappe Beauti Drink Summer First Love and Sappe Beauti Drink Lucky in Love** were launched to cool the heat. The Summer First Love had a taste of scented sweet from white strawberry adding with lycopene and vitamin E to fight free radicals. The other formula was Lucky in Love which provided pleasant sweetness of lychee plus cooling peppermint as well as pomegranate and rose extracts. The two formulas are low in calories, zero sugar and fat free.

1.2 B'lue

Continuing from the previous year, B'lue still maintained its market share with an exceptional and exotic taste of B'lue Yuzu-Watermelon and B'lue Peach-Ume Plum that created refreshing sentiment and thirst quenching during the summer. The two flavors are the perfect and unique combination of different flavors of fruits, coming with a distinctive design which is completely different from the style of B'lue labels. The new products were created to particularly target Gen-Z customers and received a warm welcome from them. Apart from this, Sappe also launched B'lue Lemon, familiar and easy-to-drink flavor, to boost its business near the end of 2023.

2. Fruit Juice/Juice Drink Segment

2.1 Sappe Aloe Vera

In 2023, Sappe Aloe Vera has maintained its existing customer base with the quality and taste of its products and has expanded its new customer base by starting to distribute its distribution into distribution channels in the school group to expand its base to schoolchildren. It was found that there was a significant increase in consumption of Sappe Alo Vera products, while still highlighting the quality of large pieces of juicy aloe vera meat, the selling point of the product. Sappe Aloe Vera is currently available in 6 flavors: Grape, Lychee, Apple, Red grape, Lemon honey and Peach.

2.2 Gumi Gumi by Mogu Mogu

Similar with Gumi Gumi Jelly, to maintain a young customer base, young people who love deliciousness with affordable price. The product focuses on distribution channel in traditional trade channel through community stores and school stores.

In 2022, Gumi Gumi Jelly has launched a new flavor to the market, adding 1 flavor of vitamin-infused jelly to the portfolio, Strawberry yoghurt flavor, for a total of 6 flavors, including:

- Gumi Gumi Jelly Grape with Vitamin B Complex
- Gumi Gumi Jelly Lychee with Vitamin C
- Gumi Gumi Jelly Orange with Vitamin C
- Gumi Gumi Jelly Yoghurt with Vitamin B Complex
- Gumi Gumi Jelly Mixed Berries with Vitamin A
- Gumi Gumi Jelly Strawberry yoghurt with Vitamin C (New)

2.3 All Coco

In 2023, the All coco brand grew by expanding its new customer base, focusing on customers who use coconut raw materials such as coconut water or coconut meat for cooking, bakery and beverages, through distribution with business partners such as Siam Makro. It focuses on building confidence in quality coconut raw materials through the All Coco brand. At the same time, it maintains an existing loyal customer base in its main distribution channels, such as the café business. It focuses on scaling café stores smaller but more efficiently due to customer behavior that often buys to consume at home or outside the store. In addition, new products from coconuts are introduced in the café to create novelty and increase sales, such as vegetarian products, waffles, burnt coconuts, and seasonal menus during the New Year festival.

Additionally, ingredients for the beverage menu featuring the All Coco brand at All Café have been developed. These beverages are scheduled to be available for sale by the end of 2021, with plans to steadily expand the number of branches offering them.

3. Functional Powder Segment

3.1 Preaw Coffee

It continued to reinforce its position as the No. 1 health and beauty coffee product in the Traditional Trade market. In addition, distribution in E-commerce channel from the previous year has significantly increased the proportion of sales through increase in marketing activities directly to the target audience via various online platforms.

In addition, a new product, Preaw Fiber, to meet the needs of bowel movements, the number one problem for Thai women, with Thai herbal ingredients that help nourish the intestines for bowel movements.

3.2 Sappe Beauti Powder Stix

Sappe created Sappe Beauti Powder Stix, instant beverage powder from its expertise and reputation in collagen products. The collagen powder in strawberry flavor is tasty without stink, rich with vitamin C and easy to consume. The item has been distributed in the traditional trade as the first channel at an affordable price of 10 baht. It targets a wide range of customers, underlining the concept “The Right to Beauty for All.”

4. Healthier Snack

4.1 Maxtive Banana

The current trend of significant growth among health and fitness lovers led to a group of consumer who looks for products that help meet the challenges of exercising and doing heavy activities continuously for a long time. One of the products that accounts for a significant growth is the Energy Gel, which increases blood sugar levels and allows the body to absorb and use it to rapidly increase the energy of continuous heavy activities. Therefore, the company launched "**Maxtive Banana**", under brand Maxtive, bringing innovative gels to provide energy from local ingredients such as Golden banana, a unique breed of Thai banana. The product is distributed only through electronic channels (E-commerce). Marketing activities, product trials were conducted through mobile stores and sport events to increase awareness.

5. Supplement & Others

5.1 *Sappe InnoSci*

Sappe has a strong will to develop a dietary supplement product which is the answer to the new way of living and different self-care requirements in each important aspect. To emphasize our determination, the company has selected and put all supplements which are suitable for each nourishment in one sachet and the amount is in line with the research' recommendation for daily intake. Furthermore, each extract used in production has been certified by the relevant research on efficiency. Currently, the products under InnoSci are six SKUs in total: Immune Booster, Hair & Nail, Collagen Typell for bones and joints, Skin Booster, Clear Migen to relieve headache and stress, and Phytosterol to help reduce cholesterol.

5.2 *Sappe Inyang*

In 2023, Sappe launched "Sappe Inyang x Hua Chiew" dietary supplements under a partnership with Huachiew Chalermprakiet University. The products were created in two formulas: Power Booster (Red box) for those who stay late in the night and work hard with little rest and Relaxing Calm (Blue box) made for overthinking people who encounter sleeping difficulty as this formula can help adjust mood and relieve stress. They were developed to help maintain homeostasis under the Chinese traditional medicine ways. We are the pioneer in producing a new form of products with Chinese traditional medicine in Thailand. The valuable Chinese herbal science is delivered through tablets inside a sachet for one-day consumption. The products meet the consumers' lifestyle as they are portable and easy to consume. Sappe x Hua Chiew targets the Silver Age group, middle aged people, and wealthy age, aiming at strengthening its product portfolio.

Characteristic of Customers and Target Groups

Sappe's customers are varied, depending on particular products but all of the items are able to cover all target groups, ranging from gender, age, occupation and interest, lifestyle and level of income as listed below:

Products	Target Customers
Sappe Beauti Drink and Sappe Beauti Powder	<ul style="list-style-type: none">● Health and beauty conscious women.
B'lue	<ul style="list-style-type: none">● Teenage group or people of working age with young spirit who look for new and sensational things but care for health and seek items that meet their lifestyles.
Preaw Coffee	<ul style="list-style-type: none">● Ready mix coffee powder for health and beauty conscious women
Preaw Chlorophyll	<ul style="list-style-type: none">● Ready mix chlorophyll powder imported from Japan for health-conscious consumers of all ages.
SlimFit Coffee	<ul style="list-style-type: none">● Ready mix coffee powder for health and beauty conscious women, available in an affordable price.
Maxtive	<ul style="list-style-type: none">● Health-conscious men who want to boost confidence
Mogu Mogu, Gumi Gumi by Mogu Mogu	<ul style="list-style-type: none">● People who want products that meet the needs of deliciousness & refreshing with coconut jelly

Products	Target Customers
Sappe Aloe Vera Drink	<ul style="list-style-type: none"> ● A new generation in all genders who are passionate about novelties and pleasure and prefer a delicious and refreshing product with aloe vera pulps.
All Coco and All Coco Pudding	<ul style="list-style-type: none"> ● A demographic of health-conscious individuals seeking the finest products available on the market, aiming to fulfill their preferences for taste, health benefits, and social image.
Sappe Beauti Jelly	<ul style="list-style-type: none"> ● Jelly products for young people of all ages, who want to take good care of their health.
Mogu Mogu Jelly	<ul style="list-style-type: none"> ● Children and teenagers, the new generation, who focus on deliciousness, convenience and benefit from vitamins.
Gumi Gumi Jelly	<ul style="list-style-type: none"> ● The new generation ranging from school-age to working age who like having sweet as a snack but favor the delicious and refreshing item, full of benefit and make stomach full. The affordable price is also preferable to make it the routine snack.
Kru Pensri	<ul style="list-style-type: none"> ● Students and working people, being influenced by social media and look for candy with creative flavors.
Limitless lozenge	<ul style="list-style-type: none"> ● School and university students who want to live a full life in studying hard and playing hard.
SAPPE InnoSci	<ul style="list-style-type: none"> ● People with health concerns and prefer self-caring. Each product under the brand will directly meet the consumers' need and reduce difficulties in taking supplements.
Sappe Inyang	<ul style="list-style-type: none"> ● The middle-aged and elderly who prefer taking care of themselves with various methods especially Chinese traditional medicine which uses natural herbs to produce functional shots and dietary supplement tablets for easy consumption.
Sood Sud herbal inhaler	<ul style="list-style-type: none"> ● Teenagers who like inhaling aromatic scent for stress relief and refreshment, and have interest in artworks and buy products based on their lifestyle.
Taurine Coffee	<ul style="list-style-type: none"> ● Targeting individuals aged 28-45 who are actively in the workforce.
Sappe Keaf CBD Water	<ul style="list-style-type: none"> ● The working-age and middle-aged people who want to relax and have brain nourishment.

Sale and Distribution Channels

In 2023, the company's products were distributed to both domestic and foreign markets around 100 countries worldwide. The proportion of the domestic market was 19.1% and that of the foreign market was 80.9% of the total sales.

- **Domestic Distribution Channels**

In 2023, the beverage business in Thailand slightly grew in value with slightly less growth in volume due to internal and external factors. The external factors were the Covid-19 pandemic, the international conflicts including the Russia-Ukraine war and the Israel-Hamas confrontation while the internal factors included a transition of the government. Those factors continued to affect the overall economic situation, especially an increase in the cost of living caused by the product price hike that directly affected the purchasing power of internal consumers. Thus, the consumers prefer choosing products with the best value and vital to their living and also look for the items that meet their health-conscious need.

As the company emphasizes the change of consumers' behaviors, it has dedicated to conducting research to understand consumers and their needs in order to develop products to be more suitable for the target group.

From the negative impacts that are likely to be long and to continue, the internal economic growth has declined continuously. Therefore, the business operation last year was full of challenges, especially the distribution channels with intensifying competition. However, the company still constantly developed and introduced products into the market through the six key domestic channels which are:

1) Modern Trade: A direct sale to the following modern trades:

- Convenience stores such as 7-11, Family Mart, Lawson108, Jiffy, and gas stations such as Susco and PTT.
- Hypermarkets, supermarkets such as Lotus, Big C, Tops, Maxvalu, The Mall, CJ Express, etc.
- Cash & Carry such as Makro
- Beauty stores such as Watsons and Boots

The company will deliver products directly to customers' distribution centers, allowing these centers to continue distributing the products to their respective sub-branches. Additionally, the company has prioritized product placement in diverse stores. Employees will organize products by product group, ensuring ease of access for consumers and adequate availability to meet their needs.

In 2023, the convenience store channel showed promising growth prospects, particularly through effective promotional activities conducted both in-store and through delivery services. However, the hypermarket and supermarket channels experienced slower growth compared to other channels. Furthermore, the coconut water with coconut meat product, which has been available at 7-11 stores since the end of 2021, continued to expand its presence by being offered in over 5,000 branches of All Café.

2) Traditional Trade: products are distributed to retail stores nationwide through the company's sales distributors. In 2022, the company expanded its distributor network into three categories:

2.1) National Distributors: Two external legal entities, acting independently from the company, serve as national distributors. These wholesalers distribute products to retail stores across the country and manage the sale of the company's products.

2.2) Local Distributors: Nine local distributors are responsible for specific geographical areas assigned by the company. Their role is to ensure deeper distribution coverage and increase the frequency of store visits in strategic areas.

2.3) Specialty Stores: The company's own employees act as salespersons to distribute products to various establishments such as beauty salons, schools, restaurants, wholesale stores, and their branches. They also manage distribution to automatic vending machines located in stores not covered by official distributors.

Additionally, the company has restructured its sales team to collaborate with dealers in each area, fostering business relationships with store owners in every region.

3) Out of Home: With the country implementing more lenient measures and reopening, outdoor consumption channels have seen increased activity, notably in airports, restaurants, cafes, golf courses, and food courts. The company has responded to this trend by expanding the distribution of vending machines in airports.

4) Industrial: Sappe has ventured into the industrial channel by expanding its coconut product offerings (coconut meat and water) to serve as raw materials for the production of various items such as ice cream, sweets, soup, and pastries

5) E-Commerce: In 2023, Sappe expanded its customer base from Social Commerce platforms like Facebook to popular Marketplaces such as Shopee, Lazada, and TikTok, receiving positive feedback. The company also introduced dietary supplement products, Inno Sci and Beauti Powder Stix, to cater to health-conscious consumers who prefer online shopping. Additionally, Sappe bolstered its teams to improve service speed and responsiveness to customer requirements. Furthermore, the company conducted more consumer insights to enhance service quality and analyzed market trends to develop products that align with consumer needs.

6) Brand Activation & Selling: This channel involves introducing the brand by providing free product samples for tasting, along with making the items available for sale. Sappe's mobile sales team manages this channel, traveling to various locations to engage with the target audience and participate in showcases, exhibitions, and seminars that align with the product's target demographic.

- **International Distribution Channels**

In 2023, the export business continued facing challenges from the economic recession and inflation in several countries. The Russia-Ukraine war that has been continuing for nearly two years and the conflict between Israel and Palestine caused a price increase in consumer goods and consumers in many countries remained cautious in spending. However, close working with the international partners in expansion of distribution channels to reach more consumers and building brand awareness of Mogu Mogu to customers and consumers both online and offline were very important for the business growth.

Apart from distributing the main product Mogu Mogu, the company still carried on the risk reduction strategy from 2017 to 2023 by increasing sale proportions of the other brands. Those brands include Mogu Mogu Jelly, Sappe Aloe Vera and Sappe Beauti Jelly, All Coco, B'lue and Kru Pensri in order to reach other groups of consumers in each country.

- **Competition Strategy**

The company has set both short and long-term strategies to respond to the need of the market and consumers to be in line with the ever-changing technology trend and competition. The strategies were planned and coordinated by the entire organization. It does not only involve the sales and production departments, but also the other supportive sections in order to create and produce tasty and high-quality products which meet the need of the health, beauty and lifestyle. Incessant improvement and development of the manufacturing procedure are also included in the strategic planning. In 2022, **the company introduced more products under the Mogu Mogu brand in order to upgrade its flagship brand** for a better response to consumers of a new generation.

Furthermore, the company is committed to fostering a positive work environment where employees feel fulfilled and happy. Continuous learning opportunities are provided across various departments, encompassing research, production, transportation, and overall organizational dynamics. This focus on ongoing development aims to enhance operational efficiency and ensure the continuous improvement of product quality and variety. Our primary goal is to cater to the diverse needs of consumers across all demographics, age groups, and occasions through our product offerings. Additionally, we prioritize building brand loyalty and increasing brand value through the implementation of the following marketing and competitive strategies:

- **From Thai brand to global brand**

Sappe's executives and a working group have set the business direction of the company and product development to make Sappe a global brand. As one of the key players are the employees, the company, therefore, arranged training courses for them conducted by experienced people including the executives and guest speakers.

Furthermore, the company also tried to make the staff understand the direction as they play a role of image builders and represent all brands of the company in moving towards to a global brand. This focus is not a short-term target but a creation of organizational DNA for all players to unite and cooperate to build a sustainable corporate culture.

For the foreign market, the company planned strategies and brand investment for each country differently, depending on the readiness of the market considering from size, growth rate, product distribution coverage in different channels and trade partners. Strategies have been planned to suit competition and consumer needs in each market. The company did more marketing through the digital platform and encourage consumers in particular countries to interact and love the brand, or introduce it to friends and buy the products through the online platform during the Covid lockdown.

- **Partner Relationship Management**

Sappe has established good relationships with business partners in all countries by adhering and emphasizing the “win-win” principle, leading to business expansion in over 100 countries across the globe. In the relationship management, the company does not treat the partners only as importers or distributors but representatives to build and promote the brand together with the company.

Moving in the same direction of the company and partners is always vital to jointly drive business to success. The company will support and give advice in building brand foundation and branding through information exchange to develop a complete “marketing mix.” The company also created the Partnership Platform to develop and select partners for business expansion and branding in steps to become a global brand.

In addition, the company has bolstered the relationships with the partners through operational performance analysis and efficiency assessment of joint activities in every quarter of the year. The outcome has been given to the partners to be used in planning and applying to their business in the future. The company also enlarged the working network with the partners, including the teams responsible for product stocks, procurement system and accounting, to make the joint business running smoothly.

- **Good Product Development with Consumer Oriented**

The company has been considering consumers as the top priority, so, it is determined to develop quality products and emphasize on consumers’ benefit. The two principles have been the company’s strength from past to present, and have been counted as our key points of the success for over a decade.

The company always sells high-quality products with health benefits, values and reasonable prices for target groups, for utmost satisfaction of global customers with different needs. Furthermore, the company has been developing and inventing new products through marketing research in order to insightfully understand customer needs with focus on “customer insight” for consumers in each country to “win local” with products, packaging and marketing.

Regarding product development for new consumer groups in business expansion and to build sustainability in the future, the company has studied market trends and consumers, as well as new technology in food and beverage production both in Thailand and overseas to develop innovations. However, Sappe still maintains its speciality which is the company’s identity to offer “preferred choice” for consumers who are regarded as the “heart” of the company’s operation.

(3) Procurement of Goods and Services

Manufacturing Facility

Currently, the company's manufacturing base is at the Khlong 13 factory at No.8, Moo 7 in Puet Udon Sub-district, Lam Luk Ka District of Pathum Thani Province on a plot of 154 rai, five ngan and 82 sq. wah. Construction of the factory started in 2010 and the manufacturing operation began in 2012. The factory is well-equipped with advanced technologies including modern machines and tools that help protect the environment by reducing pollution.

The Klong 13 factory compound consists of two manufacturing buildings and a warehouse. The first building is equipped with machines to produce functional drink, fruit juice and fruit-flavored refreshments in four production lines, with a maximum production capacity of 178,880 tons per year. The second building is equipped with machines for the functional powder category with a maximum capacity of 1,379 tons per year. The production line of the pouch product category has a maximum capacity of 5,985 tons a year, plus three more sub-production lines for new products development to be in line with the company's business plan in the future.

To accommodate the production volume and store the products to meet the rising need, the company has expanded the factory space and started constructing the new and modern plant with the "Automated Storage & Retrieval System" (AS/RS) and added a new production line to be in accordance with the company's future plan.

With determination in overseeing the environment, the company brought a solar panel to place on the rooftop of the factory and on the water surface known as "solar rooftop & solar floating" to generate renewable energy. Sappe carried out these environmental strategies with an aim to reduce usage of electricity from coal and cut carbon dioxide (Co2), which is greenhouse gas that causes global warming. In 2023, the company was able to reduce electricity from the electricity authorities by approximately 2,795,844 kWh.

For the quality system management, we still continued developing and maintaining the systems in which the company applied for better efficiency to maintain working standards including good quality and product safety. Our certified standards are:

- Food Safety Management System: FSSC22000, ISO22000, HACCP IIa: GHPs
- Environmental Management System: ISO14001
- Standard system for competence of testing laboratories: ISO/IEC 17025:2017
- Production standards according to religious practice: HALAL CICOT, HALAL MUI and KOSHER.

Production Capacity and Production Volume

The company's capacity in beverage production between 2022 and 2023 at the factory were as follows:

Khlong 13 factory	2023	2022	2021
Maximum production capacity	178,880	158,976	136,078
Production volume	157,070	114,917	97,815
Capacity utilization rate	89%	72%	72%

The company's production depends on the sale and marketing plans at certain periods and demand in the market to have enough products for both domestic and international markets. Finished goods inventory will also be considered to prevent oversupply.

Procurement Policy/Material Sourcing

The company adheres to a material sourcing policy that prioritizes partners operating in an environmentally friendly manner, with a commitment to business ethics, devoid of discrimination and free from child labor, and in compliance with all applicable laws and regulations.

Raw Materials and Suppliers

Main raw materials of beverage products include concentrates, fruit bits such as Nata de coco, active ingredients such as fiber, collagen, and vitamins, and packages, such as PET bottles and paper cartons. Bottle preforms and PET bottles are produced in the Company's factory by using polyethylene terephthalate as the main raw material for production.

Details of raw materials procurement are as follows:

- 1) Concentrated fruit juice (Concentrate): The company domestically orders through importers of concentrated fruit juice.
- 2) Fruit bits, such as Nata de coco: The company has entered purchasing contracts with two large traders in Thailand to support its Nata de coco consumption. Additionally, there are several small sellers within the country. The company has assessed the risks associated with sourcing Nata de coco, which is a primary raw material, from these trading partners. In order to support sales growth and considering that domestic partners may not be sufficient, the company imported Nata de coco from abroad in 2023 for testing purposes. It began using the imported Nata de coco in the 2nd quarter of 2023.

However, the company prioritizes domestic partners and reserves foreign partners to support future sales growth. This plan aims to provide the company with stability in terms of raw materials to prevent future shortages.

- 3) Nutrients (Active Ingredients) such as fiber, collagen, and various vitamins are ordered domestically through companies that import nutrients from various foreign sources.
- 4) Packaging includes PET plastic pellets (PET: Polyethylene Terephthalate) used in producing preform tubes before being blown into PET bottles. These pellets are 100 percent sourced domestically. The company is committed to environmentally friendly raw materials and packaging. In 2023, recycled PET plastic pellets will be utilized to repurpose waste from the production process, aiming to maximize benefits. This initiative is currently being tested and is scheduled for implementation in the 2nd quarter of 2024.
- 5) In 2022, the company initiated the transition of bottle labels from PVC to PET for enhanced and natural biodegradability. **By 2023, the transition to 100% PET has been completed.** Furthermore, the company has collaborated with partners to develop alternative packaging solutions, including those utilizing recycled plastic pellets for natural biodegradability and paper boxes crafted from recycled materials, promoting environmental sustainability. These eco-friendly packaging options are anticipated to be introduced in 2024.
- 6) In 2023, the company has not received orders for raw materials from any manufacturer or supplier exceeding 30% of the total order value. Several factors in 2023 have contributed to increased costs of raw materials and packaging, which are crucial for the company's production. These factors include

drought, currency fluctuations weakening the baht, and rising prices of plastic pellets. Additionally, the impacts of the COVID-19 pandemic, conflicts such as the war between Ukraine and Russia, and the Israeli-Palestinian conflict have further exacerbated the situation. Continued warfare could lead to further increases in raw material prices from affected countries.

- 7) In 2023, the company conducted risk assessments for its top 20 trading partners based on order values collaborating with these partners, the company devised strategies and negotiated contracts to stabilize prices and secure quantities of raw materials, aiming to mitigate future price fluctuations and material shortages. For the remaining partners, the company established short-term contracts (ranging from 3 to 6 months as deemed appropriate) and maintained raw material reserves at optimal levels. Additionally, throughout 2023, the company actively engaged in joint development initiatives with key trading partners and implemented new strategies to enhance the efficiency of the procurement process.
- 8) In 2023, the company will conduct price and quality comparisons, as well as evaluate other conditions, from at least 2-3 sellers to prevent exploitation. This includes exchanging information in a mutually dependent manner to facilitate strategic raw material procurement aligned with production plans, thereby averting material shortages and optimizing inventory levels to achieve optimal production costs. The company avoids excessive stockpiling to mitigate price fluctuations and instill confidence in uninterrupted production due to raw material shortages. These risk-related matters are regularly reported during quarterly meetings of the company's risk management working group, ensuring alignment with the established risk management plan.

In selecting business partners, the company prioritizes environmental considerations, seeking partners that share a commitment to environmental stewardship. In 2023, the company established an environmental system, known as Green Procurement, as its primary focus. Recognizing the importance of environmental, social, and governance (ESG) factors for the organization's sustainability, the company has adopted ESG principles. As part of this commitment, the company has announced a policy and encourages trading partners to also prioritize ESG principles.

Policy Credit Term

The company prioritizes liquidity and effective administrative management, focusing on managing the cash cycle efficiently. To achieve this, the company has established a policy to set credit term periods ranging from 7 to 90 days. These periods are determined based on various factors, including the duration of the business relationship, the type and turnover of merchandise, and the quality standards of products. The company ensures that credit terms are set fairly, fostering mutually beneficial relationships between the company and its trading partners.

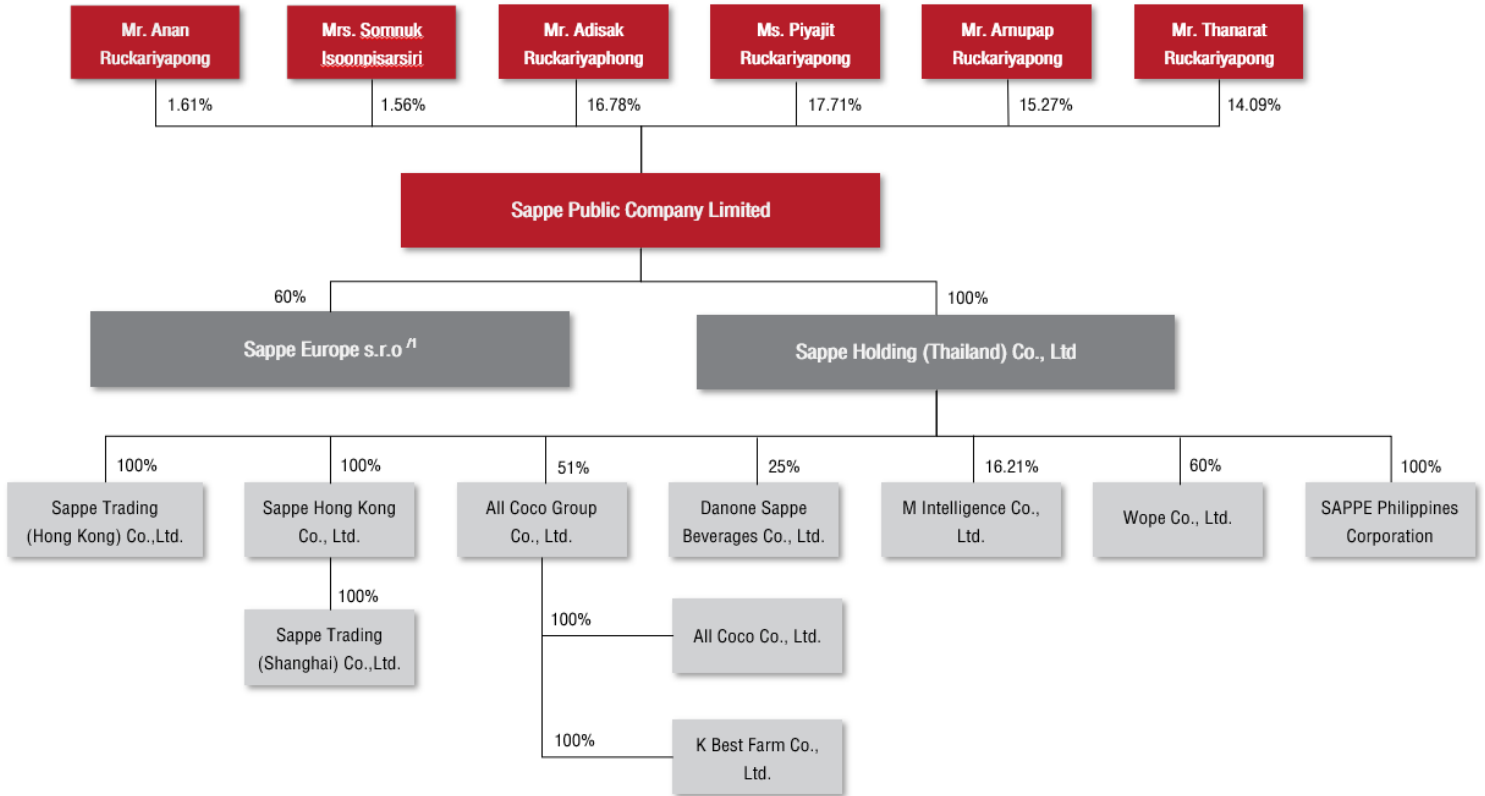
In 2023, the company maintained an actual average trade credit period of 30 days. However, for foreign customers, the company implemented payment terms requiring them to pay 100% of the product cost in advance before delivery, along with providing a Letter of Credit (L/C). This measure is aimed at mitigating the risk of payment default and serves as a safeguard against fluctuating exchange rates.

(4) Assets for business undertaking

Shown in Attachment 4. Assets for business undertaking

1.3 Shareholding Structure

1.3.1 Shareholding Structure as of 31 December 2023



Remark¹ On August 10, 2023, the Board of Directors resolved to approve the sale of all investments in Sappe Europe s.r.o. The transaction is expected to be completed within 2024. (As of December 31, 2023, the Company classified the transaction as non-current assets held for sale).

The Company has determined the control and the supervision of the operations of subsidiaries and associates. The policies ensure that the management and operations of these subsidiaries and associates are controllable as if they were an internal unit. Moreover, measures have been devised to monitor the management of the subsidiaries and associates to protect the Company's investments.

Direct Subsidiary Information and Indirect Subsidiaries and Associated Companies

As of December 31, 2023, the Company has 2 direct subsidiaries, 7 indirect subsidiaries, 2 indirect associates, and 1 indirect joint venture, as follows:

Direct Subsidiaries

- 1) **Sappe Holding (Thailand) Company Limited:** A registered company in Thailand, operating business in providing management services to group of companies

Office:	8 Moo 7 Tambon Puech-udom, Amphoe Lamlukka, Pathumthani
Registered Capital:	420,000,000 Baht
Paid-up Capital:	420,000,000 Baht (or 100 percent of registered capital)
Price per share:	10 Baht
Type of share:	Common share
% Shareholding:	100

- 2) **Sappe Europe s.r.o :** A registered company in Slovakia, operating business in distributing healthy beverages in European countries

Office:	Golánova 3140/5 Bratislava 821 03
Paid-up Capital:	6,639 EURO (equivalent to 0.27 million Baht)
Type of share:	Common share
% Shareholding:	60

Indirect Subsidiaries

- 1) **Sappe Trading (Hong Kong) Company Limited:** A registered company in Hong Kong, operating business in importing, exporting and trading

Office:	RM 907, 9/F KENBO COMM BLDG, 335-339 QUEEN'S RD, WEST, HK
Registered Capital:	100,000 Hong Kong Dollar (equivalent to 0.45 million Baht)
Paid-up Capital:	100,000 Hong Kong Dollar (100% of registered capital)
Price per share:	10 Hong Kong Dollar
Type of share:	Common share
% Shareholding:	100% shares held by Sappe Holding (Thailand) Co., Ltd.

- 2) **Sappe Hong Kong Company Limited:** A registered company in Hong Kong, operating business in providing management services to group of companies

Office:	RM 907, 9/F KENBO COMM BLDG, 335-339 QUEEN'S RD, WEST, HK
Registered Capital:	3,000,000 Hong Kong Dollar (equivalent to 13.98 million Baht)
Paid-up Capital:	3,000,000 Hong Kong Dollar (100% of registered capital)
Price per share:	10 Hong Kong Dollar
Type of share:	Common share
% Shareholding :	100% Shares held by Sappe Holding (Thailand) Co., Ltd.

- 3) Sappe Trading (Shanghai) Company Limited:** A registered company in China, operating business in distributing healthy beverages
- Office: Room 806,8/F, Building#2, 55 Meisheng Road, China (Shanghai)
- Registered Capital: 2,000,000 RMB (equivalent to 10.17 million Baht)
- Paid-up Capital: Nil
- % Shareholding: 100% shares held by Sappe Holding (Thailand) Co., Ltd.
- 4) All Coco Group Company Limited:** A registered company in Thailand, operating business in manufacturing and distributing coconut-based products under “ALL COCO” trademark
- Office: 139/6 Moo 2, Tambon Laksam, Amphoe Baanpoew, Samut Sakorn
- Registered Capital: 168,000,000 Baht
- Paid-up Capital: 168,000,000 Baht (100% of registered capital)
- Price per share: 100 Baht
- Type of share: Common share
- % Shareholding: 51% shares held by Sappe Holding (Thailand) Co., Ltd.
- 5) All Coco Company Limited:** A registered company in Thailand, operating business in distributing coconut-based products under “ALL COCO” trademark
- Office: 98/38 Moo 6, Tambon Bang Mueng Mai, Amphoe Mueng, Samut Prakarn
- Registered Capital: 15,000,000 Baht
- Paid-up Capital: 15,000,000 Baht (100% of registered capital)
- Price per share: 100 Baht
- Type of share: Common share
- % Shareholding: 100% shares held by All Coco Group Co., Ltd.
- 6) K Best Farm Company Limited:** A registered company in Thailand, operating business in sourcing and distributing fresh coconut in Thailand
- Office: 98/38 Moo 6, Tambon Bang Mueng Mai, Amphoe Mueng, Samut Prakarn
- Registered Capital: 2,430,000 Baht
- Paid-up Capital: 2,430,000 Baht (100% of registered capital)
- Price per share: 100 Baht
- Type of share: Common share
- % Shareholding: 100% shares held by All Coco Group Co., Ltd.
- 7) SAPPE Philippines Corporation:** The company is registered in the Philippines to run the business to distribute functional drinks
- Office: 35F Penthouse Units 1, 2 and 4 Eco, Towers Building 32nd Street, Corner 9th Avenue, Bonifacio Global City, Philippines
- Registered Capital: 22,000,000 million Philippine pesos
- Paid-up capital : 22,000,000 million Philippine pesos, or 100% of registered capital
- Price per share: 1,100 Philippine pesos
- Type of share: Common share
- % Shareholding: 100% shares held by Sappe Holding (Thailand) Co., Ltd.

Affiliates

- 1) **Danone Sappe Beverages Company Limited:** A registered company in Thailand, operating business in developing, manufacturing, marketing and distribution healthy beverages in Thailand
Office: 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok
Registered Capital: 300,000,000 Baht
Paid-up Capital: 300,000,000 Baht (100% of registered capital)
Price per share: 100 Baht
Type of share: Common share
% Shareholding: 25% shares held by Sappe Holding (Thailand) Co., Ltd.

- 2) **M Intelligence Company Limited:** The company is registered in Thailand to provide complete consulting service about digital transformation, including Customer Relationship Management (CRM), data analysis, and digital technology to help improve marketing, sale and one-stop service.
Office: 2, K.C.C. Building, Soi Silom 9 (Soi Suksa Witaya), Silom Road, Silom Sub-district, Bangrak District, Bangkok
Registered Capital: 7,196,670 baht
Paid-up Capital: 4,946,670 baht (68.74% of registered capital)
Price per share: 10 baht
Type of share: Common share
% Shareholding: 16.21% shares held by Sappe Holding (Thailand) Co., Ltd.

Indirect Joint Venture

- 1) **Wope Company Limited:** The company is registered in Thailand, operating business in developing, manufacturing, planning and marketing for all kinds of consumer products.
Office: 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok
Registered Capital: 50,000,000 baht
Paid-up Capital: 50,000,000 baht (100% of registered capital)
Price per share: 100 baht
Type of share: Common share
% Shareholding: 60% shares held by Sappe Holding (Thailand) Co., Ltd.

1.3.2 Persons who may have conflict of interest by holding shares in subsidiaries or associates more than 10% of total number of shares with voting rights in that company.

-None-

1.3.3 Relationship with the Major Shareholder's Business Sectors

The Ruckariyapongs is the major shareholder of the Company with a 73.51% share of the total paid-in shares. Currently, the Company is the only key business of the family. The list of relationships with other businesses of the major shareholder of the Company is available in Attachment 2, Details of the directors of subsidiaries.

1.3.4 Shareholders

(a) List of major shareholders listed in the share register of shareholders as of 28 December 2023 are summarized as follows:

No.	Name	No. of shares	%
1	Ms. Piyajit Ruckariyapong	54,591,375	17.71
2	Mr. Adisak Ruckariyaphong	51,739,257	16.78
3	Mr. Arnupap Ruckariyapong	47,076,496	15.27
4	Mr. Thanarat Ruckariyapong	43,444,069	14.09
5	THAI NVDR Co., Ltd.	17,619,862	5.72
6	UBS AG SINGAPORE BRANCH by Mr. Arnupap Ruckariyapong, 10 million shares	10,090,000	3.27
7	BNP PARIBAS SINGAPORE BRANCH by Mr. Thanarat Ruckariyapong	10,000,000	3.24
8	Mr. Anan Ruckariyapong	4,963,988	1.61
9	Mr. Kachen Benjakul	4,893,600	1.59
10	Mrs. Somnuk Isoonpisansiri	4,805,632	1.56
	Total	249,224,279	80.84

(b) **Major Shareholders Whose Actions Significantly Influence the Company's Management Policies or Operations** Due to the fact that the Ruckariyapongs is the major shareholder of the Company, its role significantly influences the Company's management and operational policies through the approval of the Board of Directors at the meeting. However, on December 31, 2023, there were 4 major shareholders holding 4 positions out of 9 company directors, namely Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, Mr. Anan Ruckariyapong and Mr. Arnupap Ruckariyapong.

1.4 Number of Registered Capital and Paid-up Capital

Currently, the company's registered capital is 308,289,080 baht and paid-up capital 308,289,080 baht. The common shares are 308,289,080 shares with a par value of Baht 1 per share.

1.5 Issuance of other securities

-None-

1.6 Dividend Payment Policy

With the same guidelines, the Company and subsidiaries have established the dividend payment policy of the said subsidiaries as follows: The Company has established the dividend payment policy for the shareholders not less than 40% of the net profit, from the separate financial statements, after corporate income tax and all legal reserves. However, each dividend payment may be subject to change due to various factors to maximize benefits of shareholders, such as performance, financial status, liquidity, cash flow, working capital requirement, investment plans, terms and conditions in various contracts the Company is bound, legal restrictions, other needs and suitability in the future as the Board of Directors may deem suitable. The dividend payment must not entail any significant impact on the Company's normal operations. The Company proposes a resolution of the dividend payment the Board of Directors, and an approval will be sought at the shareholders' meeting, except the interim dividend payment which the Board of Directors has the authority to approve when it agrees that the Company had sufficient profits to do so, and then the Board reports a resolution at the next shareholders' meeting.

Report on the Shareholding of Directors from 1 January 2023 – 31 December 2023 as follows:

No.	Name	Position	% Of Shareholding			Remark
			1 January 2023	Increase (Decrease)	31 December 2023	
1	Mr. Natee Onin	Chairman	0.00	0.00	0.00	
2	Mr. Adisak Ruckariphong	Vice Chairman and Chairman of Executive Committee	16.78	0.00	16.78	
3	Mr. Anan Ruckariyapong	Director and President	1.61	0.00	1.61	
4	Ms. Piyajit Ruckariyapong	Director and Chief Executive Officer	17.70	0.01	17.71	
5	Mr. Arnupap Ruckariyapong	Director and Chief Technology and Project Officer	15.27	0.00	15.27	
6	Mr. Thana Thienachariya	Independent Director	0.00	0.00	0.00	
7	Mr. Padungdej Indralak	Former Independent Director and Former Chairman of the Audit Committee	0.00	0.00	0.00	Retired from the position of Independent Director and Chairman of the Audit Committee due to the expiration of his term and his decision not to seek renewal, effective April 27, 2023
8	Mr. Surath Pralongsilp	Independent Director and Chairman of Audit Committee	0.00	0.00	0.00	Appointed as a Chairman of the Audit Committee, effective April 27, 2023.
9	Mrs. Niratchara Siriamphunkul	Independent Director and Audit Committee	0.00	0.01	0.01	
10	Mr. Chanin Archjananun	Independent Director and Audit Committee	0.00	0.00	0.00	Appointed as an Independent Director and member of the Audit Committee, effective April 27, 2023.

2. Risk Management

2.1 Policy and Risk Management Plan

As the company is determined to develop risk management to cover all activities of the organization, key issues have been set to handle risks under the risk management policy. The main issues in the company's risk focus are structuring risk management including roles and responsibilities, setting framework of risk management plus supportive mechanism, risk identification, risk assessment and reports in order to be used as the organization's proper risk management guidelines, in the acceptable level for the company.

2.2 Business Risk Factors

2.2.1 Possible Future Risk Factors

1) Risk from Climate Change

Climate change has exacerbated severe droughts, water shortages, high-intensity fires, rising sea levels, floods, Arctic ice melting, intense storms, and other environmental challenges. The primary contributor to these issues is the emission of CO₂ from industrial and business sectors worldwide. In anticipation of stricter environmental regulations from government and related agencies, the company has committed to reducing greenhouse gas emissions. This effort includes installing solar panels on the factory's rooftop (Solar Rooftop) and deploying Solar Floating technology on the surface of the water treatment pond located behind the factory. These initiatives aim to decrease reliance on electricity generated from coal, thereby mitigating the company's environmental impact.

2.2.2 Strategic Risk

1) Competition and Business Environment

In the current landscape, competition within the beverage industry is notably intense. This is attributed to a large number of established operators and the influx of new entrants. Finding alternative products has become more accessible, with various operators introducing new offerings, engaging in marketing activities, and consistently increasing advertising and public relations expenditures. Additionally, shifts in governmental laws and regulations may alter the business environment, heightening competition within the industry significantly, prompting entrepreneurs to adapt swiftly.

To mitigate these risks, the company consistently prepares itself to adapt to changing competition. It also adjusts to shifting consumer behaviors by continuously innovating and diversifying its product range to appeal to various consumer segments. Furthermore, it strengthens its brand to enhance value and differentiation. This involves not only innovating and developing new beverage products focused on health, taste, or aesthetics but also exploring other avenues. For example, introducing health-oriented snack products to expand the consumer base beyond the beverage market, designing attractive packaging to enhance perceived value and safety in line with consumer demands, and creating additional value for products while promoting sales through appropriate activities to reach target customer groups and encourage repeat purchases.

Regarding changes in laws related to consumer products, such as adjusting sweetener taxes, a significant risk factor prompting the company to research and continuously improve product formulas. Moreover, the company prepares to initiate the development of product formulas that maintain taste and benefits desired by consumers. Simultaneously, it strives to understand evolving consumer needs, ensuring that product formulas and tastes are accepted.

During the fiscal year 2019-2020, the company commenced production and distribution of fruit-flavored vitamin drinks under the trademark "B'lue" through its 25% stake in Danone Sappe Beverages Company Limited. This product line showed promising growth trends, attracting numerous new entrepreneurs to the market segment. Consequently, the company allocated a substantial budget for sales and marketing investments to establish brand awareness during the initial stages of its establishment. These investments are expected to yield medium to long-term benefits according to the company's established plans. Additionally, the company may initially incur losses from its investment in the joint venture, as per the planned budget for this collaboration.

Furthermore, in addition to the aforementioned actions, the company has adapted by expanding consumer access to its products through various new sales channels, increasing product visibility, and offering product trials regardless of market conditions. Moreover, the company has enhanced existing channels to achieve higher quality goals, such as developing annual plans in collaboration with partners and utilizing in-depth data analysis to boost sales and mitigate risks.

2) Investment in Oversea Subsidiaries

The Company has four indirect overseas subsidiaries: 1) Sappe Trading (Hong Kong) Company Limited, registered in the Hong Kong Special Administrative Region of the People's Republic of China (HKSAR), engaged in import-export business and product distribution, 2) Sappe Hong Kong Company Limited, registered in the HKSAR, engaged in management business, 3) Sappe Trading (Shanghai) Company Limited, registered in China, operating a product distribution business, and 4) Sappe Philippines Corporation, registered in the Philippines, conducting the business of distributing health beverages. Sappe Holding (Thailand) Company Limited (a 100% subsidiary of the Company) currently holds 100% of shares in these four indirect subsidiaries.

These overseas subsidiaries may have been affected by the risk from both internal factors under their operation and external factors such as the economic situation, consumers' behaviors, purchasing power, political stability, laws, tax and foreign exchange rate in that particular country. If any incident does significantly impact the subsidiaries, it could also affect the company's performance.

However, the company has set a clear investment policy in both subsidiaries and joint ventures. In the past investment, the company carefully considered relevant factors including growth opportunity, size and risk of investment by reports and monitoring the subsidiary's operations on a regular basis.

2.2.3 Operational Risk

1) New Product Development

The investment required for launching a new product is significant, especially in marketing, public relations, advertising, and promotional activities aimed at raising product awareness, garnering positive consumer feedback, and achieving satisfactory sales levels. However, such a substantial investment carries inherent risks for the company, particularly if the product fails to resonate with consumers. This risk is heightened in highly competitive markets with numerous new product launches by competitors. Furthermore, the rapidly evolving needs of consumers add another layer of complexity to the situation.

The company acknowledges these risks and places great importance on preparing for new product launches to mitigate the risk of failure. This involves a meticulous research and development process facilitated by an independent unit dedicated to developing new products. This unit systematically analyzes business opportunities, devises marketing strategies, conducts design and testing, and utilizes the company's own laboratory for research purposes. In selecting new products,

data-driven approaches are employed, starting with the collection and analysis of customer data from major brands within the company's portfolio to ensure the products align with the preferences of the target customer group.

With each new product release, the company emphasizes unique selling points and the essence of the products to create consumer satisfaction. Quality taste tests and market evaluations are conducted, alongside strategic planning for market introduction. Advertising, public relations, and marketing activities are meticulously organized to encourage target customers to try new products and foster repeat purchases. This comprehensive approach aims to ensure the successful launch of new products while continuously evolving existing ones.

Furthermore, the company consistently monitors market trends and consumer preferences through research and market surveys to adapt to the ever-changing consumer landscape. The focus remains on developing products that offer health benefits coupled with delightful flavors, catering to the diverse needs of consumers across various product categories. This ensures consumers have a wide array of options to support their well-being or indulge in beverages that perfectly complement their lifestyles.

2) Cyber Threat

The risk from cyber threat is crucial and affects the company's operation, particularly important working systems such as network, finance and accounting, internal management and human resources management plus personal data held by the company. If the company's information technology system encounters problems and the personal data under the company's ownership is accessed by ill-intentioned people, it will affect the company's operation and reputation.

Therefore, the company has planned and invested in working system enhancement to keep up with new technology and prevent the risk from cyber threat. The counter-cyber-attack measures include improving the computer system to be ready to work to avoid network and server failures and make the system functional continuously. In addition, the company has been promoting awareness about cyber security among the employees through training and relevant activities, allowing them to understand how to apply information technology accurately and safely.

The company has been conducting cyber risk assessment in the internal computer system to proceed the risk prevention by both internal and external bodies, and issued stringent measures for safety control, such as installation of computer firewall, setting the rights for data accessibility and establishing a data backup center to handle emergency cases to make the business run smooth. The company also created the Disaster Recovery Planning (DRP) to prepare for an emergency situation, allowing the users to continue their work through a backup site. It also has plans of counter cyber attack for the employees to practice, and prevent business deadlock caused by cyber attack.

3) Risks arising from economic conditions in various regions worldwide.

In the previous year, the foreign business sector encountered various external challenges, including unrest in Myanmar and ongoing conflicts such as the Russian-Ukrainian and Israeli-Palestinian wars. Additionally, sluggish economic growth in the United States and Europe is anticipated, which could impact global trade dynamics and employment sectors in Thailand, particularly in exports and tourism. Despite the Thai government's efforts to stimulate the domestic economy through various policies, concerns arise due to the Bank of Thailand's continuous increase in the policy interest rate throughout 2023

Looking ahead to 2024, both the global and Thai economic landscapes remain uncertain, potentially affecting consumer confidence. However, the company primarily deals in beverage products, categorized as Impulse Goods,

meaning consumers tend to make spontaneous purchasing decisions without extensive planning. Moreover, these products have a rapid turnover rate and are typically priced affordably. As a result, the company's revenue from product sales is less susceptible to fluctuations in economic conditions across different countries.

Furthermore, the company adopts a cautious approach in its operations and consistently emphasizes process improvement within the organization. Initiatives such as solar roof and solar floating projects aim to reduce electricity costs in factories, while machine learning projects enhance product quality inspection and control. Additionally, efforts to integrate coconut jelly into the production process, reduce maintenance expenses and production line cleaning time, automate processes from bottling to crating, and improve production planning and human resource management contribute to achieving optimal operational efficiency. These measures are geared towards ensuring continuous and steady growth in the company's operating results and net profits.

2.2.4 Financial Risk

1) Fluctuation of Foreign Exchange Rate

Exporting products to foreign market is one of the company's sources of income, and the revenue from exports in 2023 was 80.9% of the total sales. Since most of the exporting sales are in U.S. dollar while nearly all of raw materials are ordered within Thailand, it leads to the company facing risk from the exchange rate. In case the exchange rate is fluctuated, the company's price setting and sale volume may encounter the risk as appreciation of baht will decrease the export revenue when converting from U.S dollar to Thai baht, resulting in negative impacts on revenue and profit of the company.

Therefore, the company has established a policy to enter into foreign exchange forward contracts to reduce the foreign exchange risk. This includes setting sales prices in each export market to cover a certain level of foreign exchange rate risk, as well as closely monitoring news to make decisions quickly and promptly. The policy requires executives and finance department to enter into forward contracts of no more than 75% of the estimated foreign currency sales in the next 6 months.

2) Fluctuation of Raw Material Prices

In 2023, various factors contributed to the increase in production costs, primarily driven by rising raw material and packaging expenses, which are pivotal elements in the company's manufacturing processes. These factors included drought, currency depreciation affecting the baht, escalating prices of plastic pellets, and the impact of the COVID-19 pandemic. Additionally, geopolitical tensions such as the Ukraine-Russia conflict and the Israeli-Palestinian War exacerbated the situation, potentially leading to further increases in production costs.

Furthermore, during 2023, the company did not place orders for raw materials with any manufacturer or supplier exceeding 30% of the total order value.

PET: Most of the products are put into hot-fill PET bottles, which are in-house products, so, the cost in bottle production is also counted as one of the main production costs. Generally, the PET price in the bottle production is subjected to change according to the global market price or crude oil price. Therefore, an increase or decrease in the PET price will directly affect the bottle production cost because the majority of the bottle production cost is from PET.

Sugar: Produced from sugarcane, is highly susceptible to weather conditions and environmental changes, exacerbated by intensifying global warming and potential natural disasters. These factors significantly impact sugar production, leading to periods of scarcity or higher prices due to supply-demand imbalances in the market. Despite these

challenges, the company has secured its sugar supply by procuring from local sellers. Sugar prices in the country are currently regulated by the Cane and Sugar Board Office, ensuring relatively stable pricing. Historically, the company has obtained confirmation of quantities needed from sellers to meet annual sales targets. Furthermore, the company has finalized a sales contract with a primary seller since the end of 2023, thereby mitigating any potential shortages of raw materials.

Coconut jelly: Produced from coconut water, relies on agricultural productivity, which is heavily influenced by weather conditions and environmental factors affected by global warming and potential natural disasters. These factors can impact coconut jelly yields and increase costs for farmers, including expenses for fertilizers, transportation, and other raw materials necessary for production. Additionally, the company sources its main raw material for producing jelly from China.

To mitigate risks and ensure a stable supply chain, the company proactively orders products in advance to secure quantities and prices with key trading partners. This approach ensures that sufficient quantities are available to meet annual sales targets, especially for coconut jelly, which is an essential ingredient in products containing fruit pieces. Furthermore, the company has established purchase orders with two major traders in Thailand and reserved coconut jelly from international sources in the second quarter of 2023 to guarantee an adequate supply of main raw materials for production.

Despite these measures, the company emphasizes the importance of supporting domestic manufacturing companies. Additionally, to manage risks effectively, the company ranks its top 20 suppliers based on order volume to monitor raw material prices monthly. It also engages in advance locking of quantities and prices with suppliers. For other manufacturers, the company enters short-term contracts and reserves raw materials only as needed. For certain raw materials requiring large quantities, the company collaborates with manufacturers to determine annual requirements and pre-order materials at agreed-upon prices.

In addition to procuring essential raw materials for each item, the company conducts price and quality comparisons among at least 2 - 3 sellers to prevent exploitation. Moreover, there is an exchange of information in a mutually beneficial manner, facilitating the company's procurement planning aligned with production schedules. This practice safeguards against raw material shortages and ensures optimal inventory levels, avoiding both excess and insufficiency, thereby optimizing production costs and minimizing storage needs. By preemptively addressing potential price fluctuations, the company instills confidence in the uninterrupted availability of raw materials for production. To systematically address these risk factors, they are integrated into the agenda of the company's risk working group meetings on a quarterly basis. This ensures that risk management strategies are executed as planned, thereby mitigating overall risks to the company. This comprehensive approach ensures a steady supply of raw materials for the production process and maintains cost-effectiveness in business operations.

2.2.5 Risk from Regulations

1) Compliance to Law

The company emphasizes on running business in compliance with the laws, such as the Food Act B.E. 2522, Consumer Protection Act B.E. 2522, Enhancement and Conservation of National Environmental Quality Act B.E. 2535, and relevant regulations issued by standard certification institutes both in Thailand and overseas, as well as those issued by the company.

However, if the personnel in the company lack legal knowledge and understanding, or make mistakes at work, it could affect the company's revenue as the actions will lead to 'non-compliance' in the operation which may affect the company's image and product distribution to the market. Apart from the effect on revenue, the company could lose customers and market share and have additional cost in the process to resolve the issues, or legal proceedings if being fined by non-compliance actions.

To manage the risk, the company has established a Corporate Affairs unit to review the operational handbook of all departments in order to boost confidence that the company runs business in compliance with the laws and relevant regulations both in Thailand and overseas. In addition, the company arranges training and provides knowledge on relevant laws and regulations to the employees, and tests will be conducted following the training. Punishments are in place when a case of non-compliance with regulations occurs. In the meantime, regulations and legal information have been managed as an important database of the company.

Currently, the environmental preservation and packaging management campaigns are getting intensified, seen from the Ministry of Public Health's notification (No. 435) B.E. 2565 (2022) issued by the Food and Drug Administration prescribing quality or standard of plastic containers. The notification is aimed at promoting the sustainable use of plastic in accordance with circular economy based on the protection of consumers' safety from food packaging. Due to this notification, the company has prepared to comply with the law, starting from using recycled plastic packages, and sorting waste within the company to prepare for packaging management which will lead to recycling process.

2.2.6 Other Risks

1) Risk of Not Having Own Land for Factory

Current, the company's manufacturing factory is the Khlong 13 factory, located in Lam Luk Ka District, Pathum Thani Province on a plot of 97 rai, three ngan and 49 sq. wah. Another facility is the Bangchan office, located in Bangchan Industrial Estate, Seri Thai Road, Kannayao District on a plot of two rai, one ngan and 88.2 sq. wah. The two facilities are located on the land owned by a group of major shareholders which the company leases both vacant land/land with building from the group with rental rates in accordance with the market rate as appraised by independent asset appraisers.

Bangchan Office. The company's first factory which has been transformed into other facilities after the manufacturing base was relocated to the Khlong 13 factory. Shortly after the relocation, the old Bangchan factory was modified into the product research and development base. The land with factory and other structures is owned by one of the shareholders who made a lease agreement of three years with the company, starting from October 1, 2013 to September 30, 2016, with a renewal option every three years. The lease agreement has been renewed three times and the current one will expire on September 30, 2025. The company has also constructed buildings and other facilities on the land including a cafeteria building and open space covered by roof.

Khlong 13 Factory. The current production base of the company is on a plot of land co-owned by all major shareholders. The company has invested in construction of the factory buildings and other structures that started in 2010 and commenced production in April, 2012. The company and the land owners made a lease agreement for 20 years, from October 1, 2012 to September 30, 2033. After the first three years of the lease agreement, the company is entitled to purchase the land at an average price of appraised values, evaluated by two independent appraisers which has received approval from the Securities and Exchange Commission. However, the issue is still under consideration.

As the company saw market opportunities and prioritized the investment to expand production base for future growth rather than making land investment, the company decided to make a lease agreement rather than buying it. As the area of the Bangchan factory was quite small and could not be expanded, the company moved the production base to the Khlong 13 factory of which construction was complete in 2015. The Khlong 13 factory was new and big enough to support further production expansion so the company moved facilities from the Bangchan factory to the Khlong 13 factory. The production centralization makes management and joint usage of resources efficient, ranging from production, warehouses and logistics system. It also helps the company reduce cost and other expenses in the long term. Regarding the Khlong 13 factory's land lease, the company may consider purchasing the land from the owners under the principle presented at the Board of Directors meeting No. 11/2013 on 29 November, 2013, if it has cash flow from the operation and business expansion. In addition, the process has to follow the rules and regulations related to transaction, and requires approval from the Audit Committee, the Board of Directors and/or a shareholders' meeting. Currently, the company's remaining cash flow is prepared for business expansion to support the growth in the future. Therefore, the rights to purchase this land is still under consideration.

During the lease period, the company could face risk in case it breaches the lease agreement, resulting in contract termination. In this case, the factory buildings and other structures invested by the company will become the properties of the land owners. The company will not be able to get any compensation and also has to set impairment of investment in fixed assets which were constructed on the leased land.

The company is obligated to pay rent according to the aforementioned contract, with a monthly amount of 542,136 baht. Since October 2014, the rental rate has been subject to an annual increase of 2.0-3.0%. As of 2023, the company's monthly rent obligation stands at 690,583 baht from January to September and 709,472 baht from October to December. The company has sufficient cash flow to meet these rental obligations and is committed to fulfilling all other conditions outlined in the rental agreement, including maintenance, repair, and tax responsibilities related to the leased property.

The company is confident in its ability to comply with all terms of the contract and sees no reason for the contract to be terminated prematurely. Additionally, it is noteworthy that the lessor is a significant shareholder group in the company and actively participates in its management, contributing to the growth of the company's business. Consequently, it is anticipated that the current lease agreement for land/buildings will not have an adverse impact on the company's production or operations in the future.

2) Risk Towards Investment of Securities Holders from Major Shareholders with Management Authority

Currently, the Ruckariyapong's family holds the majority of the company's shares at 73.51% of the total shares. The proportion enables the Ruckariyapongs to control nearly all resolutions of shareholders' meetings, ranging from appointments of directors, or approval of agendas which requires a majority of votes and matters which need 3/4 of votes at a shareholders' meeting as required by law or the company's regulations. Consequently, the other shareholders may counter the risk from inability to secure votes for power balance with the major shareholders.

To ensure business transparency and counterbalance of power, the company has established a management structure with knowledgeable and experienced persons, and clearly set working scope and delegation of authority to directors and executives. Four independent outsiders have been appointed as independent directors in the Board of Directors consisting of 9 members and three of them are audit committee members. Responsibilities of the three directors include audit, counterbalance of decision making and approving matters before being proposed to a shareholders' meeting.

Additionally, the company has set measures in transaction with persons who may have conflict of interest by limiting votes of those involved. The company also established an internal team by hiring an external company with expertise and independence to work under the supervision of the Audit Committee. The audit team has main duties in overseeing internal control system to conform with the established system in order to assure the shareholders of transparency and balance of management power in the company.

3) Natural Disasters

During the period from January to May 2023, Thailand continues to experience fluctuating weather conditions, with minimal rainfall despite government agencies announcing the onset of the rainy season by the end of May. However, due to the ongoing global warming effects attributed to the El Nino phenomenon, the rainy season typically occurs from mid-June to mid-July. This poses a risk to the company in terms of water quality, particularly concerning salinity.

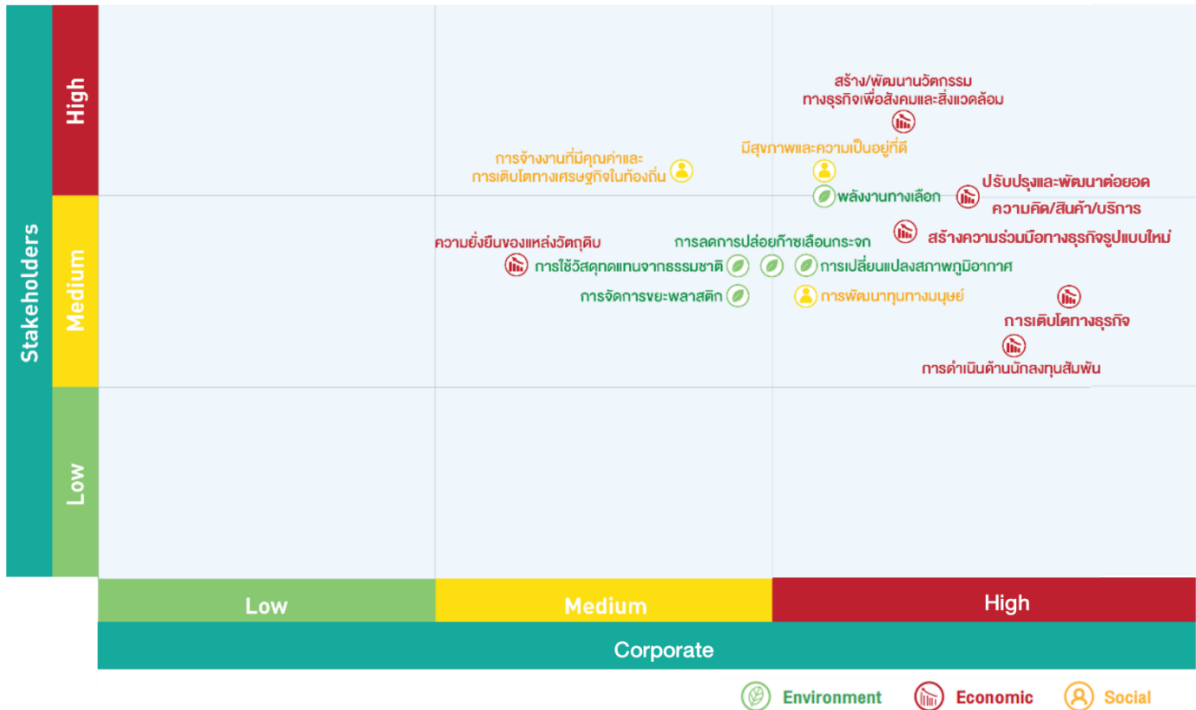
To mitigate this risk, the company has implemented water management practices within the factory. This includes discontinuing the use of water from irrigation canals, which may pose a risk, and instead utilizing water stored within the factory during the rainy season of 2022. This stored water meets the factory's standards for salinity and can be used for production purposes. These measures align with the drought emergency plan outlined by the management. As a result of these proactive measures, the company anticipates no disruptions to production during this period.

From August to September 2023 marks a period of heavy rainfall in Thailand. However, the total rainfall during this rainy season is expected to be approximately 5% less than the normal levels observed in 2022, which saw a 14% increase compared to the average. Consequently, the company remained unaffected by flooding events. Nevertheless, proactive water management remains critical both within and outside the factory premises. Internally, the company must anticipate potential risks associated with decreased rainfall. This necessitates forward planning to address potential drought risks towards the end of the year and into early 2024. As a preemptive measure, the company has reviewed its drought emergency plan to ensure sufficient water reserves for production purposes until the beginning of 2024. This includes identifying alternative water sources to supplement raw material supplies that may be impacted by unpredictable weather conditions or drought.

Externally, the company closely monitors updates regarding water quality in the Chao Phraya River Basin and irrigation canals. Information is gathered from government agencies, private sector entities, and state enterprises to assess risk levels promptly and respond accordingly. These actions align with the company's proactive approach outlined since the beginning of 2023, ensuring resilience against flooding events experienced during previous rainy seasons.

3. Driving Business for Sustainability

Sappe has studied the organizational context, analyzed impacts and expectations of the stakeholders as well as set points and priority of sustainable operation as followed:












From the above materiality, we found the first three important issues in order to set policies and guidelines under Sappe’s sustainable operation, and they are:

1. Building and developing business innovation for society and environment.
2. Having good health and good living.
3. Alternative energy, and improvement and development of ideas, goods and service.

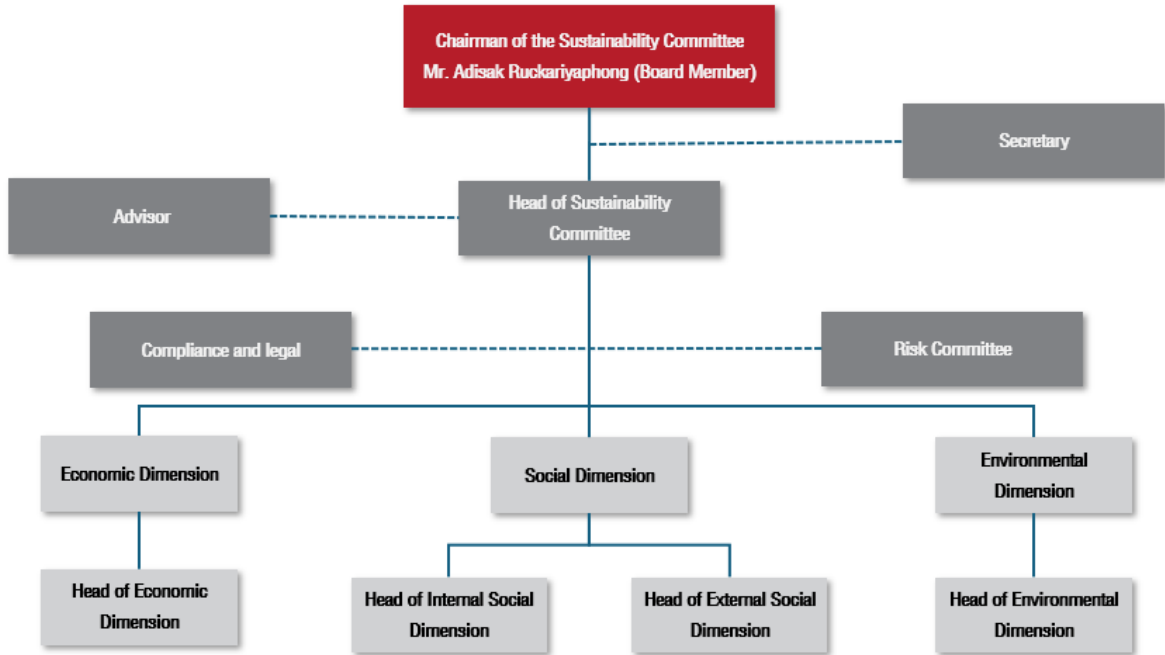
The process of identifying critical issues



Critical factors and alignments impacting business strategy

Key points	Significance to stakeholders	Consistency impacting business strategy	Engagement with the Sustainable Development Goals (SDGs)
Create/Develop business innovations for the betterment of society and the environment	Society expects the company to develop innovative products that promote societal and environmental betterment.	It presents an opportunity to develop products and services that meet the needs of society, thus being considered a chance for business growth.	 
Health and well-being	Society expects improved health and quality of life.	The company is committed to developing products and services that promote good health and the well-being of people in society.	  
Enhance and expand upon ideas/products/services	Consumers expect innovative, high-quality, and safe products and services.	The company is committed to creating innovative products that consistently meet the evolving needs of consumers in terms of quality and safety.	 
Renewable energy	Society expects the company to operate a business that is more environmentally friendly.	The company is committed to enhancing the use of renewable energy and exploring new methods to reduce greenhouse gas emissions.	 

To ensure the achievement of sustainability goals aligned with the organization's sustainability strategy and to guarantee efficient operations with continuous improvement, on May 12, 2022, the Company's Board of Directors resolved to establish a sustainability working group, with Mr. Adisak Ruckariyaphong, Company Director, appointed as its chairman. Each member of the group is assigned specific responsibilities. The structure is as follows:



On March 1, 2024, the Board of Directors appointed Mr. Adisak Ruckariyaphong as the Company Director to oversee Climate Change, with the following roles and responsibilities;

Responsible for setting strategies and operational directions within the framework of sustainable development, Environmental, Social, and Governance (ESG) principles, and climate change initiatives. This includes developing plans to reduce greenhouse gas emissions, mitigate transition risks (including physical risks), and enhance the utilization of alternative energy sources. Additionally, tasked with exploring innovative approaches to further reduce greenhouse gas emissions and drive the company towards greater environmental sustainability.

นโยบายด้านความยั่งยืน

“เราจะทำให้ชีวิตของผู้คนที่ดีขึ้น ผ่านจิตวิญญาณที่สร้างสรรค์ของเรา” คือหัวใจสูงสุดในการดำเนินธุรกิจของซีพีพี เราให้ความสำคัญกับผู้มีส่วนได้เสียทุกกลุ่มตามหลักธรรมาภิบาล โปร่งใส และต่อต้านการคอร์รัปชัน โดยกำหนดนโยบายและแนวทางตามความยั่งยืนตลอดห่วงโซ่คุณค่าของซีพีพี ด้วยพันธกิจดังนี้

สร้างการเติบโตทางเศรษฐกิจอย่างยั่งยืน

- มุ่งมั่นสร้างสรรค์สินค้านวัตกรรมคุณภาพ ตอบสนองความต้องการที่หลากหลาย และเข้าถึงวิถีการดำเนินชีวิตของผู้บริโภคอย่างต่อเนื่อง
- สร้างความเข้าใจในสินค้ากับผู้บริโภคด้วยความรับผิดชอบ พร้อมทั้งฟังทุกเสียงสะท้อน และค้นหาความต้องการที่แท้จริงของลูกค้าใหม่ ๆ ตลอดเวลา
- ส่งมอบสินค้าคุณภาพให้เข้าถึงผู้บริโภคได้มากที่สุด
- สร้างการเติบโตที่ยั่งยืนทางธุรกิจอย่างต่อเนื่อง รวมถึงมองหารูปแบบใหม่ ๆ ในการสร้างการเติบโตทางธุรกิจและนำมาปรับใช้ให้เกิดประสิทธิภาพสูงสุด

ส่งเสริมคุณภาพชีวิตของผู้คนที่สำคัญของเราให้เติบโตไปด้วยกัน

- ส่งเสริมศักยภาพของพนักงานให้พัฒนา เติบโต มีความสุขและสนุกในการทำงาน อย่างเป็นธรรม และเท่าเทียม
- สร้างจิตวิญญาณแห่งนวัตกรรม (Innovative spirit) ให้เกิดขึ้นในองค์กร
- ยกระดับมาตรฐานของคู่ค้าให้ดียิ่งขึ้น
- สนับสนุนคนในชุมชนให้มีคุณภาพชีวิตที่ดีขึ้น
- ผลักดันให้มีการจัดหาวัตถุดิบจากแหล่งผลิตของเกษตรกรไทยโดยนำมาต่อยอดด้วยองค์ความรู้และความเชี่ยวชาญด้านนวัตกรรมของซีพีพี
- สร้างแรงบันดาลใจและถ่ายทอดองค์ความรู้แห่งแรงบันดาลใจ ความคิด สร้างสรรค์สู่สังคม

ดูแลสิ่งแวดล้อมให้ยั่งยืนด้วยนวัตกรรมและเทคโนโลยี

- มุ่งมั่นใช้ทรัพยากรธรรมชาติให้มุ่งเน้นบริหารจัดการตลอดห่วงโซ่คุณค่าอย่างมีประสิทธิภาพ ด้วยนวัตกรรมและเทคโนโลยีทันสมัย เพื่อลดผลกระทบต่อสิ่งแวดล้อมอย่างสูงสุด
- เกิดประสิทธิภาพสูงสุด และลดผลกระทบต่อสิ่งแวดล้อม
- มุ่งมั่นค้นหาวัสดุและวัสดุที่ใช้ผลิตบรรจุภัณฑ์ ที่มีคุณภาพและเป็นมิตรต่อสิ่งแวดล้อม
- ยกระดับการใช้พลังงานทางเลือก และมองหารูปแบบใหม่ ๆ เพื่อลดการปล่อยก๊าซเรือนกระจก



3.1 Policy and Goal of Sustainability Management

“We better people’s lives through our innovative spirit” is the heart of Sappe’s business operation. We place great importance on all stakeholders with the principle of good governance, transparency, and anti-corruption by setting policies and sustainable guidelines throughout SAPPE’s value chain. The key missions are as followed:

Build Sustainable Economic Growth

- Determined to create innovative and quality products to serve various needs and continuously gain access to the consumers’ ways of life.
- Create product understanding for consumers with responsibility, ready to accept all feedback, and always identify new customers’ needs.
- Deliver quality products to as many consumers as possible.
- Constantly enhance business growth and development with business allies and look for new approaches in boosting business growth and use them for maximum efficiency.

Promote Quality of Life of Our Key Players to Grow Together

- Promote the employees’ potential to allow them to develop, grow and enjoy working with fairness and equality.
- Create “Innovative Spirit” in the entire organization.
- Elevate standards of suppliers.
- Support community members to have better standards of living.

- Promote sourcing of raw materials from output of Thai farmers and develop them with SAPPE's innovative knowledge and expertise.
- Create inspiration and pass on the “knowledge of creative seeds” to society.

Promote Sustainable Environment with Innovation and Technology

- Determined to implement efficient management of value chain with innovation and advanced technology to reduce environmental impacts to maximum effect.
- Determined to use natural resources for maximum efficiency and reduce environmental impacts.
- Determined to obtain high-quality and eco-friendly materials and packaging.
- Elevate usage of alternative energy and find new models to reduce greenhouse gas emissions.

The SAPPE's blueprint of sustainable policy has been enforced in all sections of the company, ranging from the board of directors, board of executives, executives and employees at all levels. Additionally, SAPPE will support its suppliers in setting their sustainable mission in accordance with this policy.

Goals of Sustainable Operation in 3 Dimensions

Goal of economic dimension:

- Make triple growth in revenue to reach 10 billion baht by 2026.
- Maintain a 5-star CG Score.

Goal of social dimension:

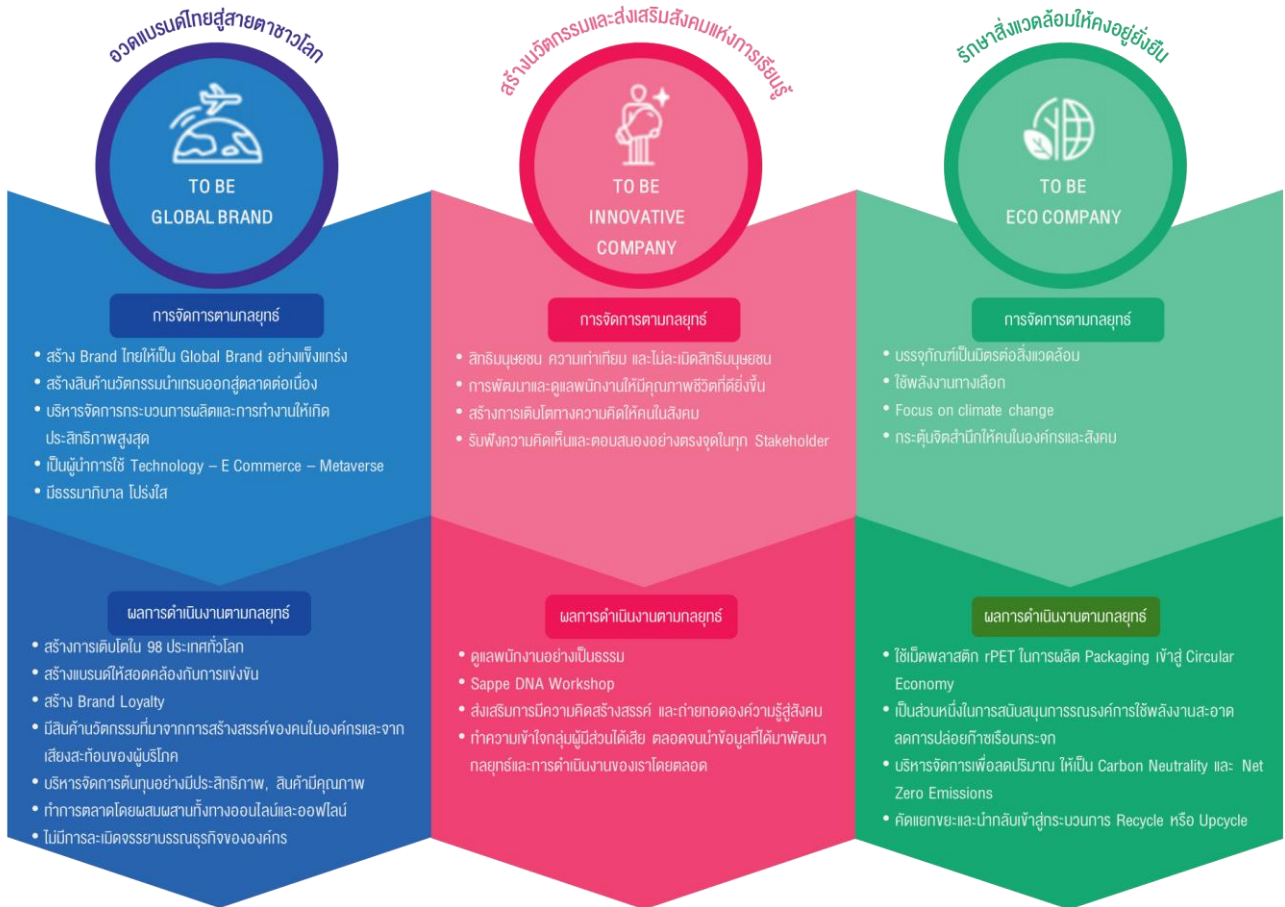
- The result of employee engagement survey is not less than 80%, and the turnover rate of employees at the management level is less than 5%.
- The result of satisfactory survey among the factory's surrounding communities toward the company is no less than 80%.
- Create innovative health products and deliver them to consumers, ensuring a minimum of 10 SKUs per year for enhancing consumers' quality of life.

Goal of environmental dimension:

- Adjust the proportion of plastic pellets to rPET to 30% by 2027 in packaging.
- Reduce energy consumption by a minimum of 5%.
- Use water in the production process less than 1:5.5 (FG: water).
- Increase the potential for producing electricity for internal use from Renewable Energy to no less than 7 million kWh per year starting in 2024.

Strategy to achieve sustainable 10-billion-baht goal

กลยุทธ์สู่เป้าหมายที่ยั่งยืน



- To become a global brand: Promoting the Thai brand on a global scale
- To be an innovative company: Creating innovation and promote society of learning.
- To be an eco-friendly company: Preserving sustainable environment

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
To be global brand, exposing Thai brand to the world	Build this Thai brand to strongly become global brand.	Mogu Mogu continues to dominate the fruit juice drinks market across numerous countries worldwide, particularly in key markets such as France and South Korea. With a total sales figure of 6,052.6 million baht, reflecting an impressive 32.5% growth rate, and a domestic market share of 19.1% alongside an international share of 80.9%, it has achieved an unprecedented all-time high for three consecutive quarters. This outstanding	Achieve triple growth in revenue to reach 10 billion baht by 2026 from 4 business sections which are foreign market, domestic market, All Coco, and M&A, and continue launching new products in the remaining period of the year. The company is also determined to strengthen the brand both in the existing and new markets in order to serve the consumers' needs.

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
		<p>performance has been recognized through the receipt of numerous awards, totaling more than 20 in a single year at both national and regional levels, serving as a testament to its exceptional quality and adherence to global standards.</p> <p>This year marks a significant milestone as we propel the SAPPE brand closer to global recognition, bridging the gap between Thai excellence and global prominence.</p>	
	<p>Carry out production management and operation for maximum efficiency.</p>	<p>Produce innovative goods for the market continuously over 10 SKUs both in the domestic and foreign markets. The products have been created by the company members and feedback from the consumers as well as analysis of marketing information and consumers' behaviors, using global trends, population figures, regional and national cultures plus relevant matters to help develop innovative products which will lift the living standard of people.</p>	<p>Create innovative health products and deliver them to consumers, ensuring a minimum of 10 SKUs per year to enhance the lives of responsible consumers.</p>
	<p>Carry out production management and operation for maximum efficiency.</p>	<p>Developing top-performing project employees involves assessing work effectiveness across three dimensions and compensating based on enhanced knowledge, skills, and abilities. This includes:</p> <ol style="list-style-type: none"> 1. Self-care of machines through Autonomous Maintenance (AM) to ensure optimal machine condition, quality product output, and achievement of set targets. Criteria for measurement include maintaining a 95% daily checklist completion rate. Employees meeting this standard will receive an additional 500 baht per month. 2. Key Operator employees (Job Level 1-3.2) who possess machine care expertise, skills improvement capabilities, and the ability to share machinery-related 	<p>Build a smart warehouses worth an additional 130 million baht compared to last year.</p> <p>Plan to establish a subsidiary company in a foreign country to enhance competitiveness and expand business.</p>

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
		<p>knowledge will also receive an extra 500 baht per month.</p> <p>3. Leveraging knowledge gained from participation in the Top Expert Project, SAPPE currently boasts 100 machinery experts in 2023, up from 31 the previous year. These experts collaborate to exchange knowledge, techniques, and problem-solving strategies, aiming to reduce machine breakdowns. Those contributing to this initiative will receive an additional 500 baht per month.</p>	
	Becoming a leader in using technology, E-Commerce and Metaverse.	<p>Launching Mogu Mogu x ZEPETO for the second consecutive year this summer to connect with consumers worldwide, both in the real world and the Metaverse. We're bringing novelty to Thai consumers with exciting brand events like B'lue at the 'WHAT'S YOUR VIBE?' experience. Dive into innovation and fun with The Immersive Interactive Experience Plus at the TEP x OIIO ASIA TECHLAND 2023, a premier tech show in Asia. It's all about 'The Best Living Tech Experience in Asia,' showcasing global innovation and technology. Join us at the 'SAPPE Future Bar' booth, where seven robot-crafted menus await. Featuring Thailand's first bartender 'ROBOTENDY,' this innovative campaign reflects our commitment to pushing boundaries and delivering cool experience.</p>	<p>Integrating product brands across multiple platforms to reach target audiences using Mogu Mogu's Character application, enabling Gen Z and the brand's target groups to engage directly with the brand and make informed purchasing decisions. This approach not only facilitates direct interaction with the brand but also helps establish credibility in the global market competition by providing authentic product recommendations based on genuine experiences of enjoying Mogu Mogu.</p>
	Uphold good governance and transparency.	No violation of the company's business code of conduct and became a member of the Thai Private Sector Collective Action Against Corruption (CAC).	No violation of the company's business code of conduct.
To be innovative company, creating innovation and promote society of learning	Protect human rights and equality, and not violate human rights.	No violation of human rights in the organization.	No violation of human rights in the organization.
	Developing and overseeing the employees and helping them to have a better standard of living.	The company organized 100 activities for both office and factory employees to enjoy and enhance their potential, with a focus on developing leaders to adapt to the	Employees receive benefits that equally and appropriately support their quality of life.

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
		<p>various changes in the BANI World era. Additionally, these activities aimed to transform them into change agents, guiding the organization towards its goals under continuous coaching and feedback.</p> <p>The paragraph is mostly grammatically correct, but it could be refined for clarity and cohesion. Here's a revised version:</p> <p>The company continuously organizes 'Afternoon Snack' activities with the goal of spreading joy and sharing delicious treats among colleagues. Employees from every department are involved in designing monthly activities and selecting snacks for all staff to enjoy in the afternoon. Snack options include shaved ice, ice cream, fried meatballs, nuggets, French fries, and more, with a different selection each month. These events occur once a month and have achieved an average satisfaction score of 77.2%.</p> <p>In addition to the health check-up included in the basic program, additional health programs will be implemented in 2023 as follows:</p> <ol style="list-style-type: none"> 1. Employees will receive the influenza vaccine. 2. Ultrasound examinations of the upper and lower abdomen will be conducted to detect any abnormalities. <p>The results of the evaluation of employee engagement towards the organization (Employee Engagement Survey) indicate a score of 4.44 out of a possible 5.</p> <p>The turnover rate for executive-level employees in 2023 stands at 1.38%, meeting the goal of reducing management-level turnover to less than 5%.</p>	

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
		<p>In efforts to support surrounding communities, the 'Wan Wan Wan' project, now in its seventh year, has generated a 39% increase in income for villagers compared to the previous year. This has led to an 88% rise in the average household income of project members and a threefold increase in the average yield per rai per month.</p> <p>Furthermore, we have provided medical equipment to 13 community hospitals in the Lam Luk Ka District and supported various activities of community volunteers, educational institutions, and organizations, both in the public and private sectors, throughout the year.</p>	
	<p>Build the growth of thought for people in society</p>	<p>A trainer from the Sappe Players group has been invited to serve as a special lecturer for students at Srinakharinwirot University, focusing on personnel management, personnel development, and organizational culture to promote organizational development.</p> <p>A total of 46 students participated in the sessions, which were conducted five times. The evaluation scores were as follows: Usage evaluation score: 73%, Satisfaction score: 74%, and Final exam evaluation: Students achieved an average exam score of over 85%.</p> <p>The trainer, who specializes in new product launches, marketing, and design thinking, has had the opportunity to lecture at various universities and faculties, including Assumption University and Thammasat University. By integrating work experience with theory, the trainer helps university students better understand and apply concepts effectively.</p>	<p>Support the development of employees' thinking equitably and effectively by fostering the company's knowledge through engagement in activities with local communities and development agencies, thereby contributing to the sustainability of the society surrounding the factory.</p>
	<p>Accept feedback and make the right response to all stakeholders.</p>	<p>Collected information with questionnaires from various sources such as the business development department. Such information will be collected before</p>	<p>Input new technology to help collect and gather information as well as feedback from all stakeholders.</p>

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
		<p>product launching (in order to find insight or the needs of customers), during product designing (to get feedback for further development to match the needs of customers), and after product launching (to check the result of product launch and the other factors that may affect the purchase). The information collections are conducted more than 50 times per year. In addition, Sappe's marketing, sales, community relations and human resources departments also collect information through questionnaires yearly in order to make understanding among the stakeholders and bring the obtained information to develop the company's strategies and operation.</p>	
<p>To be eco company, preserving sustainable environment</p>	<p>Use eco-friendly packaging.</p>	<p>The company has transitioned from PVC to PET labels on bottles to facilitate natural biodegradation. By 2023, the shift to 100% PET has been completed. Additionally, the company has collaborated with partners to develop alternative packaging solutions, including packaging made from recycled plastic pellets for natural biodegradability, as well as paper boxes crafted from recycled paper for environmental sustainability. These eco-friendly packaging options are expected to be implemented starting in 2024.</p>	<ol style="list-style-type: none"> 1. Transitioning from PVC to PET materials for producing product labels to enable recycling. 2. Shifting from Virgin PET to Recycled PET (30%) for producing plastic bottles to reduce the consumption of plastic pellets. 3. Implementing Tethered Caps, an innovative and environmentally friendly lid solution that ensures the lid is fully recyclable by bringing it back into the recycling process 100%.
	<p>Use alternative energy.</p>	<p>Installation of Solar Rooftop and Floating Solar systems to utilize clean energy, promoting environmentally friendly practices (Green Product).</p> <p>We are also advancing the use of packaging within the circular economy framework and collaborating with partners to develop alternative packaging solutions. These include packaging made from recycled plastic pellets and cardboard boxes crafted from recycled paper, allowing for natural decomposition.</p>	<p>The company has been consistently utilizing solar energy (Solar Rooftop) in conjunction with electricity from state enterprises to reduce its overall energy consumption. Additionally, in the second quarter of 2023, the company observed the worsening impacts of global warming and took steps to mitigate greenhouse gas emissions. To further support the clean energy initiative and address these concerns, the company invested in the installation of Floating solar panels (Solar</p>

Strategies	Implementation of strategies	Outcome of strategy implementation	Operational plans
		<p>As part of our commitment to sustainability, we have installed floating solar panels (Solar Floating) on the water treatment pond behind the factory, along with solar panels on the factory roof (Solar Rooftop). This initiative aims to reduce greenhouse gas emissions and is a priority project for Sappe.</p> <p>Furthermore, we are constructing an automated warehouse building to enhance production capacity, product storage, and delivery efficiency. The installation of Solar Rooftop and Floating Solar systems is integral to our efforts, ensuring clean energy usage and reinforcing our commitment to environmental responsibility.</p>	<p>Floating) with a capacity of 3,013.40 kWp, covering an area of 21,904.30 square meters. This installation is expected to commence power generation in the first quarter of 2024.</p>
	Focus on climate change	Instructed the relevant departments and committees to work with experienced private agencies to collect the factory's carbon footprint information and drafted a management plan to reduce carbon footprint until reaching Carbon Neutrality and Net Zero Emissions respectively.	A report on greenhouse gas emissions has been prepared according to the ISO 14064-1 standard, with 2022 established as the base year. This information will serve as a guideline for further systematic improvements.
	Raise awareness among members of the organization and society.	The company organizes activities to raise awareness about waste separation, under the project name 'Sappe Go Green'. Employees participate in jointly separating waste and reintegrating it into the recycling or upcycling process to maximize its value. The initiative also encourages employees to learn and participate in waste management together.	Activities to raise awareness of global warming are conducted for employees and the community every year on an ongoing basis.

3.2 Managing Impact on Stakeholders in Business Value Chain

All through Sappe's value chain, we focus on the process of inventing, creating innovative and quality products, effective management of production and storage of products, and delivery of products to as many consumers as possible, as well as marketing communication and sales with highest responsibility. The company conducted analysis of all stakeholders throughout its business value chain, going deep into the key procedures including the related sustainability, practices responding to expectations together with the communication channels and participation as listed below:

Value Chain	Creative Exploration	Co-Value Creation	Eco- Distributor	Trendy Accessibility	
	Invent and create innovative, quality products to respond to various needs, and to continuously reach consumers. The exploration also includes looking for new partners and new options to help create innovative, unique, and more eco-friendly products and packaging.	Efficiently manage the production and product storage with advanced technology, cost reduction, and use of natural resources for maximum efficiency and to minimize environmental impact.	Efficiently manage distribution in terms of energy and time. Expand distribution channels to maximize access to consumers in order to get the quality products ready on the shelves and reach the consumers for them to have delicious and beneficial products to better their quality of life.	Communicate with customers and society with transparency, sincerity and straightforward manner to make them and stakeholders clearly understand the products and select the most preferable items in fair prices. Ready for all comments, feedback and criticism for further development and improvement, and to find the new insight to create innovative products in response to the consumers' needs.	
Key Procedures	<ul style="list-style-type: none"> • HR • R&D • Knowledge management/ sharing • SME • Inno studio (In house) • JV / Collaborations 	<ul style="list-style-type: none"> • Procurement • Production • Community • Supplier • Warehouse 	<ul style="list-style-type: none"> • Modern trade • Traditional trade • Out of home • E-commerce • Brand Activation & Selling 	<ul style="list-style-type: none"> • Pricing • Marketing communication / campaigns • Consumer survey • Consumer feedback Ecommerce 	
Our key players	<ul style="list-style-type: none"> • Employees • Business partners • Educational institutes • SMEs • Government agencies • State enterprises • Communities 	<ul style="list-style-type: none"> • Employees • Business partners • SMEs • Government agencies • State enterprises • Communities 	<ul style="list-style-type: none"> • Employees • Business partners • Government agencies • Shipping • Certification bodies 	<ul style="list-style-type: none"> • Employees • Customers • Media • Government agencies • Investors/ Shareholders • Competitors in the market, online platform/ marketplace 	
Relevant issues	sustainable	<ul style="list-style-type: none"> • Create new platforms of business cooperation (Partnership & Collaboration) • Create/develop business innovation for society and environment (Strategic Innovation) • Sustainability of material sources (Sustainable Agriculture) 	<ul style="list-style-type: none"> • Improve and develop ideas/products/service (Product Development) • Create/develop business innovation for society and environment (Strategic Innovation) • Decent work and economic growth in locality 	<ul style="list-style-type: none"> • Ensure healthy life and well-being (Good Health and Well-being) • Using natural renewal materials • Using alternative energy (Solar cell, wind energy and coal) 	<ul style="list-style-type: none"> • Create new platforms of business cooperation (Partnership & Collaboration) • Investor relations operation • Business growth • Sustainable production and consumption (Responsible

Value Chain	Creative Exploration	Co-Value Creation	Eco- Distributor	Trendy Accessibility
	<ul style="list-style-type: none"> Human capital development Have good health and wellness (Good Health and Well-being) Using natural renewal materials Carbon footprint reduction (Carbon Footprint) Studying consumers' in-dept data (Customer Insight) Innovative development from the organization's internal personnel (In-house innovation) Building good relationship with customers (Customer relations) Ensure sustainable production and consumption (Responsible consumption & production) 	<ul style="list-style-type: none"> Using natural renewal materials Using alternative energy (Solar cell, wind energy and coal) Carbon footprint reduction (Carbon Footprint) Waste management Water management (Clean water & sanitation) Ensure sustainable production and consumption (Responsible consumption & production) Sustainability of material sources (Sustainable Agriculture) 	<ul style="list-style-type: none"> Plastic waste management Carbon footprint reduction (Carbon Footprint) Using clean energy (Affordable & clean energy) Waste management 	<ul style="list-style-type: none"> consumption & production) Ensure good health and wellness (Good health & well-being) Implementing marketing strategy with responsibility (Responsible Marketing) Holding responsibility to produce quality products (Product Responsibility) Implementation of circular economy (Circular Economy)

Accordance with United Nations Sustainable Development Goals (SDGs)

Participation of Stakeholders

Sappe has conducted an analysis of stakeholders across the entire business value chain, dividing them into five groups: employees, customers, business partners, investors, communities, and society. This analysis aims to establish guidelines for stakeholder management based on their expectations and to identify effective communication channels for each group. The objective is to provide direct benefits and address the following points.

Stakeholders	Expectations	Practices	Communication Channels
Employees	<ul style="list-style-type: none"> • Welfare • Work-life balance • Advancement of career path • Safety at workplace • Fair wage • Perception of the company's information and direction, and organization participation. 	<ul style="list-style-type: none"> • Promote proper welfare for employees • Promote happy and fun environment at workplace, assessed by NPS method. • Promote working capability of employees • Promote safe working environment at workplace. • Have systematic annual performance assessment • Have clear communication within the organization 	<ul style="list-style-type: none"> • Town hall • Seminars • Workshops • Meetings • Intranet • HR Hot line • Sappe playground • Facebook page • Line Official Sappe Player • Telephone and E-mail • Suggestion box • Suggestion board
Customers	<ul style="list-style-type: none"> • High Quality, reliability, and trustworthiness • Delicious taste • New, innovative experiences • Help solve health and beauty problems • Best value for money • Eco-friendly 	<ul style="list-style-type: none"> • Adhere to regulations and production standards • Study and do research in new innovation to respond to consumers' needs • Create products and innovation with social and environmental responsibilities 	<ul style="list-style-type: none"> • Company's website, Facebook page, IG • Telephone and E-mail • Annual report • Annual questionnaires to survey customers' satisfaction
Business partners/Suppliers	<ul style="list-style-type: none"> • Run business with fairness and transparency • Promote sustainable business growth • Respect intellectual property and copyright 	<ul style="list-style-type: none"> • Fair selection of business partners • Not disclose confidential business information without consent or legal permission • Emphasize on equality and mutual interest with business partners 	<ul style="list-style-type: none"> • Company's website, Facebook page, IG • Telephone and E-mail E-mail: compliance@sappe.com • Annual report • Annual audit • Meetings
Investors	<ul style="list-style-type: none"> • Yield, sales volume, and profit • Disclose information openly and transparently • Service from investor relations officers 	<ul style="list-style-type: none"> • Make summary of operational performance and present to the investors every quarter • Disclose the company's information on website • Conduct service assessment of investor relations 	<ul style="list-style-type: none"> • Annual report • Company's website • Telephone and E-mail • Shareholders' meetings • Meeting with investors (Opportunity Day) • Press releases

Stakeholders	Expectations	Practices	Communication Channels
Communities and Society	<ul style="list-style-type: none"> • Management of waste from production • Activity participation of communities • Reduction of business operation impact towards communities • Provide assistance to build sustainable community development • Contribute to economic stimulation in communities • Give support or help for activities or during crises 	<ul style="list-style-type: none"> • Comply to zero discharge project • Support community events, including religious, cultural and environmental activities • Inquire community satisfaction toward the business operation and solve problems • Jointly support community projects with the government and private sector to help strengthen the communities • Support projects which help generate income and increase employment in communities • Provide assistance to community activities as well as other aid during crises 	<ul style="list-style-type: none"> • The company's sustainable development team in charge of community and society (SD Team) • Company's website, Facebook, IG • Annual survey on satisfaction of communities • Telephone and E-mail • Company's complaint channels. • Monthly meetings are held with communities and local agencies • A Line application is used for communication between the company and the communities surrounding the factory

3.3 Sustainability Management in Environmental Dimension

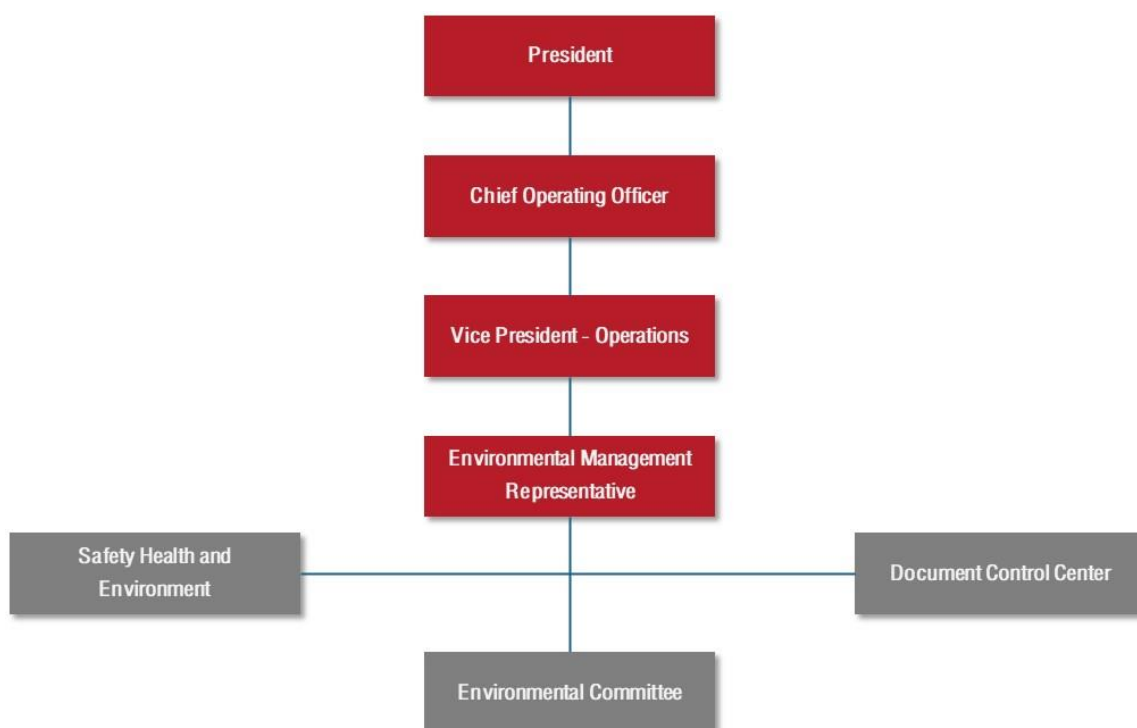
3.3.1 Environmental Policy and Practice

As the company is determined to mitigate environmental impacts, it firmly emphasizes producing goods to meet the “Green Product” standards, developing the production process under the “Green Factory” practice and implementing new innovative technology to reduce pollution from the production and protect the environment. The eco-friendly production is always carried out along with running the operations with social and environmental responsibilities. The company uses the environmental management system ISO14001:2015 to apply in its business and requires all employees to comply with the policy and publicize it as followed:

“We will comply with the law and standard, and continuously develop environmental management”

- 1) Strictly follow the law and environmental standards. Even activities which the law and standard practices do not cover, the company will still establish its stringent standards to be used as guidelines in conducting green activities. Protective measures are also in place to protect the environment from pollution caused by the operations.
- 2) Set environmental measures to be in accordance with the context of the organization and expectation of stakeholders by creating an environmental management plan and review it regularly.
- 3) Prevent accident occurrence from the operations that may affect the environment and be ready to respond to possible emergency.
- 4) Use energy properly and worthily for the maximum effectiveness.
- 5) Constantly improve the environmental management system

To ensure efficiency of the environmental management operation, the company has established an environmental committee to control the ISO14001 environmental management system. The committee is under the direct supervision of Mr. Anan Ruckariyapong, director and president of the company.



In addition, the company has implemented a policy on a reduction in plastic usage, using plastic recycle and studying alternative and eco-friendly materials to be used in the production. It also cooperates with the government and private sector to study new guidelines and technology for continuous improvement. Also, the operations related to safety, power conservation and using the factory resources for the maximum benefit are in place for all employees, including newcomers. The new employees will obtain environmental management knowledge which will make them realize its importance and use it for tangible results. The company's new staff also take part in the activities organized by the local government agencies as well as local leaders to make the community members become healthy and live happily with the factory.

3.3.2 Performance on Environment

- **Energy Management**

In 2023, the company continues to focus on efficient energy management, encompassing both heat and electrical energy. Specifically, there is an ongoing emphasis on utilizing biomass energy to align with the campaign to mitigate potential exacerbation of global warming."

Type of Fuel	2023	2022	2021
Fuel oil Grade C (ton)	477	466	604
Palm kernel shell (ton)	0	100	6,968
Wood pellet (ton)	13,084	7,039	-

Throughout 2023, the company has consistently utilized solar energy (Solar Rooftop) in conjunction with electricity from state enterprises, resulting in a reduction in the company's total electrical energy consumption. Additionally, demonstrating its commitment to actively addressing global warming issues, in the second quarter of 2023, the company invested in installing floating solar cells (Solar Floating) with a capacity of 3,013.40 kilowatt-hour on an area of 21,904.30 square meters. This installation is expected to be operational and supply electricity by the first quarter of 2024.

Type of Fuel	2023	2022	2021
Power from electricity authorities (kilowatt-hour)	25,404,120	23,522,000	18,494,000
Solar rooftop (kilowatt-hour)	2,795,884	3,151,000	1,967,000
Reduction of carbon footprint (ton)	1,392	3,243	1,960

In addition, the company continues to prioritize and support various activities aimed at reducing energy consumption. This includes encouraging employees to turn off lights and computer screens during lunch breaks or when not in use. Another initiative is the Energy Awareness Quiz, conducted through the factory's energy management committee.

In 2023, the company aims to reduce energy consumption by at least 5.71% compared to the previous year. This goal will be achieved through various measures, including the installation of Variable Speed Drive (VSD) equipment to control high-pressure pumps or machines used in factories. These efforts underscore the company's commitment to sustainability and reducing its environmental footprint.

- **Water Management**

In 2023, the company places significant emphasis and priority on the issue of wastewater treatment, ensuring compliance with international standards. The treated wastewater is utilized in sanitary and public utility systems both inside and outside buildings, as well as at various points within the factory premises, with the aim of maximizing water usage efficiency. The focus is on reducing the consumption of water resources, given that water serves as the primary raw material for producing the company's beverage products and is essential for life. Recognizing that raw water from irrigation canals is also utilized by communities surrounding the factory, the company strives to maximize its beneficial use while minimizing impacts on these communities. The objective is to achieve a production process water-to-product ratio of less than 1:5.5 (FG:water) through improved and more systematic production management practices, such as reducing water usage in production processes, minimizing wastewater generation, and maximizing output.

- **Garbage, Waste (Hazardous waste) and Pollution Management**

The company systematically manages garbage and waste in the production process according to the 3 R principles (Reduce, Reuse, and Recycle). A waste separation system is in place, along with initiatives to raise awareness and encourage participation among employees and stakeholders. Continuous campaign activities are organized by the company, including participation in the YOU Turn project initiated by PTT Global Chemical Public Company Limited

(GC). This project aims to transform plastic waste into recyclable materials, beginning with the separation of plastic waste and its delivery to designated YOU Turn drop points. Clean plastic waste is then processed and recycled at ENVICCO, GC's plastic recycling plant, and partner recycling facilities. The project ensures proper management of plastic waste, maximizing its reuse and minimizing landfill disposal in line with circular economy principles. Additionally, the company engages certified external agencies to manage general waste and transition to alternative energy sources. Environmental quality assessments are conducted at the factory and surrounding areas at least twice a year. In 2023, these assessments found that air quality, odor, sound, and light levels complied with legal standards, and there were no incidents of chemical leaks from business operations.

The amount of trash and waste generated from business processes is as follows:

	2023	2022	2021
Amount of non-hazardous waste (kilograms)	411,550.00	504,850.00	1,029,744.00
Amount of hazardous waste (kilograms)	2,219.00	1.150.00	2,410.00
Total (kilograms)	413,740.00	506,000.00	1,032,154.00

In 2023, the amount of trash and waste generated from the production process decreased by 0.26% compared to 2022. Additionally, there was a 0.26% increase in capacity utilization compared to the actual production capacity in 2023, reaching 15.41% higher than in 2022. These improvements reflect the company's commitment to waste reduction and efficiency enhancement in its production processes.

Furthermore, the company consistently organizes campaign activities to raise awareness of waste separation through the project named "Separate, Exchange, Trip". This initiative encourages collaborative efforts to separate waste and reintegrate it into the recycling or upcycling process, maximizing its value. The company also fosters employee learning and participation in waste management."

Waste Management					
No.	List	Unit of Measurement	2023	2022	2021
1	Total waste	Metric ton	413.74	506.00	1,032.15
2	Hazardous waste	Metric ton	2.22	1.15	2.41
3	Percentage of hazardous waste	Percent	0.53%	0.22%	0.24%
4	Non-hazardous waste	Metric ton	411.55	504.85	1,029.74
5	Percentage of non-hazardous waste	Percent	99.47%	99.78%	99.76%

Waste classified by types and methods of management					
No.	List	Unit of Measurement	2023	2022	2021
1	Quantity of total hazardous waste	Metric ton	2.22	1.15	2.41
2	Quantity of total non-hazardous waste	Metric ton	411.55	504.85	1,029.74

Waste classified by types and methods of management					
No.	List	Unit of Measurement	2023	2022	2021
3	Percentage of waste not being disposed in landfill	Percent	100%	100%	100%
4	Reuse and recycle waste	Percent	68.95%	39.15%	19.16%
5	Waste disposed by other processes	Percent	30.50%	9.89%	11.13%
6	Waste disposed by being turned in to fuel (alternative fuel/fuel blending)	Percent	0.38%	50.93%	63.75%
7	Waste disposed without waste-to-energy	Percent	0.00%	0.00%	0.00%
8	Waste disposed by other methods	Percent	0.17%	0.03%	0.01%
9	Sanitary landfill	Percent	0.00%	0.00%	5.95%

3.3.3 Climate Change Impact

The company acknowledges and prioritizes addressing global climate change. Through various initiatives, the organization has developed a framework to promote environmental sustainability through innovation and technology. This includes transitioning to environmentally friendly materials and raw materials in the production process, adopting modern technology, and utilizing alternative energy sources. These efforts aim to maximize the efficient utilization of natural resources. Additionally, the company is actively engaged in research and development to innovate electricity and steam production methods using safe and environmentally friendly alternative energy sources. Various related activities are as follows:

1. Installation of a Solar Rooftop & Floating Solar system to harness clean energy, promoting environmentally friendly practices (Green Product).
2. Implementation of an Automated Warehouse utilizing modern technology to efficiently manage the entire system and optimize resource utilization.
3. Incorporation of biomass wood pallets in steam production to minimize CO2 emissions.
4. Transitioning from PVC to PET materials for producing product labels, enabling recyclability.
5. Substituting Virgin PET with Recycled PET (30%) in plastic bottle production to reduce the consumption of plastic pellets.
6. Adoption of the innovative Tethered Cap, an environmentally friendly solution that facilitates 100% recyclability.

In terms of raising awareness and fostering participation within the organization, we have developed greenhouse gas emissions reports for both 2022 and 2023, adhering to the global international standard ISO 14064-1. The year 2022 serves as the base year for data collection. This information is utilized as a guideline for enhancing our production and organizational systems, aiming to systematically reduce greenhouse gas emissions.

Following the request for recertification of the 2022 greenhouse gas emissions report according to ISO 14064-1 standards, the company's currently reported greenhouse gas emissions data differs from that of the previous edition.

Details of Greenhouse Gas Emissions	2023	2022 (Base Year)
Scope 1: Direct greenhouse gas emissions that occur from sources controlled by the organization (Direct GHG Emissions)	5,286	4,048
Scope 2: Indirect Greenhouse Gas Emissions from Energy Usage (Energy Indirect GHG Emissions)	12,700	11,801

Remark:

1. Unit: Tonnes of CO2e
2. Scope 1 data is derived from Category 1 data as per the ISO 14064-1 report.
3. Scope 2 data is derived from Category 2 data as per the ISO 14064-1 report.

In 2023, the company did not have any environmental dispute with external organizations and the surrounding communities.

3.4 Sustainability Management in Social Dimension

3.4.1 Social Policy and Practice

Sappe believes that every business growth can create better sustainable society together like we have been doing under our resolution that “We better people’s lives through our innovative spirit”. To demonstrate our commitment to society, the company sets the guidelines as followed:

1. Employees: We will support activities which can improve the employees’ life in all aspects such as creating safe and happy workplace, enhancing their working and innovation potential, promoting equality, and adhering to human rights practices.

2. Consumers: We are determined to develop and produce products with innovative ideas to deliver quality items to consumers as many as we can. We are ready to provide products’ information with responsibility, accept all feedback without bias, and avoid discrimination in order to maximumly serve the needs of customers.

3. Communities and Society: We will help enhance people’s quality of life with measures such as pushing for the use of raw materials from the output of Thai farmers and develop them with Sappe’s innovative knowledge and expertise. We also support local employment and promote social equality as well as build inspiration and pass on knowledge of creative seeds to society.

4. Suppliers: We will create business growth by constantly developing products with our business allies, looking for new investment models, or creating business models to sustainably improve people’s quality of life.

Apart from following Sappe’s policy on sustainability, we are also determined to carry out the operation in accordance with the United Nations Sustainable Development Goals (SDGs).

3.4.2 Social Performance

Employees: Our mission is to become a "Global Brand," known internally as the "Mission to MARS." We recognize the importance of staying informed about global trends and acting swiftly in the face of Volatility, Uncertainty, Complexity, and Ambiguity (VUCA) situations such as viruses or conflicts, which can lead to the "BANI" behavior among global citizens. To achieve this mission, we prioritize our "Sappe Players," our employees, who are considered part of

our extended family. We encourage them to stay updated, be aware of the rapidly changing world, and focus on self-development.

Within our culture, we embrace "Experimental Creativity," where making mistakes or trying new things is encouraged to foster courage, innovation, and resilience. We believe in the spirit of "Do the Impossible," where our Sappe Players are empowered to handle VUCA situations, adapt quickly, and persevere through challenges with a dynamic and resilient mindset.

We equip all Sappe Players with the necessary mindset, toolset, and skillset to "be aware, keep up, and get things done in time." This involves staying informed about new developments and global situations, adapting to changing circumstances, and taking timely action to achieve our goals.

To support our Sappe Players, we have dedicated teams of executives and trainers. The executive team focuses on people management, ensuring the well-being and development of our employees. Meanwhile, our group of trainers designs, analyzes, and creates new courses tailored to the evolving situations for our Sappe Players. These courses are designed to be practical and applicable to both work and daily life, empowering our employees to thrive in any situation.

We are committed to building our organization through innovation and fun, leveraging the power of knowledge, ability, and positive attitude to drive success for Sappe. We take pride in contributing to the creation of innovative solutions, positioning ourselves as an example of a Thai organization striving to become a "Global Brand."

The company prioritizes the promotion of employees' health and well-being to ensure they work happily and efficiently. We believe that when employees feel valued and cared for, they are motivated to perform at their best. Therefore, Sappe places emphasis on providing comprehensive welfare benefits to retain talented employees and foster their long-term commitment to the company. We offer competitive benefits, security, and a high quality of life that align with industry standards and legal requirement.

Moreover, we encourage employees to participate in various activities, such as welfare committees, health and sports clubs, and recreational events, in compliance with the law. An employee committee has been established to represent all employees and address their welfare and organizational management needs, facilitating ongoing communication with company executives.

To further support our employees, we collaborate with the Government Housing Bank to offer housing loan programs with special interest rates and favorable terms. This initiative aims to assist employees in securing housing for themselves and their families. Additionally, we have enhanced our years of service rewards program to recognize and appreciate the loyalty of our employees. We now provide additional rewards for those who have served for 20 and 30 years, in addition to the existing rewards for 15 years of service. These awards are a token of gratitude for their dedication and long-term commitment to the company.

Furthermore, we continuously improve our group insurance coverage by increasing life insurance and treatment limits for hospital admissions, ensuring our employees receive adequate support and protection.

Customers: In 2023, Sappe continued to deliver innovative products tailored to meet consumers' evolving lifestyles. These products were the result of product development efforts targeting new consumer segments and utilizing a data-driven approach. This approach involved collecting customer information from the company's key brands and conducting thorough analysis to develop products that meet the specific needs of the target customers.

Furthermore, Sappe focused on creating effective marketing strategies to resonate with customers and establish sustainability in the future. This included exploring new distribution platforms in foreign markets, with a particular focus on

Asia, the United States, Europe, and the Middle East. The company adopted an O2O strategy, blending online and offline marketing and sales, to adapt to the rapid changes in these foreign markets.

In addition to its international efforts, Sappe proactively entered the domestic online market, leveraging various communication and distribution channels such as marketplaces and its own online platform, Sappe Online.

As a result of these initiatives, Sappe successfully distributed over 20 brands to 100 countries worldwide in 2023, achieving a total sales figure of 6,052.6 million baht. This represented a remarkable growth rate of 32.5%, with the proportion of domestic and international sales standing at 19.1% and 80.9%, respectively.

Suppliers: Sappe has a good relationship with all suppliers and business partners in every country with its adherence to “Win-Win” business which enabled the company to expand its business to over 100 countries worldwide. The company considers them as not only suppliers but also its representatives to jointly build and promote the brand. In 2023, Sappe and its suppliers moved in the same direction, and it was regarded as an important factor to drive the business to achieve success together. To reach the goal of success, the company performed its duty in supporting and giving advice in laying foundation of the brand and build the brand through information exchanging to develop a proper marketing mixture. It also created partnership platform in developing and selecting suppliers in order to enhance business and make the brand become a global brand.

Additionally, the company has increased its closeness with its suppliers through conversations about market situations and economic impacts and analyzing the past performance. It also assessed efficiency of activities with the suppliers quarterly in order to use the information in planning and applying it to the business in the future. The company also expanded its joint working with the suppliers which includes teams to oversee product stocks and the order system and an accounting team to help the business collaboration go smoothly.

As the company recognizes the code of conduct in running business and professions, it gathered and set a code of conduct and practices for suppliers which adheres to transparency, honesty and legitimacy. This goes along with strong determination to support and promote society and the environment in line with the sustainable development which will lead to a balanced society, environment and business to grow with sustainability.

Sappe aims to promote these principles in its suppliers and is determined to jointly develop the capability of the suppliers, who are vital in the company’s business, under the same principles of honesty, transparency, fairness and accountability. This will help the company and its suppliers to grow together and broadly expand to society.

In 2023, the company did not receive any complaint about violation of the supplier code of conduct. The company compiled and distributed its code of conduct for suppliers in order to explain practices to those who want to have partnerships with the company, and the code of conduct is listed below:

Code of Conduct Practices for Suppliers

1. Business Ethics

Integrity, honesty, and fairness: Run business based on righteousness, transparency and compliance with the law and regulations related to the business operation, and firmly adhere to fair business operation and fair competition.

- Conflict of Interest: Not involve in any relationship with the company’s directors, executives or employees in order to obtain benefit illegitimately.
- Anti-Corruption: Must cooperate with the company to fight all forms of corruption.
- Intellectual Property Rights: Run business in compliance with the law or regulations related to intellectual property rights.
- Confidentiality: Protect confidential information of the company or concerned parties.

2. Human Rights and Labor Rights

- Non-discrimination and equality: The suppliers must treat their employees with equality and fairness without discrimination stemming from differences of race, religion, gender, skin color, native origin, marital status, expression, physical condition or social status.
- Labor Protection: Must not use child laborers who are under the minimum age limit as stipulated by the law and illegal laborers and must treat all workers in accordance with the law.
- Wages and benefits: Wages payable for the employees must be paid accurately and fairly in accordance with the law.

3. Safety and Occupational Health

- Create safe and healthy environment in the workplace to ensure effective operations in accordance with the law and relevant regulations. The suppliers are required to apply safety measures to the operations accurately and promptly to prevent occurrence of accident from working operations or an emergency situation.

4. Sustainable Environment Management and Business Development

"We better people's lives through our innovative spirit" that drives us." This is the ultimate heart of Sappe's business operations. We prioritize stakeholders first, following the principles of transparency, integrity, and anti-corruption. We establish policies and guidelines in line with the sustainable values of Sappe, with missions as follows:

Create sustainable economic growth.

- Create high-quality innovative products that meet various needs and continuously integrate into consumers' lifestyles.
- Helping consumers understand our products responsibly. We're open to feedback and always looking to understand what new customers really need.
- Ensuring our products are top-notch and available to as many people as possible.
- Growing our business by working with partners and trying out new ways to be more efficient.

Promote the quality of life of our valued individuals to grow together.

- Promote employees' potential for development, growth, happiness, and enjoyment at work, ensuring fairness and equality.
- Foster an innovative spirit within the organization.
- Enhance standards for trading partners even further.
- Support community members in improving their quality of life.
- Encourage the sourcing of raw materials from Thai farmers' products, leveraging Sappe's knowledge and expertise in innovation.
- Inspire and share creative knowledge with society.

Caring for a sustainable environment through innovation and technology

- Committed to efficient management throughout the value chain, utilizing innovation and modern technology to minimize environmental impacts.
- Committed to maximizing the efficiency of natural resource use and minimizing environmental impacts.
- Committed to sourcing raw materials and packaging materials of high quality and environmentally friendly.
- Upgrading the utilization of alternative energy sources and exploring new formats to reduce greenhouse gas emissions.

Important Suppliers

The company recognizes the importance of partners in supporting its **goal of reaching 10,000 million baht by 2026** and believes that fostering strong relationships with partners will lead the organization towards sustainability. Therefore, the company actively engages with trading partners, sharing the organization's goals and jointly developing plans to procure products and services of higher standards. This approach enhances potential and competitiveness, enabling mutual growth in line with the Win-Win business principles the company adheres to. The company classifies important trading partners based on order volume (top 20) and the importance of the products to develop effective plans and strategies for managing trading partners.

Our goals are to ensure that our trading partners have efficiently developed their business operations, delivering high-quality products and services, and are ready to grow in line with the organization's goals. Through a risk assessment, it was discovered that some key trading partners may lack the necessary capacity to fully support our goals. Consequently, the company has expanded its infrastructure and developed production processes for these partners as outlined below:

- In 2023, there is a plan to expand the structure and develop the production process for two main trading partners to ensure that there are sufficient raw materials to support the production process.
- The company collaboratively develops 20 key trading partners and has entered into sales contracts to mitigate risks and instill confidence in mutual growth.
- Change product labels from PVC to PET 100% in Q2 of 2023.
- Develop recycled plastic pellets for use in the Q2 Of 2024.

- Partner with suppliers to use recycled paper, thereby reducing the company's paper consumption in packaging production.
 - Utilize coconut shells from the production process as fuel, creating value and minimizing environmental impact.
- However, upon comparing last year's operating results with the strategies outlined, the following details emerge.

2022	2023
Jointly sought strategies in collaboration with the top 20 partners based on order volume.	Shared the company's goals with partners at 100% to find strategies together.
Developed 20 key suppliers, signed contracts of sale and eliminated risk to give them confidence in growing together.	Developed suppliers and find more business partnerships.
Singed contracts of main materials to eliminate risk.	Made long-term contracts with key partners.
Developed the use of recycled PET resin to reduce global warming from the bottle production with a plan to be used in 2024.	Used PET recycling to reduce global warming in the Q2 of 2024.
Changed the product labels from PVC to PET at 92%.	Changed product labels from PVC to PET 100% in Q2 of 2023.
Developed coconut shells from the production to have value added and not being left as waste to affect the environment.	Brought coconut shells from the production back to use in the factory as renewable material to reduce waste which affects the environment. The coconut shell product is planned to be launched in Q3 of 2023.
-	Reduced the amount of plastic from 18 to 17 grams in 2023.

The Company has consistently monitored operations according to the Supplier Code of Conduct since 2022, covering social and environmental issues to ensure supplier awareness. As of 2023, the company has not reported any violations of business ethics by its partners.

Furthermore, the company is conscious of sourcing raw materials and packaging that are environmentally friendly. Therefore, when selecting new business partners, priority will be given to suppliers who operate in an environmentally friendly manner. The company has conducted a questionnaire on supplier expectations, which serves as a strategy for developing sustainable business partnerships aimed at fostering sustainability together.

Additionally, in 2023, the company made payments to trading partners within 0 to 60 days of receiving products and services. Moreover, the company ensures timely payments to all trading partners.

Investors and Shareholders Sappe has an investor relations section which provides necessary and important financial information to shareholders, investors, securities analysts and supervising agencies. It gave its reports to the Stock Exchange of Thailand, the Securities and Exchange Commission, and the company website in the subject of "Investor Relations" for convenience of those who want to get more information about investment with Sappe. Furthermore, a number of activities were organized to provide and explain information, while giving chances for the participants to openly ask questions, which

were replied by the relevant personnel including high-ranking executives. The investor relations activities attended by executive members in 2023 were summarized as followed:

- Held four analyst meetings to explain the company's quarterly performance and all meetings. The first one was held on March 8, 2023, and the analysis was published by 10 securities companies. The second meeting was held on May 22, 2023, and the analysis was published by 17 securities companies. The third meeting was held on August 23, 2023, and the analysis was published by 13 securities companies. The final meeting of 2023 was held on November 20, and the analysis was published by 10 securities companies.

The company also attended the SET Opportunity Day organized by the Stock Exchange of Thailand 4 times in 2023. (Not include the 2023 quarterly performance to be published in newspapers and online media)

- Participated in investor roadshows organized by leading domestic and international financial institutions a total of 9 times and held 20 meetings and information sessions (Company Visits) for both retail investors and institutional investors, both domestic and foreign.

- In addition, the company provided information through 30 conference calls attended by high-ranking executives. In case they could not attend the meetings, the investor relations executives and team will be assigned to constantly provide information to the investors both in Thailand and overseas.

Community and Society: The Wan Wan Wan project is in its seventh year. In 2023, the project organized a joint meeting of two cultivated systems which are normal cultivation and EU standard organic system in two areas: Lam Luk Ka District in Pathum Thani Province and Sanam Chai Khet District in Chachoengsao Province. The meeting was held to allow the project members to exchange and learn about cultivation and be able to take care of each other. Overall, the total income in 2023 was 299,331 baht, increasing from 2022 by 39%. The plantation covers 20 rais in Pathum Thani, generating household income for the project members at 88% on average while monthly income per rai rose three times (information about household income was collected from members of the Wan Wan Wan project).

In 2023, the project was affected by heavy downpours in the cultivated area and the impact from overflowing water from an irrigation canal. The Wan Wan Wan members whose cultivated area is in Pathum Thani, declared as an emergency disaster area (flooding), was severely affected by the flood with 95% of the plantation damaged. However, they received assistance from the Ministry of Agriculture and Cooperatives as they have registered as famers with the Lam Luk Ka agricultural office under the ministry. The project reviewed suitability of cultivated areas in order to find long-term solutions for the area which is at risk of diversion, and the area with heavy rain in the rainy season by conducting relevant studies. The studies included joining force with local authorities to make water barriers, adjusting and changing the cultivation model to suit the area which at risk of flooding in the rainy season in the new members who are currently planting, and finding solution to the problem of water diversion making it to be more efficient and faster in the areas of existing members to reduce the damage to aloe vera.

From the flash flooding, both the members of the Wan Wan Wan project and the areas surrounding Sappe factory were affected by the situation. Apart from helping the project members, we also oversaw the community covering Puech-Udom Subdistrict affected by the flood and the nearest area to the factory is Moo 7. The company provided assistance in need covering 100% of the subdistrict's affected area or 280 households. Aid packages were distributed for emergency situations

to help everyone pass through the challenges as well as the products which were delivered to support along with the local authorities in nine villages with over 300 households.

To allow the company to respond to the community's need comprehensively, in 2023, the company still sent its representatives to meet and discuss with the Department of Provincial Administration and local authorities on monthly basis. The attendance was aimed at hearing their requirements and to analyze the problems together with local leaders and government and local officials. In 2023, the company provided help the community based on the request at the meeting such as providing relief packages over the flood, aid packages for poor people, improving water quality and increasing area of knowledge for the youth in the community.

From our determination "We better people's lives through our innovative spirit", Sappe aims for developing the quality of life of people in the community to elevate their living through several projects including providing medical equipment for 13 community hospitals in Lam Luk Ka District, supporting the local volunteers by providing them 2,000 shirts to help them perform a better duty in taking care of the community dwellers.

Furthermore, the company also supported the local agencies through community activities with our cool products and beverages. More than 80,000 bottles of drinks, worth over two million baht were distributed to make everyone in the community acknowledge and proud of the quality of this Thai product brand.

For continuity of development, the company conducted a survey of satisfaction among the factory's surrounding communities in order to know their feedback and impact from the operation of the factory and to find solutions to sustainably live with them. We set the target of no less than 80% for the survey and the satisfaction of surrounding communities was 77% in 2023.

4. Management Discussion and Analysis

Thai Economic Performance in 2023 and Outlook for 2024

The Office of the National Economic and Social Development Board (NESDB) has reported that the Thai economy expanded by 1.7% in the 4th quarter of 2023, showing acceleration from the 1.4% growth observed in the 3rd quarter of the same year. When considering the entire year of 2023, the Thai economy grew by 1.9%, increasing from 2.5% in 2022 with the following explanation.

In 2023, the value of merchandise exports experienced a decline of 1.7%, contrasting with the 5.4% expansion witnessed in 2022. This decline aligns with the deceleration in exports of Thailand's crucial trading partners. However, upon closer examination of each main export product group, it becomes evident that some groups continue to exhibit robust growth. Particularly notable are the markets in the US (including rice, telephone components, vehicles, computers, and electrical appliances) and Japan (specifically electrical circuit boards), which have shown resilience. Conversely, certain product categories continue to face declines, notably in the Chinese market (such as rubber products, chemicals and petrochemicals, computer components, and rubber), influenced by both the slowing Chinese economy and China's policy of enhancing self-reliance.

Private consumption throughout the entirety of 2023 surged significantly, with a growth rate of 7.1%, surpassing the 6.2% recorded in 2022, signaling a robust rebound in domestic consumption. In contrast, government consumption spending witnessed a decline of 4.6%, in contrast to a marginal expansion of 0.1% in 2022. Total investment in 2023 saw a modest increase of 1.2%, compared to the 2.3% growth seen in 2022. Private investment expanded by 3.2%, a slight dip from the 4.7% growth in 2022, while public investment decreased by 4.6%, a greater decline than the 3.9% decrease in 2022.

The Office of the National Economic and Social Development Board anticipates continued expansion of the Thai economy in 2024, projected to fall within the range of 2.2-3.2%. This optimistic outlook is underpinned by several supporting factors:

1. A resurgence in merchandise exports.
2. Sustained growth in consumption.
3. Increased private investment.
4. Ongoing recovery in the tourism sector.

Private consumption and investment are expected to grow by 3.0% and 3.5%, respectively, while the value of exports in US dollar terms is forecasted to expand by 2.9%. Average inflation is anticipated to range between 0.9-1.9%, and a surplus of 1.4% of GDP is projected for the current account.

Discussion and Analysis of Operating Performance and Financial Position

Overview of Operation and Financial Position

Regarding the overall performance of Sappe Public Company Limited in 2023, consolidated revenue from selling goods reached Baht 6,052.6 million, marking the highest revenue since the company's establishment and representing a substantial increase of 32.5% compared to the previous year. This growth was primarily driven by expanded distribution channels in the export market across Asia, Europe, the Middle East, North America, and Thailand. Additionally, increased domestic and export sales were achieved through the launch of 17 new product SKUs over the past 12 months.

The cost of goods sold to revenue decreased by 4.0 pts. to 55.2%. This improvement was attributed to decreased prices of certain raw materials and packaging materials, as well as enhanced production performance.

Selling expenses and administrative expenses (excluding net gain/loss from foreign exchange) amounted to Baht 1,497.6 million, representing a 9.7% increase from the previous year's Baht 1,366.1 million. This notable increase was driven by selling and marketing activities aimed at supporting the growth of export sales. However, the percentage of these expenses to revenue from selling goods decreased from 29.9% to 24.8% due to improved spending efficiency.

The net profit of the parent company for 2023 stood at Baht 1,074.2 million, reflecting a significant increase of 64.5% compared to the previous year's Baht 653.1 million.

Currently, the company has two subsidiaries: Sappe Europe s.r.o. registered in Slovakia, and Sappe Holding (Thailand), registered in Thailand. Sappe Europe's business involves producing, distributing and marketing Sappe Aloe Vera drink in Europe while Sappe Holding provides management service for the affiliates.

Between 2020-2023, the company recorded total revenues of 3,320.9 million baht, 3,712.8 million baht, 4,899.5 million baht and 6,207.7 million baht respectively. Almost all of the income was from sales.

Revenue from Sales of Goods

During 2020-2023, the sales revenue was geographically analyzed in the following table:

Sales Revenue	2023		2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Total	6,052.6	100.0	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0
Domestic	1,156.3	19.1	1,055.0	23.1	1,209.9	35.1	1,481.3	45.3
International	4,896.2	80.9	3,511.4	76.9	2,234.3	64.9	1,786.8	54.7

The company recorded the sales revenue in 2023 at 6,052.6 million baht, an all-time high since the establishment of the company, growing by 32.5 % compared to the previous year. This growth is attributed to increased sales in both foreign and domestic markets.

International sales soared to Baht 4,896.2 million, marking a substantial 39.4% YoY increase. This growth was fueled by the expansion of sales channels, particularly in EU territories through National Modern Trade outlets.

The company's best-selling products, Mogu Mogu, fruit juices with chewy Nata de Coco chunks and Sappe Aloe Vera, fruit juices with chewy Aloe Vera chunks, were exported to over 100 countries worldwide. Sales in Europe, America, the Middle East, and Asia experienced significant growth rates of +97.3%, +37.4%, +31.5%, and 20.9% respectively,

compared to the previous year. Additionally, the company launched 5 new SKUs over the past 12 months. Despite facing a low season in Q4/2023, the company still achieved significant growth compared to Q4/2022, driven by strong demand. Looking ahead to 2024, the company anticipates further growth driven by increased demand from both existing and new consumers through marketing campaigns and channel expansion.

Domestic sales also saw a positive trend, reaching Baht 1,156.3 million, representing a 9.6% YoY increase. This growth was supported by the launch of 12 new SKUs over the past 12 months. Additionally, the company focused on leveraging online and e-commerce channels to capitalize on high-growth sales opportunities.

The main income generating products in the foreign market were Mogu Mogu and Sappe Aloe Vera, which are fruit juice/fruit flavored drink with coconut jelly/aloe vera pulps. With the strong point of selective ingredients and refreshing fruit juice, Mogu Mogu was the top selling product in the foreign market. For the domestic market, the income generating products were the health and beauty drinks such as Sappe Beauti Drink and B'blue Vitamin Water, Preaw instant coffee, and sweets and heathy snacks such as Sappe Beauti Jelly and Gumi Gumi Jelly. The total sales can be divided by product categories as follow:

Product Category	2023		2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
1. Functional Beverage	524.8	8.7	478.7	10.5	541.4	15.7	692.3	21.2
2. Fruit Juice/Juice Drink	5,046.6	83.4	3,718.8	81.4	2,468.7	71.7	2,083.0	63.7
3. Functional Powder	270.6	4.5	212.5	4.7	242.6	7.0	247.5	7.6
4. Healthier Snack	205.9	3.4	127.8	2.8	144.1	4.2	219.8	6.7
5. Supplement and Others	4.6	0.1	28.6	0.6	47.4	1.4	25.5	0.8
Grand Total	6,052.6	100.0	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0

Other Income

Other income of the company during 2020-2022 were 52.9 million baht, 268.6 million baht, 333.1 million baht and 145.8 million baht respectively. The main income included transportation fee which is additional charge in providing transportation service on the customers' request, selling scrap materials, interest and others as follow:

Other Income	Consolidated Financial Statements							
	2023		2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Transportation Income	67.4	46.2	286.5	86.0	232.4	86.5	17.7	33.4
Interest	3.8	2.6	3.5	0.9	1.7	0.6	5.2	9.8
Scrap material selling	0.0	0.0	0.0	0.0	0.3	0.1	1.3	2.5
Others	74.6	51.2	43.1	13.1	34.2	12.8	28.7	54.3
Total other income	145.8	100.0	333.1	100.0	268.6	100.0	52.9	100.0

During 2021-2022, the income from transportation fee significantly increased due to the rise of international freight cost, resulting in an increase in shipment service fee for some foreign customers. However, the company managed to find ships with a low transportation rate for customers and later charged them with this rate which was lower than they had previously. As a result, the cost of distribution and other income have increased since the first quarter of 2021 but did not affect the company's net profit.

In 2023, freight income decreased primarily due to the decline in freight rates since the 3rd quarter of 2022, resulting in lower export costs and reduced sales expenses from providing ship transportation services to foreign customers. Currently, many customers have reverted to procuring ships independently, as they typically would.

Cost of Goods Sold and Gross profit

The company's gross profit during 2020-2023 were 36.7 %, 39.3 %, 40.8 % and 44.8 % respectively, increasing from the previous year. The cost of goods sold in 2023 accounted for 55.2% of the sales revenue, dropping from 59.2% in the previous year.

Unit : Million baht	Consolidated Financial Statements							
	2023		2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Sales Revenue	6,052.6	100.0	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0
Cost of Goods Sold	3,341.4	55.2	2,702.9	59.2	2,089.1	60.7	2,067.2	63.2
Gross Profit	2,711.2	44.8	1,863.5	40.8	1,355.1	39.3	1,200.9	36.7

This improvement was attributed to the Company's enhanced internal management, particularly in terms of production efficiency. Additionally, the Company benefited from lower prices of raw materials and packaging materials, as well as more efficient management of machinery and human resources. These improvements were in line with a 77% production capacity rate, reflecting enhanced machine and production process efficiency.

Due to a significant rise in international sales recently, the Company is expanding production capacity. This year, the Company is focusing on acquiring, building, and setting up new automated warehouses, production lines, and beverage packaging lines. This also includes the implementation of cost-saving projects like using machine learning for quality checks and automating certain processes. These efforts are aimed at supporting future sales growth and increasing the net profit.

Selling and Administrative Expenses

Selling expenses to revenue for year 2023 were reported at 16.3%, 5.2 pts. lower than last year. This decrease was attributed to reduced sea freight costs since Q3/2022, resulting in lower logistic expenses. Additionally, there was a decrease in logistic service income due to customers arranging their own sea freight services.

The Company's administrative expenses totaled Baht 512.2 million, representing 8.5% of sales revenue, consistent with the previous year's figure of 8.4%.

Unit : Million baht	Consolidated Financial Statements							
	2023		2022		2021		2020	
	Million baht	%	Million baht	%	Million baht	%	Million baht	%
Selling Expense	986.4	16.3	982.8	21.5	759.9	22.1	451.5	13.8
Administrative Expense	512.2	8.5	383.3	8.4	318.3	9.2	298.4	9.1
Total Selling and Administrative Expenses	1,498.6	24.8	1,366.1	29.9	1,078.2	31.3	749.9	22.9
Sales Revenue	6,052.6	100.0	4,566.4	100.0	3,444.2	100.0	3,268.1	100.0

Financial Cost

The company's financial cost in 2023 was 2.5 million baht, increasing from the previous year which was 2.3 million baht.

Corporate Income Tax

In 2023, the company had corporate income tax expense at 274.8 million baht, or 20.7 % of the profit before tax.

Share of Profit (Loss) of Associates and Joint Ventures

The company recognized share of profit of associates and joint ventures of 20.1 million baht this year, there was loss from the investment in WOPE Co., Ltd (calculated from 60.0% of shareholding) at 6.8 million baht, investment in Danone Sappe Beverages Company Limited (calculated from 25% of shareholding) at 1.0 million baht and investment in M Intelligence Co., Ltd (calculated from 16.2%) at 12.3 million baht.

Net Profit (loss) Attributable to Owners of Parent Company

In 2023, the net profit attributable to owners of parent company was 1,074.2 million baht which was highest since the establishment of the company, or 17.7% of the sales revenue, increasing by 64.5% compared to 653.1 million baht in the previous year.

Financial Position Analysis

Asset

The total assets of the company and its subsidiaries as of the end of 2023 were 5,680.2 million baht, consisting of current assets of 3,655.8 million baht and non-current assets of 2,024.4 million baht. The total assets increased by 1,118.9 million baht, or 24.5%, compared to 4,561.3 million in 2022. The increase was mainly a result of increasing cash

and other current receivables following business expansion, investment in land, property and equipment for construction procurement projects and the installation of automated warehouses, as well as new production lines and beverage packaging lines.

Liabilities

The total liabilities of the company and its subsidiaries as of the end of 2023 were 1,784.4 million baht, consisting of current liabilities of 1,647.5 million baht and non-current liabilities of 136.9 million baht. The 2022 total liabilities increased by 576.3 million baht or 48.5 % compared to 1201.3 million baht in 2022. This was mainly a result of the rising deferred income for the foreign customers.

Shareholders' Equity

The shareholders' equity of the company and its subsidiaries as of the end of 2023 was 3,895.9 million baht, increasing by 535.8 million baht compared to 3,360.1 million baht in 2022, or increasing by 15.9%. The main reason was an increase in the retained earnings to 553.0 million baht, from the net profit of 1,050.5 million baht deducted the dividend payment of 508.7 million baht.

Cash Flow

A summary of the cash flow statement of Sappe Public Company Limited and its subsidiaries.

	2023	2022	2021	2020
Net cash from (used in) operating activities	1,663,695,257	1,014,952,626	693,388, 4	539,910,069
Net cash from (used in) investing activities	(868,328,754)	(792,091,491)	(215,802,827)	(251,551,165)
Net cash from (used in) financing activities	(535,326,334)	(306,667,556)	(289,372,337)	(275,663,481)
Cash and cash equivalents as of January 1	298,805,528	382,609,637	194,389,005	181,695,045
Effect from the balance of exchange rates at the end of the year	(4,641,662)	2,312	6,982	(1,463)
Total cash and cash equivalents as of December 31	554,204,035	298,805,528	382,609,637	194,389,005

The company and its subsidiaries had net cash carried from December 31, 2022, at 298.8 million baht with the net profit from the operation at 1,663.7 million baht. The main factor was related to an increase in the net profit in 2023 to 1,050.5 million baht and the adjustment of depreciation and amortization of 178.1 million baht, and the income tax of 274.8 million baht.

The net cash spent in the investing activities was 868.3 million baht. The key components included the investment in the current and long-term investments at 100.0 million baht, the investment in buildings and equipment at 776.5 million baht. The net cash spent in financing activities was 535.3 million baht in which the key component was the cash used in the dividend payment at 508.7 million baht.

From the cash received and used in the activities mentioned earlier, the company and its subsidiaries had remaining cash balance as of December 31, 2023, at 554.2 million baht.

Key Financial Ratios

Liquidity Ratio

As of December 31, 2023, the company and its subsidiaries had liquidity ratio of 2.22 times and quick ratio of 1.74 times. This means the current assets remain much higher than the current liabilities. It indicates that the company's liquidity is still excellent.

Debt to Equity Ratio

As of December 31, 2023, the company and its subsidiaries had the debt-to-equity ratio of 0.46 times and interest coverage ratio of 830.6 times. The figures reflected the strong financial structure and the flexibility in obtaining additional funds from the future loans, particularly from financial institutions.

Return on Equity

As of December 31, 2023, the company and its subsidiaries had the return to equity at 28.96%, increasing from 20.56 % in 2022. The increase was mainly a result of the growth of the net profit, even though the increase of shareholders' equity came from the rising retained earnings.

Summary of factors that may affect future operations

External factors that affect the company's operations leading to a failure to reach the target, or encountering significant changes from the previous year include:

- 1) Changed competitions and business environment both domestically and internationally may affect the growth rate of the highly competitive beverage market.
- 2) The risk from the fluctuation of raw material prices that may increase as some core material products are commodities such as sugar and PET resin. In addition, the cost of coconut-based products under the production and distribution of All Coco Group Co., Ltd. is subject to change in accordance with the market price in each season.
- 3) The risk from the fluctuation of foreign exchange rate as the company's income proportion from the product export was high, at 80.9% of the sales revenue.
- 4) Ongoing unrest in Myanmar, the Russian-Ukrainian conflict, and the Israeli-Palestinian tensions persist with violence. Additionally, the sluggish economy of the United States and the European region could potentially impact the global trade market.

(Details of risk factors and risk control measures referring to the topic "Risk factors on the company's operations")
However, the company realizes these external risk factors and analyzes them to adjust the operational strategies to be in line with the changing situation.

5. General information and other material facts

5.1 General information

Company:	Sappe Public Company Limited
Nature of Business Operations:	Manufacturer and distributor of healthy food and beverages
Office:	1) Head Office: 9/3 Bangchan Industrial Estate, Soi Serithai 56, Serithai Road, Kannayao, Bangkok 2) Branch Office and Factory: 8 Moo 7 Tambon Puech-udom, Amphoe Lamlukka, Prathumthani 3) Branch Office: 71 S.P. Arcade Building, Ramkhamhaeng Road, Huamark, Bangkok, Bangkok
Registration No.:	0107556000591
Website:	www.sappe.com
Telephone:	0-2319-4949
Fax:	0-2319-7337
Email:	ir@sappe.com
Registered Capital:	308,289,080 Baht, divided into 308,289,080 Common shares at 1 Baht per share.
Paid-up Capital:	308,289,080 Baht, divided into 308,289,080 Common shares at 1 Baht per share.

References

1) Company Registrar

Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Rajadapisek Road, Dindaeng, Dindaeng, Bangkok

Telephone: 02-009-9000
Fax: 02-009-9991
Website: <http://www.set.or.th/tsd>

2) Auditor

- | | |
|----------------------------------|---------------|
| 1. Ms. Sureerat Thon-Arunsaeng | CPA No. 4409 |
| 2. Mr. Bundit Tungpakorn | CPA No. 8509 |
| 3. Mr. Piyanat Singkhorn | CPA No. 11641 |
| 4. Ms. Marisa Tharathornbunpakul | CPA No. 5752 |

KPMG Phoomchai Audit Ltd.

Empire Tower 1, 50th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok

Telephone: 02-677-2000
Fax: 02-677-2222
Website: <http://www.kpmg.com/th>

3) Coordinators

1. Company Secretary: Ms. Sutatip Chantharangsee
Telephone: 02-319-4949 ext. 9709
E-mail: comsec@sappe.com
2. Company Secretary Assistant: Ms. Pimolmas Chaveworn
Telephone: 02-319-4949 ext. 2503
E-mail: comsec@sappe.com
3. Investor Relations: Mr. Chinnavit Lertbannaphong
Telephone: 02-319-4949 ext. 1805
E-mail: comsec@sappe.com

5.2 Other material facts

-Nil-

5.3 Legal Dispute

In the year 2023, the Company has no significant legal disputes.

5.4 Secondary Market

the Company has listed in a stock exchange of Thailand.

2

Corporate Governance

Part 2

Corporate Governance

6. Corporate Governance Policy

6.1 Overview of the Policy and Guidelines

The Company realizes the significance of effective, transparent, accountable management system which shall build the confidence to all stakeholders and will bring the sustainable growth of the business by operating the business with ethics and complies with relevant law. Therefore, the Company has established its Corporate Governance Policies so as to improve its existing operation to be the apparent system and diverse the practice to all employees of the Company which shall truly enhance the building of Corporate Governance culture. In order to do so, **the Company adopted a guideline from Corporate Governance Code For a Listed Company 2017 (Corporate Governance Code: CG Code) which the Board of the Company acknowledge a guideline of CG code and aware of the role of the leader (Governing Body) in building the value for the business in sustainable manner and also evaluate the compliance of CG Code in general by considering to the evaluation result prepared and briefed by the Management. Whereas in Year 2023, the Company still determine in compliance with CG Code as much as practicable**; the entire guideline in evaluation is composed of 5 sections as follows:

Section 1 The Rights of Shareholders

The Company is aware of and realizes the significance of the basic rights of shareholders, both as an investor and corporate owner e.g. right to buy, sell and transfer their securities freely; right to receive dividend; right to receive sufficient information; right to attend a Shareholders' Meeting; right to express an opinion; right to join in deciding on an important matter of the Company e.g. an allocation of dividend, a selection and a dismissal of a director, an appointment of auditor and an approval of important business transactions that will impact on the Company's business direction, an amendment of the Articles of Association or the Company's regulations etc..

Besides the abovementioned basic rights, the Company also encourages and facilitates shareholders to use their rights as follows:

1. The Company shall send a notice of Shareholders' Meeting together with sufficient information on each of the agenda in order that the shareholders will have the opportunity to be acknowledged in advance according to relevant law. The Company shall prepare such notice explicitly stating the venue, date and time, agenda, subject that will be proposed to the meeting. Each agenda shall be provided together with the Board of Directors' opinion and the publication of such notice shall be not less than 3 days prior to the date of meeting and shall be publicized for 3 days consecutive. The Company also publicizes such notice in the Company's website so that the shareholders shall be able to study the information prior to the meeting.

2. The Company encourages all shareholders including institutional shareholders, the Board of Directors, management and relevant government agencies as well as an auditor to attend the Shareholders' Meeting.

3. In case that a shareholder cannot attend the meeting by him/ herself, the Company allows such shareholder to appoint an independent director or any person as a proxy to attend the meeting by using a proxy form, enclosed in the notice, which enables him/ her to indicate the direction of the votes.

4. The Company has established a policy, providing an opportunity to shareholders to propose their opinions, suggestions or questions in advance.

5. In the meeting, the Company provides fair opportunity for all shareholders to express their opinions and suggestions and to ask questions prior to the voting on each agenda. In the Shareholders' Meeting, the Board of Directors and management team are to be presented at the meeting to answer any questions. Questions and material recommendations shall be recorded in the minutes of meeting so that the shareholders are able to inspect.

6. The Company encourages the implementation of technology in the Shareholders' Meeting, such as shareholder registration system, vote counting and display of vote results, so that the meeting can be convened in brief, correct and precise manner.

7. In the meeting to appoint director, the Company provides an opportunity to shareholders to vote for a nominee of one whereas the shareholders are entitled to vote for their representatives of which they seem most suitable to be the director in order to protect their interests which will result in diversity and truly being the representative of the shareholders.

8. The Company encourages independent person to inspect vote counting and disclose vote results to the meeting and record such results in the minutes of meeting.

9. In an important agenda such as related person transactions, the acquisition or distribution of assets etc., the Company shall use the voting card for transparency and accountability.

10. After a meeting, the Company shall record the minutes of meeting, containing the vote process, the procedure to display vote results to the meeting prior the meeting's official commencement, the vote result of each agenda, list of directors who attend or absent from a meeting, including material issues raised in the meeting for shareholders' review. In addition, the Company will publish the minutes of Shareholders' Meeting on the Company's website.

Section 2 The Equitable Treatment of Shareholders

The Company has a policy to treat all types of shareholders - majority shareholders, minority shareholders, shareholders vesting management position, as well as foreign shareholders - equally. The Company encourages the preparation of bilingual, Thai - English, meeting invitations and publication of such invitations on the Company's website. The Company also offers shareholders an opportunity to propose meeting agenda considered material and to nominate qualified and suitable persons for consideration of being elected as a board of directors member before the Shareholders' Meeting takes place so that the Board of Directors is able to review and prepare and adopt the proposed agenda in an Annual General Meeting of Shareholders.

The qualification of a shareholder to propose an agenda as abovementioned shall be in accordance with the provision set forth in section 89/28 of Securities and Exchange Act stipulating that a shareholder or shareholders

who hold voting shares with the right to vote of not less than five percent of the total number of voting rights may submit a written proposal in order to request the Board of Directors to include such proposal as an agenda of the Shareholders' Meeting. A proposal shall include an objective and details as well as any useful information. In the nomination of a director, a shareholder is required to provide the nominated person's qualification as well as other useful information including such person's consent. Such person shall be fully qualified in accordance with Public Company Limited Act, Securities and Exchange Act and all relevant regulations of the Office of Securities and Exchange, Capital Market Supervisory Board, Stock Exchange of Thailand and the Company's Objectives as well as possesses the qualification set forth by the Company e.g. equipped with knowledges and experiences that support the Company's business operation, and be able to carry out duties of directors with fidelity, morality, ethic as well as be able to consistently join the Board of Directors' Meetings etc.

In a submission of an agenda or a nomination of the Company's director, a shareholder is required to provide the relevant information to the Company in advance as the time period set by the Company so that the Board of Directors is able to review and include such proposal to be the agenda of the Shareholders' Meeting as well as to disseminate the invitation and relevant documents to other shareholders before a meeting.

The Company, however, reserves its right to exclude the following proposals in the agenda of the meeting e.g. a proposal related to the ordinary business operation but the fact given by the shareholders does not indicate reasonable ground to suspect the irregularity of such matter, a proposal beyond the company's power to produce proposed result; a proposal the nature of which is normally obliged by law to include into an agenda and the Company has always complied with such law; a proposal not giving any benefit to the operation of the Company; a proposal the nature of which violates law, notification, regulations of any government / regulatory bodies, or against the Company's Objective, Articles of Association, a resolution of the Shareholders' Meeting or Corporate Governance Code, a proposal of which shareholder gives incomplete information or incorrect information or the Company is unable to contact such shareholder to acquire additional information, a proposal submitted to the Shareholders' Meeting for consideration within the previous twelve months and received the supporting votes of less than ten percent of the total number of the voting rights and the fact pertaining in the resubmission has not significantly changed from that of the previous Shareholders' Meeting or the Company has already performed such proposal or it is the same proposal proposed etc. This also includes the case where shareholders have not complied with relevant regulations. The Company shall notify such exclusions to its shareholders through news channel of Stock Exchange of Thailand and the Company's website

A proposal, that will be included in the agenda of the Annual General Meeting of Shareholders and/or list of person to be nominated to be the Company's director, the independent directors shall consider and present to the Board of Directors for consideration and conclusion of whether to be included in the agenda of the meeting. The opinion of the Board of Directors shall be ultimatum.

In the meeting, the Company provides fair opportunity for shareholders. Before the meeting commences, the Chairman of the meeting shall describe the exercise of voting right, the voting right required for resolution in each agenda and shall provide the session for shareholders to express their opinions and suggestions and to ask

questions on each agenda with the proper amount of time. The Chairman shall conduct the meeting in accordance with agenda of meeting consecutively. The Company shall not deprive a shareholder of any right in examining the information required to be disclosed in accordance with relevant regulations and any right to attend in the shareholder's meeting e.g. the Company has a policy of not adding any agenda in the meeting without prior notification to shareholders, for example.

The Company has strictly regulated the use of inside information in order to prevent the unlawful use of such information for oneself or for third person (Abusive self-dealing) as well as to encourage the fairness to all stakeholders. For such purpose, the Company has established in writing an order which is a guideline in keeping of inside information and a guideline in prevention of Abusive Self-Dealing including setting that all directors, managements and employees shall not trade the Company's securities and/or enter into any transactions by using any confidential information and/ or inside information of the Company and or of the associated companies which will cause any damages whether directly or indirectly to the Company. Moreover, **all directors, managements and employees who are working for the Company and receiving inside information shall not use such information before public disclosure and all persons relating to any inside information shall be restricted in trading of the Company's securities through their self, spouses, minor children, either direct and indirect (e.g. using Nominee through private funds) within period of 1 month prior to the release of Quarterly Financial Statements and Yearly Financial Statements and 24 hours after such information is revealed.**

The Company sets the disciplinary penalty for the person who violates abovementioned regulation and order or commits any disclosure causing damages to the Company according to the circumstance of a case e.g. through a verbal warning, a warning letter, a probation as well as a termination of employment etc.

The Company provides information to directors and management regarding their duties to report any changes on holding of the Company's securities and the penalty provision set forth in Securities and Exchange Act B.E. 2535 and the regulation of Stock Exchange of Thailand. In case that directors or management trade the Company's securities, they are obliged to report to the Office of Securities and Exchange Commission of such change of themselves, their spouses and their minor children in accordance with section 59 of Securities and Exchange Act B.E. 2535 within 3 working days for further public disclosure. This includes the obligation to provide the changes in securities and derivatives holding report (Form 59-2) to the Company Secretary for further report to the Board of Directors every time that there is a report of such change to the Office of Securities and Exchange Commission.

Moreover, the Company adheres to a principle to treat every shareholder equally and set the guideline to manage any conflicts of interest with transparency and accountability. **Especially, in the case where the Company has committed any related transactions with director or executive who has conflict of interest or involves in the process of making decision regarding such transactions, it is necessary to obtain the approval from Audit Committee and the Board of Directors. Any director being in conflict of interest in any issue shall be unable to vote for such issue and in case that such related transaction is required for disclosure or an approval from shareholders according to the regulation of Stock Exchange of Thailand, the Company shall disclose details and rationale of such**

transaction for shareholders' acknowledgement prior to the execution of such transaction. The disclosure shall address shareholders (1) Name and relationship of the related person (2) pricing policy (3) total value of such transaction (4) the opinion of the Board of Directors and other significant and related information of such transaction.

Section 3 The Role of Stakeholders

The Company has placed emphasis on the rights of all stakeholders, whether they are internal stakeholders e.g. shareholders, management and employees or external stakeholders e.g. creditors, customers, business partners, competitors, public sector, society and communities, etc. The Company is fully aware that supports and comments from all groups of stakeholders will benefit the Company's operations and business development. Therefore, the Company shall comply with relevant laws and regulations to ensure that the rights of the abovementioned stakeholders are well managed.

In addition, the Company's business operations consider the rights of all stakeholders in accordance with the following guidelines:

Employees: The company always recognizes that employees are valuable resources of the organization. The Company is determined to continuously develop the potential of its employees by developing their skills, knowledge, and abilities. and provide equal opportunities for career advancement and provide compensation at an appropriate rate along with ensuring the quality-of-life Safety and hygiene at work.

In addition, the Company attaches great importance to and takes into account the principles of human rights and therefore has no discriminatory policy and provides equal opportunities for all employees. This includes considering employment regardless of race, color, gender, religion, nationality and political opinion by taking care and treating all employees fairly

Shareholders: The Company is committed to equitable treatment of shareholders, protects the interests of shareholders and avoids committing any actions resulting in violation or depriving any rights of shareholders as well as respects the rights of shareholders to be acknowledged of the Company's disclosed information regarding an evaluation of management and the accuracy and reliability of information of the Company's financial performance in order to create growth and business value for the long term benefit of shareholders.

Customers: The Company adheres to treat customers with honesty and fairness. The Company is committed to satisfying and assuring customers by paying attention to customers' needs, saving quality and safe products that meet standard with reasonable price and terms and conditions agreed between the Company and customers. The Company consistently develops and upgrades the standard of products and services to new higher level, while maintaining good relationship with customers, as well as avoids using customers' data for the benefit of the Company and related parties.

Suppliers and creditors: The Company are aware of equality, fairness, and honesty in business operation, protecting interests of suppliers and creditors; conducting business with ethics by not requesting, accepting or paying benefits in dishonest manner. The Company has an authority handbook for approval of purchasing

transactions with varied amount of value to increase business flexibility. The Company strictly complies with terms and conditions in agreements between the Company and other parties including creditors.

Competitors: The Company commits itself to fair trade competition, aware of business ethics and relevant laws regarding trade competition and adheres to the rules of fair competition. The Company shall not enter into any agreements with competitors or anyone leading to limitation of trade competition. The Company shall not destroy the reputation of competitors by accusing or defaming the competitors with no ground or act in any way that is unfair to the competition.

Public sector: The Company places emphasis on transparent business activities with government officials / agencies to avoid any acts that may incite improper actions of those parties, which lead to the violation of good corporate governance principles.

Community and Society: The Company has established a policy to support and provide proper assistances to society and communities nearby. The Company shall provide good cooperation's to comply with international standard or agreements.

Environment: The Company are aware of production process to prevent negative impacts on environment. The Company shall cooperate in reducing waste from both production processes and general usages, conserving natural resources, as well as using resources, equipment, and raw materials with the most efficiency and effectiveness.

Guidelines on non-infringement of intellectual property or copyright

As the Company owns various types of intellectual property due to the nature of business operations, the Company is aware of creativity of works from thinking and intelligence and considers as proprietary assets which should be protected from illegal uses. Therefore, the Company has established a policy to strictly comply with all intellectual property laws, regarding trademarks, copyrights or patents. The Company shall check and ask for permission before using of any work or information possibly owned by third parties to prevent the infringement of intellectual property and at the same time, the Company has provided employees trainings in accordance with intellectual property and the penalty resulting from intellectual property infringement. The Company also supports and encourages employees to use their knowledges in researching, developing and innovating without violation of the intellectual property of others.

Stakeholder Contact Channels: The Company provides an opportunity for the interested party to contact, share his/her opinions, make complaints and report unlawful actions as well as provide comments through various channels as follows:

Employee

- The company has implemented a policy that allows employees to voice their grievances or complaints through multiple channels. Employees can communicate their concerns directly to their supervisors, the Human Resources Manager, or any of the company directors. This can be done verbally, by recording a message, or through digital platforms such as Line or Facebook applications. By offering various channels for employees to express their concerns, the company aims to ensure that all grievances are addressed promptly and effectively, fostering a supportive and transparent work environment.

- The Company provides complaint & suggestion boxes at the office and factory which shall be supervised by the Human Resources Department. The boxes will be opened once a month to screen the subjects and present to management for further consideration. In the case of a letter to the CEO, such letter with seal will be delivered directly to the CEO.

General Public

- The company encourages the general public to voice their opinions or report any wrongdoing directly to the Chairman of the Audit Committee through the head of the unit responsible for overseeing compliance with the company's laws and regulations. This can be done through the following channels:

1. By mail addressed to:

Chairman of the Audit Committee, through the Head of Compliance Department

Sappe Public Company Limited

No. 71 S.P. Arcade Building, 3rd Floor, Hua Mak Subdistrict, Bang Kapi District, Bangkok 10240

2. By email: compliance@sappe.com

Section 4 Disclosure and Transparency

The Board of Directors places the emphasis on disclosure of information that affects the decisions of investors and stakeholders including financial and general information reports in accordance with the regulations of the Office of the Securities and Exchange Commission and Stock Exchange of Thailand as well as other essential information affecting the price of the Company's securities, to be accurate, complete, timely, reliable and transparent. The Company's information has been distributed to shareholders, investors and public through various media channels such as Stock Exchange of Thailand's channel, the Company's website as well as Form 56-1 One report.

The Company has established a guideline for good corporate governance regarding a report of the Company's securities holding that **a director or executive who trade the Company's securities must report such trading information of themselves, their spouses and their minor children, according to Section 59 of Securities and Exchange Act B.E. 2535, to the Company Secretary at least 1 day before the trading day and submit the changes in securities and derivatives holding report (Form 59-2) within 3 business days after trading to the Office of the Securities and Exchange Commission for further public disclosure.**

The Board of Directors is responsible for the Company's financial statements and information in the Annual Report including the preparation of management discussion and analysis (MD&A). The financial statements shall be prepared in accordance with generally accepted accounting standards in Thailand by using appropriate accounting policies and consistently practice including complete and adequate disclosure in the financial statements. In this regard, Audit Committee will review the quality of financial reports and internal control systems including sufficient disclosure of material information in the notes of financial statements and report to the Board of Directors for acknowledgement.

The Board of Directors will oversee the disclosure of auditor's remuneration and other fees for other services provided including the disclosure of remuneration of directors and top-level management in order to reflect the duties and responsibilities of each person.

For the work of investor relations, the Company has an investor relations department responsible for disclosing financial information of the Company that is essential and important to shareholders, investors and securities analysts and related regulatory bodies, via reporting to The Stock Exchange of Thailand, the Office of Securities and Exchange Commission and the Company's website on the "Investor Relations" topic so that the interested person is able to easily study. Moreover, there are various activities to disseminate and clarify as well as provide investors the opportunity to ask questions transparently. The top-level management shall participate in the clarification as well. The participation of top-level management in the investor relations activities in 2023 can be summarized as follows:

- Held four analyst meetings to explain the company's quarterly performance and all meetings. The first one was held on March 8, 2023, and the analysis was published by 10 securities companies. The second meeting was held on May 22, 2023, and the analysis was published by 17 securities companies. The third meeting was held on August 23, 2023, and the analysis was published by 13 securities companies. The final meeting of 2023 was held on November 20, and the analysis was published by 10 securities companies.

The company also attended the SET Opportunity Day organized by the Stock Exchange of Thailand 4 times in 2023. (Not include the 2023 quarterly performance to be published in newspapers and online media)

- Participated in investor roadshows organized by leading domestic and international financial institutions a total of 9 times and held 20 meetings and information sessions (Company Visits) for both retail investors and institutional investors, both domestic and foreign.

- In addition, the company provided information through 30 conference calls attended by high-ranking executives. In case they could not attend the meetings, the investor relations executives and team will be assigned to constantly provide information to the investors both in Thailand and overseas.

Section 5 Responsibilities of the Company's Board of Directors

- **Structure of the Board of Directors**

The Board of Directors consists of individuals who possess knowledges, skills, competencies and experiences that can benefit the company. They play an important role in shaping the organization's policies, business plan & overview. The company's business plan is aligned with the company's business strategy through board skill matrix preparation and a variety of educational backgrounds, experiences, without limiting any other differences. In addition, they also play an important role in governance, audit and evaluate the company's performance and ensure the company conducts business in accordance with the law, regulations and resolutions of shareholders' meetings with honesty and ethics. This includes ensuring that the management's supervision is in accordance with the goals and established guidelines and brings maximum benefits to the company and its shareholders.

The structure of the Company's Board of Directors consists of independent directors not less than one-third of the directors leading to the balance of voting in consideration of various matters and there is an Audit Committee which includes at least 3 independent directors.

As of 31 December 2023, the Company's Board of Directors consists of nine members with five non-executive directors, four of which are independent directors, three of which are also members of Audit Committee. There are four members in charge of executive positions, including (1) Chairman of Executive Committee (2) President (3) Chief Executive Officer and (4) Senior advisor (Project & Technology), whereas the structure of the Company's Board of Directors consists of independent directors more than one-third of the total directors providing balance of votes in consideration of various matters and reviewing the performance of management team for the best interest of the Company. The number of independent directors of the Company is in accordance with the regulations set by the Office of the Securities and Exchange Commission which stipulates that it is obliged to have independent directors at least one-third of total directors.

According to the Company's Articles of Association, it is necessary that, in every Annual General Meeting, at least one-third of directors must retire by rotation. If the number of directors cannot be divided into three parts, then, the number of directors retiring in the first year shall be closest to one-third of directors. For the second year after the Company's registration, the selection of directors retiring shall be conducted by drawing lots. For the subsequent years, the directors holding the positions for the longest shall retire. However, the retiring directors may be nominated to retake a position.

In addition, the Company's Board of Directors has appointed Sub Committees consisting of Audit Committee and Executive Committee in order to perform specific duties and propose matters to the Board of Directors for consideration or acknowledgment, such committees have rights and duties as specified in the authority of each sub-committee.

The Board of Directors has a policy that the Chairman of the Board of Directors and Chairman of Executive Committee must not be the same person for the clarity of responsibility regarding policy making, supervising and routine management. The Company clearly separates the roles, duties and responsibilities between the Board of Directors and management team to balance the power. The Board of Directors is responsible for policy making and supervision of the work of management team in policy level, while the management team manages the company's operations in various functions to be in accordance with the specified policy.

In addition, the Board of Directors has appointed the Company Secretary to carry out duties and responsibilities under the Securities and Exchange Act.

2. Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors is responsible for consideration and approval of material issues regarding the Company's operations such as vision and mission, strategy, risk, work plan and budget, as well as supervises management team to proceed in accordance with the specified policy and plan in efficient and effective manner.

In year 2023, the Board of Directors considered, reviewed and approved the company's vision, mission, strategy, goals, and business direction as well as monitored and implemented the Company's strategy. In every quarterly meeting, the Board of Directors follows up the management team on the report of the Company's operations and financial performance as well as various work plans to meet the set goals.

Authority of the Board of Directors consists of:

- Approval of appointment of directors to replace the resigned directors and appointment of a Sub-Committee
- Approval of hiring, appointment, transfer, evaluation, punishment and termination of the Company's President, Chairman of Executive Committee and Chief Executive Officer
- Approval of compensation and other benefits of the President, Chairman of Executive Committee and Chief Executive Officer
- Approval of establishment of an organization, acquisition, merger, dissolution
- Approval of annual budget and quarterly financial statements
- Approval of interim dividend payment
- Approval of issuance of work regulations
- Approval of investment in new projects, buying / selling of non-financial investments, entering into credit agreements and obligations, and entertainment expenses / donations in the amount exceeding the authority of Executive Committee.

3. Separation of Duties between Policy Establishment and Routine Management

The Board of Directors has clearly delegated authorities, duties and responsibilities to determine corporate governance policy and daily management policy. The Chairman of the Board of Directors and the Chairman of Executive Committee are elected by the Board of Directors which are not the same persons. The Chairman of the Board of Directors plays an important role in making decisions on a corporate policy as a result of the Board of Directors' Meeting that has considered and determined business goals with management, conducting the meeting in an efficient and effective way by encouraging participation of all directors and independent expression of individual opinions, as well as being the chairman of the Shareholders' Meeting of the Company. The Chairman of the Board shall not involve in daily management but shall regularly support and advise on the business operation through the Chairman of Executive Committee, who is responsible for the Company's management under the authority assigned by the Board of Directors.

4. Report of the Board of Directors

The Board of Directors is responsible for the company's financial statements and in doing so, the Board of Directors assigns Audit Committee to review financial reports and oversee the quality and accuracy of financial reports in accordance with generally accepted accounting standards as well as disclose the Company's significant information transparently and sufficiently by having the accounting department and / or the auditor to meet each

other and to present financial reports to the Board of Directors in every quarter of the year. The Board of Directors is responsible for the financial statements of the Company including financial information (Report of the Company's Board of Directors' Responsibility for Financial Reports) and the Management Discussion and Analysis (MD&A) that appears in the annual report. The said financial statements were prepared in accordance with generally accepted accounting standards and audited by KPMG Phoomchai Audit Co., Ltd., the Company's auditor. Disclosure of important information, both financial and non-financial is performed on basis of completeness and consistency of facts.

5. The Meeting of the Board of Directors

The Company has regularly held a meeting of the Board of Directors in every 3 months and may hold special meetings as necessary, with clear meeting agenda in advance together with follow-up agenda regarding business operations. In order to hold the meeting of **the Board of Directors, the Chairman or the assigned person** shall send a meeting notice to the directors not less than 7 days prior to the meeting date, except in case of urgent and necessary to protect the rights or benefits of the Company, the meeting invitation may be informed by other methods and the meeting date may be earlier. Company Secretary is appointed to prepare the minutes of meeting and send the said minutes to the directors as well as systematically store such approved minutes and keep it ready for future verification by the Board of Directors and related parties.

At the meeting, the Chairman shall be entitled to determine the meeting's agenda and to consider the matters to be included in a meeting's agenda by providing opportunity to each director to propose any matter for consideration to be included in the meeting's agenda.

In consideration of any matter, the Chairman of the Board of Directors who acts as the chairman of the meeting, shall allow directors to freely express opinions. In some agenda, top-level management might attend the meeting to provide details and useful information as well as to acknowledge the policy directly for effective implementation. In the resolution of the Board of Directors' meeting, the majority votes, in which one director has one vote; while directors vesting conflict of interests shall not attend the meeting and/or not exercise his/her voting rights on that matter. If the votes are equal, the chairman of the meeting will have an additional vote as the casting vote.

In addition, the Chairman plays an important role in making decisions on a corporate policy as a result of the Company's Board of Directors' meetings that has considered and has determined business goals with management including giving advice on business operations through the Chief Executive Officer on a regular basis without intrusive in the routine work which is the responsibility of executive. The Chairman acts as a leader of the Board of Directors in monitoring the performances of the Board of Directors, sub-committees and individual director to achieve the objectives in accordance with the business plan.

The Chairman is also the leader to conduct the meeting in an efficient and effective way, according to the meeting agenda, the Company's Articles of Association and relevant laws, to summarize the resolutions of the

meeting and actions required as well as to support and be a role model to act in compliance with good corporate governance and business ethics.

Director has right to examine meeting documents and other significant supporting documents. If independent directors or Audit Committee have any questions, other directors and management shall respond such queries as rapidly and completely as possible.

In the event the directors disagree with the resolution of the meeting, such directors can request the Company Secretary to record the objections in the minutes of the meeting or submit an objection letter to the Chairman.

At each of the Board of Directors' Meeting, the Company Secretary shall also participate in the meeting to record minutes of meeting and submit to the Chairman for consideration and signing to certify the accuracy and propose such minutes to the Board of Directors in the next meeting for approval.

The Company Secretary shall also be responsible for keeping of any text or document regarding the meetings for convenience of referencing and searching. Normally, the Company's directors will attend every meeting by himself / herself except for necessary reasons which will be informed in advance. In addition, the Board of Directors has a policy that non-executive directors, without participation of management team, are able to meet among themselves as necessary to discuss any issues regarding business management that is of interest and inform the Chairman the meeting results.

6.2 Business Ethics

The Board of Directors adheres to righteous and fair business practices. The Company has announced the implementation of ethics and codes of conduct in writing, so that all directors, management, and staff have to comply with; support in complying with ethics; not neglect or ignore when witness a violation of ethics in order to show the intention of conducting business with transparency, morality, responsibility to the stakeholders and with consideration to society and the environment. The Company has prescribed guidelines on ethics in various aspects e.g., the treatment to each other, giving or receiving of gifts, conflict of interest, the Company's business transaction, transactions with the state enterprises, environment, health and safety, procurement of marketing communications, trade competition, international business operations, treatment of data and assets, political actions, and the prevention of money laundering.

In this regard, the Company has announced and informed all directors, management, and employees to acknowledge and adhere strictly with such ethics including the implementation of the said guidelines.

In the last year, the company has not received any complaints related to the violation of the code of conduct.

6.3 Material changes and developments regarding policy, guidelines, and corporate governance system in the preceding year

The company regularly reviews its policies, practices, and corporate governance systems to improve its standards and ensure alignment with the requirements established by the Securities and Exchange Commission of Thailand for listed companies. This involves adhering to the criteria outlined in the Corporate Governance Report of Thai Listed Companies (CGR) project by the Thai Institute of Directors Association (IOD), and meeting the evaluation standards for membership in the Thai Private Sector Coalition Against Corruption (CAC). Notably, the company announced its intention to join the Thai Private Sector Coalition Against Corruption (CAC) and officially became a member in 2020.

In 2023, the company achieved a significant milestone by attaining a 5-star CG rating, marking an upgrade from the previous year's 4-star CG rating. Additionally, the company received certification for the first time for its membership renewal in the regional anti-corruption coalition, the Thai Private Sector Collective Action Against Corruption (CAC), effective from September 30, 2023, until September 30, 2026 (membership validity for 3 years). This accomplishment reflects the company's unwavering commitment to adhering to governance principles and fostering sustainable growth.

The Company recognizes the importance of ethics in conducting business and various professions. The Company has therefore been compiled and formulated as a code of conduct including guidelines on ethics by adhering to the principle of conducting business with transparency, honesty, legality and contributing to society and the environment according to sustainable development guidelines which leads to the balance of society, environment, and business sustainably. In the year 2022, the Company conducted supplier code of conduct, tax policy and human rights policy which has disclosed such policy on the company's website. In 2023, the company underwent a review of its anti-corruption policy, which was approved by the company's board of directors and subsequently published on the company's website.

6.4 Prevention of conflicts of interest, the use of internal information, internal control system

1. Conflict of Interest

The Board of Directors has established a policy regarding conflicts of interest prohibiting directors, management, and employees, and those involved with such persons, from seeking personal interests in conflict with the Company's interests and they should avoid any actions that cause conflicts of interest. Moreover, persons involved or connected with the considered transactions are required to inform the Company about the relationship or connection in the said transactions and shall not participate in considering, deciding, and possessing authority to approve such transactions.

Audit Committee shall present to the Board of Directors the related transactions and transactions whose natures hold conflicts of interest which has been considered carefully and that the Company has strictly complied with the regulations of the Office of the Securities and Exchange Commission, Capital Market Supervisory Board and Stock Exchange of Thailand regarding the execution of such transactions, setting of price and conditions with

whom the Company may have conflicts of interest to be the same as if executing with a third party. All transactions shall be disclosed in the Company's financial statements and Form 56-1 One report.

The Company has prepared the report of conflict of interest of directors, management, and related persons in order to use as basic information for overseeing such conflict of interest which requires directors and management to prepare the said report annually and when there is any change. The Company Secretary shall have duty in collecting and copying the said report to the Chairman of the Board of Directors and the Chairman of Audit Committee for inspection and control.

2. The use of internal information and maintaining confidentiality

In supervision of the use of internal information, the Company has determined that the Board of Directors and the Company's executives are responsible for reporting the holdings of the Company's securities which belongs to themselves, their spouses, their minor children to the Securities and Exchange Commission within 30 days from the date of appointment as a director or executive of the Company as well as when there is any change in the holding of the securities. They are required to inform the Company and report any changes of securities holding to the Office of the Securities and Exchange Commission within 3 business days from the date of purchase, sale, transfer or acceptance of transfer in order to comply with Section 59 of Securities and Exchange Act B.E. 2535. Directors, management, or business units that have access to inside information are prohibited from disclosing inside information to external parties or non-related persons as well as trading the Company's securities for the period of 1 month prior to the publication of financial statements and within 24 hours after such information is revealed which is set to prevent the misuse of internal information.

3. Internal Control System

The Company's Board of Directors recognizes the significance of effective supervision and effective internal control, both at the management level and at operation level. Internal control system is an important mechanism to build confidence in management in terms of business risks mitigation, efficient business operation by allocating resources properly to achieve the goal, assets protection from leaks, loss or fraudulent mis conduction, accurate and reliable financial reports, personnel's compliance of relevant laws and regulations, and protection of shareholders' investment. Therefore, the Company has clearly determined obligations, authority of employees and management in various matters in writing. There is a control on utilization of the Company's assets for the highest benefits, and separation of duty between business operators and supervisors with separate results evaluation for checks and balances.

The Board of Directors has assigned Audit Committee to be responsible for reviewing the proper and efficiency of the internal control system, including establishing and reviewing control systems regarding operation, financial reporting, compliances of regulations and policies, risk management, as well as giving priority on early warning sign and unusual incident.

In this regard, the Company hired a third party, P&L Corporation Co., Ltd., to be responsible for quarterly internal audits and control system for the year 2023 in order to ensure that the Company has sufficient and proper

internal control systems. To make the said internal auditor be independent and be able to fully check and balance, the internal auditor will report the audit results directly to Audit Committee. The Company regularly monitors and evaluates the results. The adequacy of the internal control system will be assessed at least once a year to ensure that the implemented system can be operated efficiently.

6.5 Anti-Corruption

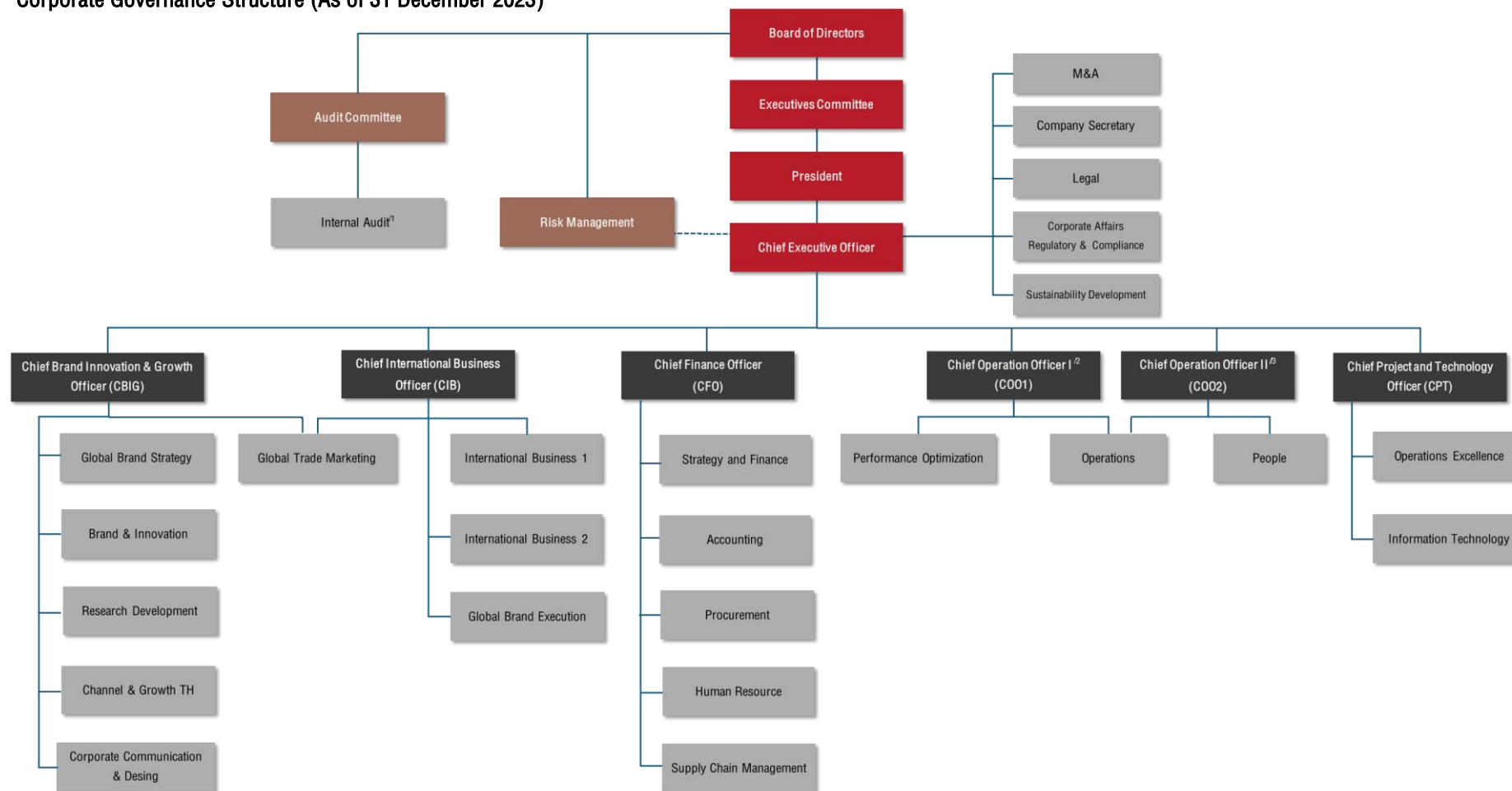
The company has an anti-corruption policy, which includes the development of written guidelines to abstain from soliciting, receiving, or engaging in business with individuals or entities involved in corrupt practices. In 2023, the company conducted a comprehensive review of its policies and practices, endorsed by the committee. Additionally, it organized an **"Anti-corruption Roadshow"** aimed at educating directors, executives, and employees on anti-corruption measures, reporting channels for clues and complaints, and the consequences of non-compliance. Furthermore, the company administered a basic knowledge test to assess understanding and utilization as a basis for designing appropriate training for the subsequent year. To pass the exam, employees were required to achieve a minimum score of 80%, with 74 employees participating in the activity.

Furthermore, the company became a member of the Thai Private Sector Collective Action Against Corruption (CAC) in 2020 and successfully renewed its membership for the first time on September 30, 2023. The renewed membership is valid until September 30, 2026, as memberships are typically valid for 3 years.

Additionally, in 2023, the company did not have any reported cases of corruption-related wrongdoing.

7. Corporate governance structure and significant information related to the Board of Directors, subcommittees, executives, employees and others

7.1 Corporate Governance Structure (As of 31 December 2023)



Remark : ^{/1} P&L Corporation Co., Ltd. was hired as an internal audit company in each quarter of 2023

^{/2} Chief Operating Officer I is responsible for Production efficiency and ^{/3} Chief Operating Officer II is responsible for Production quality and people development.

7.2 Information on the Board of Directors

Management structure of the Company consists of Board of Directors, Audit Committee, and Executive Committee. The Board of Directors, committees, and executives of the Company comprise personnel with qualifications as per Section 68 of Public Limited Companies Act B.E. 2535 and the relevant Notifications of the Capital Market Supervisory Board as supported by description below.

7.2.1 คณะกรรมการบริษัท

โครงสร้างคณะกรรมการบริษัท

The Board of Directors consists of experts who are valuable to the Company in the aspects of business knowledge, accounting & finance, management, business strategy, and corporate governance while possessing qualifications in line with laws regarding public limited companies and securities and exchange. They are persons who can dedicate themselves and their time to acting on duties and responsibilities.

As of 31 December 2023, the Board of Directors consisted of 9 people as follows:

Name	Position
1. Mr. Natee Onin	Chairman
2. Mr. Adisak Ruckariyaphong	Vice Chairman
3. Mr. Anan Ruckariyapong	Director
4. Ms. Piyajit Ruckariyapong	Director
5. Mr. Arnupap Ruckariyapong	Director
6. Mr. Thana Thienachariya	Independent Director
7. Mr. Surath Pralongsil*	Independent Director and Chairman of the Audit Committee
8. Mrs. Niratchara Siriamphunkul	Independent Director and Member of the Audit Committee
9. Mr. Chanin Archjananun*	Independent Director and Member of the Audit Committee

Remark: * Mr. Padungdej Indralak, an independent director and chairman of the audit committee, concluded his term during the 2023 Annual General Meeting of Shareholders and expressed his decision not to seek renewal. Consequently, the Annual General Meeting of Shareholders resolved to appoint Mr. Chanin Archjananun as the new independent director and member of the Audit Committee, effective from April 27, 2023. Concurrently, during the Board of Directors' meeting, it was resolved to appoint Mr. Surath Pralongsil as the Chairman of the Audit Committee (formerly a member of the Audit Committee), also effective from April 27, 2023.

Ms. Sutatip Chantharangsee, Assistant Vice President of New Business Partnership, Strategy and Finance Department, is the company secretary.

The Board of Directors structure consists of 9 people, appropriate for size of the business, including 5 non-executive directors. There are 4 independent directors which amount to one-third of total directors.

Authorized Director

2 of 3 directors, Mr. Anan Ruckariyapong, Mr. Adisak Ruckariyaphong, and Mr. Arnupap Ruckariyapong, shall jointly sign and stamp the seal of the Company.

In case of land lease agreements and trademark license agreements as well as any operation required and related to the agreements, including but not limited to the agreement registration with relevant government agencies and signing of relevant documents, Mr. Natee Onin shall sign and stamp the seal of the Company.

Term of Office of Directors

In an Annual General Meeting, one-third of directors shall vacate the office. If the number of directors makes it impossible to divide them into 3 equal parts, the number of directors nearest to one-third shall vacate the office. The directors who shall vacate the offices in the first and the second year after the registration of the company shall be decided by drawing lots. After that, the directors who have been in office the longest shall vacate the office. Vacating director may be re-elected.

Scope of Authority, Duties, and Responsibilities of Chairman

In order to make clear separation of authorities and duties regarding policy formulation and management of the Company, the Chairman possesses the authority, duties, and responsibilities as follows:

1. Controlling the meeting to be effective in accordance with the regulations, Articles of Association, supporting and allowing directors to ask questions and express their opinions independently. Take control of the discussions and summarize the resolution of the meeting.
2. The chairman of the board or the person assigned by the chairman of the board has the duty to call the meeting of the board of directors. By sending the meeting invitation letter no less than 7 days before the meeting date so that the directors have enough time to study and consider and make the right decisions in various matters at the board meeting.
3. Support and promote the Board of Directors to Perform their duties to the best of their ability according to the scope of duties and responsibilities and in accordance with good corporate governance principles.
4. Oversee and monitor the management of the Board of Directors and other sub-committees to achieve the objectives
5. To be a casting vote in the event of votes on both sides are equal

Scope of Authority, Duties, and Responsibilities of Directors

The Board of Directors possesses the authority, duties, and responsibilities for management of the Company in accordance with laws, objectives, and regulations of the Company and resolutions of the Annual General Meeting through honesty and attention to the best interest of the Company, including significant duties and responsibilities as follows.

1. Hold Annual General Meetings within 4 months after accounting period end date of the Company. The Company shall send board of directors meeting and Annual General Meeting invitation letters in advance which should have adequate preparing time and shall not be lower than the required duration as dictated by the regulation of the Company.
2. Hold a board of directors meeting once every 3 months with everyone presented for consideration and resolution of significant transactions, which include acquisition or disposition of assets of companies and subsidiaries affecting the Company, purchase or sale of significant assets, investment project expansion, consideration and approval connected

transactions as per criteria of Stock Exchange of Thailand determination of level of authority, establishment of finance and risk management policy for the Company's operations, etc.

3. Ensure clear and transparent processes and management regarding transaction between the Company and connected persons and acquisition or disposition of assets of the Company to prevent conflicts of interest by establishing an approval process as well as disseminating information in line with criteria, methodology, and procedures as specified in Securities and Exchange Act B.E. 2535 (including amendment) and relevant laws, rules, notifications, and regulations of the Stock exchange of Thailand.

4. Establish credible accounting, financial reporting, and auditing systems and documentation systems, which can check accuracy of information by tracing back to its origin, as well as efficient and effective internal control, internal audit, and risk management.

5. Ensure proper conduct of financial statements at end date of accounting period in order to display financial status and performance in the previous year accurately and completely as per generally accepted accounting principles and be audited by the Company's auditor before proposing to Annual General Meetings for consideration and approval.

6. Establish goals, guidelines, policies, action plans, and budgets of the Company, and monitor and supervise the management as specified in the established policies, action plans, and budgets efficiently and effectively.

7. Review, verify, and approve business expansion plans, major investment projects, and joint investments with other entrepreneurs as proposed by the management.

8. Consider appointment of the Audit Committee, Executive Committee, Chairman of Executive Committee, President, Chief Executive Officer ("CEO"), and other committees as deemed appropriate, and define scope of authority as well as remuneration of the appointed Executive Committee, Chairman of Executive Committee, President, CEO, and other committees.

Granting such mandate should not allow the Executive committee, Chairman of Executive Committee, President, CEO, and other committees to consider and approve transactions which may have conflicts of interest or other conflicts of interest with the Company or subsidiaries (if any) unless approving transactions are in accordance with policies and criteria which have already been considered and approved by the Board of Directors.

In case the Board of Directors assigns Chairman of Executive Committee, President, CEO, and other persons to act on behalf of the Board, the assignment shall include a proof in a written form or a resolution as recorded in minutes of meeting of the board of directors as well as a clear scope of delegated authority.

9. The Board of Directors may assign one or many directors or other persons to operate any particular actions on behalf of the Board under monitoring and supervision of the Board, or delegate authority to such persons with scope and duration as deemed appropriate. The Board may cancel, change, or rectify such authority as appropriate.

The authorization should not allow such persons to consider and approve transactions in which they or related persons may have conflicts of interest with the Company or subsidiaries (if any) unless approving normal

transactions in accordance with normal trade terms, policies and criteria, which have already been considered and approved by the Board of Directors. The mandate shall follow criteria, conditions, and procedures regarding connected transactions and acquisition or disposition of significant assets of listed companies as per relevant Notifications of the Capital Market Supervisory Board and/or other notifications of relevant agencies.

10. Directors and executives shall report conflicts of interest of selves and connected persons who have conflicts of interest in business management of the Company or subsidiaries as per criteria, conditions, and procedures of relevant Notifications of the Capital Market Supervisory Board.

11. Both directors and executives shall be liable to any persons who trade the Company's securities and cause potential damage from disclosure of false information or hiding substantial information which is required to be disclosed as per Securities and Exchange Act unless such directors and executives can prove they are not in the position to know such information or the lack of such information to be disclosed.

12. Directors, executives, and spouses and minor children of directors or executives are not allowed to use internal information of the Company, subsidiaries, or associate companies whether from performing duties or other means which cause or may cause a significant impact to the Company, subsidiaries, or associate companies for benefits of selves or others, directly or indirectly, and whether receiving compensation or not.

13. Directors and executives of the Company including related persons of such directors and executives are obliged to inform the Company about their relationships and any connected transactions with the Company, subsidiaries, or associate companies which may cause conflicts of interest, and avoid making such transactions with the Company, subsidiaries, or associate companies.

7.3 Information on subcommittees

7.3.1 Audit Committee

As of 31 December 2023, the Audit Committee consisted of 3 people as follows.

Name	Position
1. Mr. Surath Pralongsil *	Chairman
2. Mrs. Niratchara Siriamphunkul	Member
3. Mr. Chanin Archjananun *	Member

Remark: * Mr. Padungdej Indralak, an independent director and chairman of the audit committee, concluded his term at the 2023 Annual General Meeting of Shareholders and opted not to seek renewal. As a result, the Annual General Meeting of Shareholders resolved to appoint Mr. Chanin Archjananun as the new independent director and member of the Audit Committee, effective from April 27, 2023. Additionally, during the Board of Directors' meeting, it was decided to appoint Mr. Surath Pralongsil as the Chairman of the Audit Committee, previously a member of the Audit Committee, also effective from April 27, 2023.

Mr. Surath Pralongsil and Mr. Chanin Archjananun are expert with adequate skills and experience for auditing credibility of financial statements, and Ms. Sutatip Chantharangsee, the Assistant Vice President of the New Business Partnership, Strategy and Finance Department, is the secretary of the Audit Committee.

Term of Office of the Audit Committee Members

The Audit Committee has a term of office for a term of 3 years. The Audit Committee members hold office for a term of 3 years and in accordance with a term of office as the Director of the Company. When the term of office is expired, it may be re-appointed as the Board of Directors deems appropriate.

Scope of Authority, Duties, and Responsibilities of Audit Committee

1. Ensure accurate and adequate financial statements of the Company.
2. Ensure appropriate and efficient internal control and internal audit systems of the Company, consider independency of internal audit agencies, and make approval in consideration of appointment, relocation, and termination of the head of the internal audit agencies or other relevant agencies.
3. Ensure the Company complies with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and other relevant laws.
4. Consider, select, nominate, and terminate independent persons to be auditors of the Company, offer remuneration to such persons, and attend a meeting with auditors and without the participation of the management at least once a year.
5. Consider connected transactions or transactions which may have conflicts of interest to be in line with laws and regulations of the Stock Exchange of Thailand in order to ensure such transactions are reasonable and offer the best interest to the Company.
6. Other operations assigned by the Board of Directors and approved by the Audit Committee, for example, review financial management and risk management policies, review code of conduct compliance of executives, and review together with the Company's executives the publication of important reports as specified by law, such as management reports and analyses, etc.

7. Supervise and review to ensure that the company maintains an appropriate and robust internal control system to mitigate corruption risks. This includes overseeing and monitoring compliance with the company's anti-corruption measures and reporting to the Board of Directors.
8. Conduct report of the Audit Committee to be disclosed in annual report of the Company. The report shall be signed by the Chairman of the Audit Committee and incorporate information as follows.
 - Opinions on accuracy, completeness, and credibility of financial reports of the Company.
 - Opinions on adequacy of the internal control system of the Company.
 - Opinions on compliance regarding Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or relevant laws.
 - Opinions on suitability of auditors.
 - Opinions on transactions which may have conflicts of interest.
 - Numbers of Audit Committee meetings and attendance of each member.
 - Overall opinions or observations received regarding the compliance with Audit Committee Charter.
 - Other reports which shareholders and investors should be informed under scope of duties and responsibilities as granted by the Board of Directors.
9. In the Audit Committee's operations, if the committee finds or is suspicious of these transactions below which may significantly affect financial status and performance of the Company, the committee shall report the matters to the Board of Directors in order to rectify them within periods as deemed appropriate by the Board.
 - Conflict of interest transaction.
 - Corruption or significant abnormality or fault in the internal control system.
 - Violation of Securities and Exchange Act, regulations of the Stock Exchange of Thailand, or relevant laws.If the Board of Directors or executives do not rectify the aforementioned matters within periods as specified in the first paragraph, any Audit Committee member may report such matters to the Securities and Exchange Commission or the Stock Exchange of Thailand.
10. Summarize Missions of the Audit Committee to the Board of Directors.

The Audit Committee has authority to carry out operations, for example, inviting directors, employees, or workers of the Company to a meeting to discuss and clarify the matters regarding duties and responsibilities of the Audit Committee, requesting advice from experts or the Company's consultants (if any) or hiring outside consultants or experts occasionally as necessary within the Company's budgets, requesting evidence documents regarding the business of the Company for investigation, assigning one or many employees of the Company to perform tasks within the scope of duties of the committee on account of investigation including relevant tasks assigned or requested by the subsidiaries.

The Company hired P&L Corporation Co., Ltd. as an internal auditing company in 2022 which was a third party and did not have any connection with the Company to examine the internal control system of the Company to ensure sufficiency of the system.

7.3.2 Executive Committee

As of 31 December 2023, the executive committee consisted of 5 people as follows.

	Name	Position
1.	Mr. Adisak Ruckariyaphong	Chairman
2.	Mr. Anan Ruckariyapong	Member
3.	Ms. Piyajit Ruckariyapong	Member
4.	Mr. Arnupap Ruckariyapong	Member
5.	Mr. Thanarat Ruckariyapong	Member

Ms. Sutapit Chantharangsee, Assistant Vice President of New Business Partnership, Strategy and Finance Department, is the secretary of the executive committee.

Term of Office of Executive Committee

An executive committee member is appointed by the Board of Directors with consideration of educational backgrounds and work experiences of the candidate. An executive committee member shall vacate the position due to death, resignation, disqualification and possession of prohibited characteristics in accordance with laws or being removed from the office by the resolution of the Board of Directors meeting. Any executive committee member who intends to resign shall submit a resignation letter to the Company and shall be effective upon submission. In case an executive committee position is vacant, the Board of Directors shall select a new qualified person.

Scope of Authority, Duties, and Responsibilities of Executive Committee

The executive committee has authority, duties, and responsibilities regarding normal cause of business operations as per objectives, regulations, policies, rules, provisions, orders, and resolutions of the Board of Directors meetings and resolutions of Annual General Meetings. The executive committee shall review and establish policies, business plans, budgets, management structure, and management authority of the Company while establishing criteria for business operations in line with economic conditions and propose to the Board of Directors for consideration and approval, as well as monitor and follow-up the Company's performance as specified in the policies. The executive committee has duties and responsibilities as follows.

1. Propose goals, policies, business plans, business strategies, annual budgets, business expansion, financial planning, human resource management policies, consider and review management's proposals to be proposed to the Board of Directors for approval.
2. Manage and follow up business operations in accordance with the established policies, business plans, and goals as well as budgets approved by the Board of Directors.
3. Consider and approve for major expenditures indicated in the annual budget as approved in principles by the Board of Directors.

4. Consider and approve loans and credit requests with the period not exceeding 5 years; each request of credit limit is within 300 million baht and debt to equity ratio shall be maintained at the level approved by the Board of Directors. In case there is request for the Company's assets, except for land and factory, as collaterals, the matter shall be proposed to the Board of Directors for approval.

5. Consider profit and loss of the Company and interim or annual dividend payment to be proposed for the Board of Directors' approval before proposing to the Annual General Meeting.

6. Establish organizational structure, as well as appointment, employment, relocation, termination, consideration of wage/ remuneration/ bonus of executives with the positions equivalent to or higher than the positions of vice president on, except for the positions of Chairman of the executive committee, President, and CEO.

7. Delegate authority to one or many persons to perform any particular action under supervision of the executive committee or delegate authority to such persons within duration as deemed appropriate. The executive committee may cancel, revoke, change, or rectify such authorized persons or the authority as deemed appropriate.

The executive committee shall not delegate authority allowing the authorized persons to approve conflict of interest transactions (per definition in Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or transactions that have conflicts of interest with the Company or subsidiaries and/or associated companies. The matters shall be proposed to the Board of Directors meeting and/or the Annual General Meeting for approval unless they are normal transactions with trade terms in line with Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

8. Perform other duties as assigned by the Board of Directors.

7.3.3 Risk Management Working Group

The company has a team dedicated to managing risks. This team coordinates between different departments, helps ensure effective risk management across the organization, and reports directly to the Board of Directors.

Composition of the Risk Management Working Group

The Risk Management Working Group comprises representatives from each department, with the Chief Executive Officer (CEO) serving as the chairman. In cases where someone other than the CEO is appointed as chairman, the Board of Directors will make the appointment. The chairman of the Risk Management Working Group is responsible for appointing, removing, or changing members of the group as necessary to effectively manage risks. Additionally, the chairman appoints one employee to serve as the secretary of the Risk Management Working Group.

Scope of Authority, Duties, and Responsibilities of the Risk Management Working Group

1. Evaluate and review the organization's risk management policy and framework in alignment with the company's objectives.

2. Assess and determine acceptable levels of risk.

3. Develop comprehensive risk management guidelines, including effective communication of risks during crises that may impact the product and company image. Continuously raise awareness of risks and risk control measures across all departments. Provide recommendations on organizational risk management to be presented to the CEO and Board of Directors.

4. Ensure compliance with risk management policies and guidelines across the company.

5. Oversee departmental efforts to establish and maintain an efficient system or process for managing risks.

6. Regularly update the Board of Directors on the status of enterprise risk management operations.

7. Enhance and refine the organization's risk management processes. Act as a central point of contact and advisory for various departments on risk management issues. Serve as a coordinator to facilitate compliance with risk management policies and guidelines throughout the organization.

8. Collaborate with the CEO and Board of Directors to support personnel development and foster ongoing awareness of risks and controls throughout the organization.

9. Gather and analyze risk information for each department, including the creation of risk profiles annually. Prioritize risks and advocate for essential risk management initiatives for the company and individual departments. Provide regular reports on risk assessment and performance results according to the risk management plan to department managers, the CEO, and the Board of Directors, at least quarterly.

7.4 Information on executives

7.4.1 Management Team

As of 31 December 2023, the management team consisted of 7 people as follows.

Name	Position
1. Mr. Adisak Ruckariyaphong	Chairman of the Executive Committee
2. Mr. Anan Ruckariyapong	President
3. Ms. Piyajit Ruckariyapong	Chief Executive Officer
4. Mr. Arnupap Ruckariyapong	Chief Project and Technology Officer
5. Mr. Anak Lapsuksatit	Chief Financial Officer and Chief Operating Officer I
6. Mrs. Yata Onin	Chief Brand Innovation & Growth Officer
7. Ms. Kanyaporn Skutalakul	Chief Operating Officer II

Remark:

- Chief Operating Officer I is responsible for Production efficiency.
- Chief Operating Officer II is responsible for Production quality and people development.

Scope of Authority, Duties, and Responsibilities of President

- Study investment possibilities with value not exceeding 100 million baht.
- Approve investment in new projects with value not exceeding 10 million baht.
- Human resources management regarding senior executive positions, including employment, appointment, relocation, evaluation, punishment, and removal which to be jointly signed with the CEO.
- Consider remuneration and other benefits for senior executives which is to be jointly signed with the CEO.

5. Consider and approve asset write-off with value not exceeding 8 million baht and report those transactions with value exceeding 0.5 million baht to the Board of Directors.
6. Approve payment specified in agreements or contracts (as per approved budgets) with unlimited amount.
7. Approve entertainment expenses and charity donations with value not exceeding 1 million baht.
8. Approve short-term investment (not exceeding 1 year).
9. Approve procurement transactions, agreements, and transactions regarding normal business operations with unlimited amount but within approved annual budget.
10. Perform other duties as assigned by the Board of Directors.

Delegation of authority of the President shall not allow the President or authorized persons to approve conflict of interest transactions (per definition in Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies) or transactions that have conflicts of interest with the Company or subsidiaries and/or associated companies; the President shall not have the authority to approve such matters as they shall be proposed to the Board of Directors meeting and/or the Annual General Meeting for approval unless they are normal transactions with trade terms in line with Notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant agencies.

Scope of Authority, Duties, and Responsibilities of CEO

1. Oversee the Company's regulations are complied, resolve when in doubt, and request to the Board of Directors for approvals when amendments of the regulations are required.
2. Possess authority to order and establish work procedures and practices as deemed appropriate.
3. Delegate authority to employees with responsibility for such actions.
4. Establish policies, strategies, and goals together with the Board of Directors and implement as planned.
5. Manage business operations in accordance with the vision, mission, policies, and strategies.
6. Ensure each department efficiently and effectively operates in accordance with its strategic plans and goals as well as constantly develop human resources of the Company.
7. Develop the organization for good performance and improvement for sustainable growth.
8. Follow up, verify, control, and report overall performance of the Company to the Board of Directors quarterly.
9. Study new investment opportunities by focusing on both technical and financial analysis for decision-making.
10. Supervise daily operations of the Company.
11. Operate and manage in accordance with policies, plans, and budgets approved by the Board of Directors and/or the executive committee.
12. Establish policies, business plans, business strategies, and annual budgets of the Company to be proposed to the executive committee for approval

7.4.2 Remuneration policy for directors and executives

The Company has a policy to compensate directors and management at proper level by adhering to the principles of justice for both the Company and the individual, considering the Company's operating performance and the consistency with the same business / industry. Incentives can be created for work motivation and maintenance of good standards, suitable for the duties and responsibilities of individual director and executive. Remuneration for the directors, including independent directors and Audit Committee members, shall be approved by the Shareholders' Meeting of the Company.

For the remuneration of the Chief Executive Officer (“CEO”), the Board of Directors will review and approve the criteria of CEO’s performance evaluation and of annual remuneration, as well as consider and approve the payment of annual remuneration in order to compensate for the work contributed to the Company and such contributions meet criteria set by the Board of Directors. The evaluation criteria are based on the key performance indicators, both financial and non-financial indicators e.g. the improvement of corporate governance to cover all aspects and align with the Thai Institute of Director’ standards, the increase of employee engagement score to encourage sense of ownership in the organization and grow the Company sustainably in the long-term.

The Company carefully considers the payment of remuneration to the executives at proper and competitive rate, comparing with the same business / industry, to retain qualified executives. The remuneration is considered regarding assignment of duties and responsibilities as well.

7.4.3 Total amount of the remunerations of executives.

(1) Monetary Remuneration

In 2022 and 2023, the Company paid remuneration to executives as follows.

Remuneration	2023		2022	
	Number of Persons	Remuneration (Million Baht)	Number of Persons	Remuneration (Million Baht)
Salaries, bonuses, and other remuneration, including provident funds, post-employment benefits, and short-term benefit estimation.	7	129.74	8	78.93

Directors and executives of the Company which also assume a director position in a subsidiary or indirect subsidiary shall not receive remuneration in the subsidiary or indirect subsidiary.

(2) Other Remuneration

On April 27, 2023, the Company's Board of Directors resolved to approve the Employee Joint Investment Program (EJIP). The Board deemed this project as an investment endeavor aimed at periodically acquiring the Company's accumulated shares. This initiative serves as a form of compensation for the company's executives and employees. The program will be managed by Phillip Securities (Thailand) Public Company Limited, a securities firm appointed to oversee its operations. Participant savings, in conjunction with company contributions, will be utilized to purchase SAPPE shares on the Stock Exchange of Thailand as per the specified dates set by the company each month.

7.5 Information on employees

(1) Number of employees

As of 31 December 2022, and 2023, the Company and its subsidiaries had 562 and 549 employees respectively (excluding directors and executives as in 7.4.1) which can be sorted by work function as follows.

สายงาน	Number of Employee (Person) as of			
	31 December 2023		31 December 2022	
	Full-Time	Temporary	Full-Time	Temporary
Sappe Public Company Limited	549	31	562	20
Research and Development	14	-	18	-
Product Development & Brand Design	19	-	16	-
Marketing – Delivery	7	-	19	-
Domestic Sales	22	-	11	-
International Business	22	-	19	-
Strategy and Finance	28	-	33	-
Corporate Support	48	-	50	-
Transportation and Warehouse	51	-	52	-
Operations	330	31	338	20
Information Technology	8	-	6	-
Subsidiaries	-	-	-	-
Sappe Europe s.r.o.	-	-	-	-
Sappe Holding (Thailand) Company Limited	-	-	-	-
Indirect Subsidiaries	152	-	149	-
Sappe Trading (Hong Kong) Company Limited	-	-	-	-
Sappe Hong Kong Company Limited	-	-	-	-
Sappe Trading (Shanghai) Company Limited	-	-	-	-
All Coco Group Company Limited	137	-	97	-
All Coco Company Limited	-	-	-	-
K Best Farm Company Limited	15	-	52	-
SAPPE Philippines Corporation	-	-	-	-

Personnel sorted by location (excluding directors and executives as in 7.4.1) were as follows:

Location	Number of Employee Sorted by Location			
	31 December 2023		31 December 2022	
	No. of persons	(%)	No. of persons	(%)
Office	169	31%	141	25%
Factory	380	69%	421	75%
Total	549	100%	562	100%

Personnel sorted by gender, age, and level of position were as follows.

Gender	Number of Employee Sorted by Gender			
	31 December 2023		31 December 2022	
	No. of persons	(%)	No. of persons	(%)
Male	260	48%	255	45%
Female	289	52%	307	55%
Total	549	100%	562	100%

Age	Number of Employee Sorted by Age			
	31 December 2023		31 December 2022	
	No. of persons	(%)	No. of persons	(%)
Lower than 30 years	174	32%	161	29%
30-50 years	334	61%	366	65%
Higher than 50 years	41	7%	35	6%
Total	549	100%	562	100%

Level of position	Number of Employee Sorted by Level of position			
	31 December 2023		31 December 2022	
	No. of persons	(%)	No. of persons	(%)
Officer	418	77%	446	79%
Division manager	101	18%	94	17%
Assistant Vice President	12	2%	13	2%
Vice President and higher	18	3%	9	2%
Total	549	100%	562	100%

In addition, the company placed importance on the disabled by hiring them. In 2022 and 2023, the company hired 4 disabled or 0.73% of all employees.

Resignation rate of employees at the executive level were as follows:

Resignation rate		
2023	2022	Target (%)
1.38%	4.17%	Less than 5%

Regarding the resignation of the employees at the executive level, the 2023 rate was 1.38% as the company had targeted to reduce the rate to below 5%. Therefore, the latest figure indicated that the company achieved the goal in curbing the resignation rate of its employees.

(2) Remuneration of Employees

In 2022 and 2023 the Company paid remuneration to employees for a total of 443.59 million baht and 334.51 million baht respectively which included remunerations in the form of salaries, overtime payment, social security benefit, provident fund, and others.

(3) Provident Fund

The Company established provident fund on 1 January 2010 under management of UOB Asset Management (Thailand) Co., Ltd. in order to motivate and retain employees in the long term. The Company has been contributing to the provident funds since January 2010. The Company encourages employees to save money and aims to create security for the employees and their families when they retire, pass away, or resign from the Company. In 2017, the Company reviewed and increased employer’s contribution regarding the employees’ years of service, comparing to companies in the same or similar industry.

Out of a total of 549 employees at the center, 492 individuals, constituting 89.62% of the total workforce, participated in the provident fund.

(4) Other Remuneration

On April 27, 2023, the Company’s Board of Directors resolved to approve the Employee Joint Investment Program (EJIP). The Board deemed this project as an investment endeavor aimed at periodically acquiring the Company’s accumulated shares. This initiative serves as a form of compensation for the company’s executives and employees. The program will be managed by Phillip Securities (Thailand) Public Company Limited, a securities firm appointed to oversee its operations. Participant savings, in conjunction with company contributions, will be utilized to purchase SAPPE shares on the Stock Exchange of Thailand as per the specified dates set by the company each month.

Human Resources Development Policy

Employees: Our great mission is moving to become a “Global Brand” or SAPPE players call it “Mission to MARS”. It is time to be aware of global trends, keep up with the world and act in time under the VUCA (Volatility, Uncertainty, Complexity and Ambiguity) situation. As the VUCA situation like virus or wars affect global citizens resulting in the “BANI” behavior, we have placed importance to “Sappe Players”, our employees, who are like friends and family members. We encourage them to be updated, being aware of and keep up with the fast-changing world plus carrying on self-development. Making mistakes or trying new things under our culture is “Experimental Creativity” to create courage to do, to play and to present novel things. Falling but swiftly rising and “Do the Impossible” is also the spirit of Sappe Players. Our players must be capable of handling VUCA situations, quickly adjust themselves to work and never give up when facing difficulties (Dynamic with Speed and Never Give up) with

fun energy in the fun teamwork. In the end, everyone believes in each other as they recognize integrity for sustainability. Despite the great goal, Sappe players have never been exhausted of hard working and are more determined and hungrier for success than before. For this reason, we equip all Sappe players with capabilities on the mindset, toolset and skillset to allow them to **“Be aware, stay updated, and execute promptly”**. This means being aware of new things and keep up to date with the changing situations outside the organization and around the world. After having these two knowledges, getting it done in time is the following step that leads to the goal. Apart from this, we have teams of executives and trainers working as supportive teams for the Sappe players. The executive team focuses on people management while the group of trainers was established to design, settle, analyze, and create new courses in line with the situations for Sappe players. All courses must be practically applied to work as well as daily life.

We have the willpower to build the organization to grow with innovation and do it with fun. The power of knowledge, ability and positive attitude will be a driving power to success for Sappe. We are proud to be part of the success in creating the innovation counted as an example of a Thai organization that firmly advances to become a “Global Brand”.

In 2023, the company provided training and development opportunities for employees across all levels, achieving a rate of 94.8% compared to the target of 100%. Specifically, employees who underwent training sessions lasting six hours or more accounted for 83%, surpassing the target of 90%. This particularly applied to employees designated as Key Leaders (Talent & Successors), who received an average of over 48 hours of development per person.

Furthermore, the company received an evaluation score of 87%, exceeding the target of 70% for implementation, and an NPS curriculum satisfaction rating of 85%, surpassing the 80% target. These accomplishments underscore the company's commitment to valuing its employees, termed "Sappe Players," and working towards sustainable growth together.

To further solidify this commitment, the company prioritizes cultivating successors through policies aimed at nurturing the potential of its employees to work joyfully and pursue their aspirations. This is facilitated through the utilization of the Work and Development Plans (WDP) tool for performance evaluation and self-development planning, focusing on career development and personal aspirations while remaining aligned with the company's overarching objectives.

By instilling a culture of continuous self-improvement and alignment with organizational goals, the company endeavors to empower its employees to consistently add value to themselves and the organization.

In the past year, there has been a significant emphasis on the development of human resources and the refinement of factory work systems. Priority has been placed on leader development to ensure alignment with the dynamic nature of the BANI era. Leaders are being equipped with change awareness and empowered to become Change Agents, guiding the organization towards its objectives through continuous coaching and feedback.

At the Key Operator employee level, a cutting-edge project has been initiated to enhance skills in Autonomous Maintenance and Train the Trainer training. This initiative aims to enable these employees to effectively train new hires, facilitated by the development of a dynamic living manual for easy accessibility and practical use. Data analysis is conducted to enhance communication and drive performance, fostering active participation. Moreover, the management team acknowledges and praises Key Operator employees who successfully achieve the set goals.

This year, we've expanded our approach to measuring factory training beyond solely relying on NPS scores, which we found to be insufficient. In addition to NPS, we've introduced more practical metrics. On the factory side, we gauge RTU (Ready to Use) scores, evaluating how well employees understand and can apply the content (rated

on a scale of 1-5, with only scores of 5 counted). Our target for 2023 was to achieve a 65% RTU score, averaging 75% overall factory training satisfaction—a feat we're incredibly proud of.

Furthermore, we're pleased to report that 100% of our employees participated in the training sessions. These courses were designed to be work-based, allowing employees to integrate theory with practical experience, bridging knowledge with real-world application. Through collaborative learning and knowledge exchange under the Ultimate Expert Project, our employees analyze and synthesize information to generate new insights that benefit their work.

To facilitate knowledge retention and dissemination, we've developed easily accessible manuals that serve as repositories of valuable insights generated during training. This initiative contributes to fostering a culture of Knowledge Management within our organization, empowering employees to leverage their collective wisdom for enhanced productivity and innovation.

By measuring the effectiveness of employee development in the Top Expert Project, we evaluate work effectiveness across three dimensions: knowledge, skills, and abilities. Compensation is then provided based on the level of enhancement in these areas.

1. Employees who personally undertake Autonomous Maintenance (AM) responsibilities to ensure machines remain in a ready-to-use condition, thereby facilitating the production of quality products and achieving specified targets, will be evaluated based on completing 95% of the daily, weekly, and monthly checklists. Those meeting this criterion will receive an additional 500 baht per month.

2. Key Operator employees (Job Level 1-3.2) possessing knowledge and skills in machine maintenance, improvement, and knowledge transfer, including script preparation, will also be eligible for the additional monthly incentive of 500 baht.

3. Employees who actively participate in the Top Expert Project, contributing to SAPPE's pool of machinery experts, will receive an additional 500 baht per month. The project aims to foster knowledge exchange and problem-solving to reduce machine breakdowns, with the number of machinery experts increasing from 31 to 100 in 2023.

In 2023, we have enhanced our employee development initiatives to keep Sappe Players informed and up to date through various training courses and programs.

Soft skill development

- Development of Sappe Players: Trainers were invited as special lecturers for students at Srinakharinwirot University, focusing on personnel management, personnel development, and organizational culture to promote organizational growth. A total of 46 students attended these sessions, conducted five times. Evaluation scores included Usage 73%, Satisfaction 74%, and Final Exam - where students achieved an average score of over 85%.

Expert Trainers: Trainers specializing in new product launches, marketing, and design thinking were also invited to lecture at various universities and faculties, including Assumption University and Thammasat University. This approach, integrating practical experience with theory, enhances students' comprehension and applicability of concepts.

Sappe Players within the Trainer group have undergone significant development, mastering content design and understanding the needs of the new generation of learners. They serve as role models, imparting valuable skills such as time management, public speaking, effective communication, and the importance of knowledge sharing, thereby contributing to the growth and success of others.

- The cornerstone of human development lies in MINDSET. SAPPE has crafted the SAPPE Journeys curriculum, tailored to all levels of SAPPE players, evolving from the 7 Habits to instill a mindset conducive to collective living. This mirrors the SAPPE WAY approach, where seven experienced trainers exemplify and teach mindset and behavior shifts. The transformation witnessed in individuals, both professionally and personally, has

been remarkable. With daily sessions achieving 100% satisfaction from 23 participants. Furthermore, the factory nurtures a growth mindset among employees at level 2.3 and above through the 7 Habits course.

- Key Leaders play a vital role in driving the Talent & Successor organization forward. Hence, executives annually design OGSM activities to align next year's strategy and adapt the organizational culture accordingly. With 47 participants, the evaluation and satisfaction scores reached 72%. Upper Management (SVP) and Management (VP) groups enhance coaching, empathy, and feedback skills through the Focus group process. Drawing insights from past results, goals are collaboratively created, and lessons learned from VUCA events are integrated to formulate contingency plans. This empowers middle management to analyze, strategize, and navigate various scenarios effectively. Moreover, a new course, Powerful Army Camp, is designed for factory Key Leaders, emphasizing that good leaders foster excellent teams and deliver outstanding results for the organization.

- Leadership Development: Management-level employees enhance their leadership skills through experiential seminars, merging their own leadership experiences with theoretical insights from courses like the Spartan Leadership and The 8th Habits, focusing on habits for effective leaders.

- Becoming a Better Version of You through the Enneagram" course, which focuses on personal growth, has expanded its trainer base and continues to be offered. This course, tailored for those genuinely interested due to its time-consuming nature and extensive content, utilizes a panel interview method to help participants delve deeper into self-awareness. Open-ended questions encourage self-discovery and foster understanding of different personality types, facilitating smoother interpersonal communication in the workplace. In 2023, 17 participants engaged in the course, achieving a Usage evaluation score of 93% and a Satisfaction score of 88%, with plans for continuation.

- Recognizing the significance of the digital era, a Management Team of four individuals was designated to explore and bring back digital insights to share with Sappe Players. This initiative aims to emphasize the importance of leveraging digital information for analysis and application across various domains. To instill a Digital Mindset, the course "Intro to the AI Era" was introduced, where SAPPE Trainers received coaching from the Management Team and subsequently shared their knowledge with over 50 interested Sappe Players. The course received a Satisfaction score of 68%.

Hard Skill Development

- Equipping the Sales team with Finance 101 fundamentals has streamlined their work processes and improved negotiation tactics with customers. With 32 participants, the application evaluation score reached 81%, and the satisfaction score was 82%. Finance 102, tailored for the accounting, finance, demand supply, and purchasing teams, focuses on understanding supply chain processes to enhance cost analysis and boost sales profitability. This course, attended by 26 students, garnered an application evaluation score of 80% and a satisfaction score of 71%.

- Proficiency in data utilization is crucial, thus Excel 101 basics are offered to interested Sappe players for enhanced data management and analysis. Covering techniques such as data cleaning, manipulation, and graphing, this course spanned four batches with 60 participants. Remarkably, it achieved an average application evaluation score of 98% and a satisfaction score of 100%.

- Recognizing the importance of digital literacy, Sappe initiated training in Data Thinking & Visualization, focusing on Looker, a new tool for the organization. With 30 participants, this course attained an average application

evaluation score of 70% and a satisfaction score of 87%. Furthermore, training in Chat GPT utilization facilitated by experts saw 34 participants, achieving an average application evaluation score and satisfaction score of 86%. Currently, Sappe Players continue to leverage Chat GPT, optimizing workflow efficiency, such as drafting job descriptions in English in less than 5 minutes.

- Expanding on data utilization, Sappe introduces Canva, a presentation tool popular among the new generation, focusing on data design and color usage. Taught by young design experts, two classes were conducted with a total of 34 participants, achieving an average application evaluation score of 92% and a satisfaction score of 91%.

- Providing basic skills in PLC Advanced programming for Engineering Technicians and Project staff.
- Enhancing machine maintenance proficiency through the FACTORIUM CMMS program for Key Operators and Technician employees.

- Developing sedimentation testing machine operation skills through the Jar Test course for Key Operator groups. This course focuses on fundamental operations in water treatment, specifically sludge generation testing.

- Training in effective management of food allergens and safety compliance for employees at levels 2 - 4, ensuring adherence to specified regulations and laws in product manufacturing.

- Offering basic machinery operation skills focusing on interpreting alarm lights, delivered through the Why Alarm course for Key Operator groups.

- Providing fundamental knowledge and benefits of lubrication for machinery maintenance in industrial plants through the How-to Lubricants course for Key Operators and Technicians across all departments.

- Developing Excel skills at basic and advanced levels for employees at levels 2 - 3 to facilitate smoother workflow.

- Enhancing knowledge and skills in creating living guides through scriptures, available in easily accessible and user-friendly formats to meet the fast-paced working environment at Sappe.

In 2023, the office conducted 27 training courses, while the factory completed 35. This helped calculate the average training hours per person for the year.

	2021	2022	2023
Average training hours per employee per year	15	22	27

The office had a total of 4,074 training hours, with an average of 26.28 hours per person. The factory had 10,800 training hours, averaging 27 hours per person.

To help Sappe players adapt to the fast-changing world and be aware of trends, the company focuses on quick employee adjustment. They encourage learning through trial and error, aiming to find solutions fast and at minimal cost. The company plans to introduce new learning methods like games, board games, and panel interviews, along with the 10:90 approach, where 10% is formal training and 90% is learning from experience and feedback. They believe in self-development for both work and personal life enjoyment.

The company cares about its employees' well-being and happiness. It believes that when employees are taken care of, they perform better and stay with the company longer. So, the company focuses on providing good welfare benefits, ensuring safety, and maintaining a good quality of life for its employees. It regularly compares its welfare benefits with others in the industry and follows legal requirements.

The company has updated its welfare policies to match changing lifestyles and improve its corporate culture. Here are some of the changes:

1. The company offers fresh beverages and a nutritious breakfast every day, including items like salad, porridge, eggs, and milk. It also provides gloves for handling food.
2. Employees take part in the "Afternoon Snack" activity, where they design monthly activities and enjoy snacks like ice cream and fries. Each month has different snacks, and it's been well-received.
3. The Mini Bar by SAPPE offers a range of food and supplies at affordable prices, making it convenient for employees to shop without leaving the company.
4. In the "90 Days of Me for You" activity, employees exercise, and the company donates money based on their efforts. The funds go to community projects like building playgrounds for schools.
5. The company has increased the frequency of its RELAX TIME massage services from once to twice a week.
6. The management department gives yearly reports on human resource development to the Board of Directors.

"Each activity we organize aims to improve our company culture. Here are five new upgrades:"

- **Experimental Creativity**
- **Integrity for Sustainability**
- **Fun teamwork**
- **Dynamic with Speed and Never Give up**
- **Do the impossible**

7. At the factory, we've started a "Well-Being" activity where employees can enjoy fresh vegetables every Wednesday. It's to help everyone stay healthy and prevent illnesses.

8. We've also set up free ice service points in three spots around the factory. This way, employees can stay cool and refreshed while working.

In the coming year, we're focusing on making our organizational culture stronger in every activity. We want all SAPPE Players to adopt behaviors that match our core values. We believe these behaviors will help everyone work better, grow faster, and succeed in society.

Welfare Policy

It is the Company's policy to keep the employees healthy and happy with their jobs. The Company believes that if the employees are well-treated with appropriate welfare, job security and good quality of life provided, they will be happy, leading to effectiveness and efficiency of work. The Company's welfare and benefits are compared

among companies in the same or similar industry or provided as prescribed by laws. The Company has continuously implemented its welfare policy from the past years as follows:

Employee health: The company places a high value on the health of its employees. Therefore, it provides group insurance benefits covering health, dental, and life insurance for employees at all levels. In 2023, adjustments were made to the group insurance benefits, including an increase in the life insurance limit for operational employees by an additional 100,000 baht. Annual health examinations were also added to the plan, tailored according to the employee's age-related risks.

In addition to insurance benefits, the company introduced new health programs in 2023:

1. Employees receive the influenza vaccine.
2. Ultrasound screenings of the upper and lower abdomen to detect any abnormalities in the body.

The company also encourages employee participation in various activities, including those required by law such as the Welfare Committee and setting up clubs for sports enthusiasts. Currently, there are clubs for badminton and football, and in 2023, a new group called "Sappe Runner" will be formed for employees interested in exercise. This demonstrates the company's support for employees pursuing their interests.

Moreover, an employee committee serves as a representative body to screen employees' needs and suggestions regarding welfare provisions. These suggestions are discussed regularly at meetings with company executives. Additionally, the company offers home loan benefits through the Government Housing Bank, providing special interest rates and considering loan limits up to 100% to help employees purchase homes.

Furthermore, the company adjusted its benefits and service awards for employees, extending the service award period to 20 and 30 years to recognize long-term employees.

Finally, the company has a succession plan for senior executives to ensure efficient management and continuous business operations. This plan includes:

1. Establishing a sustainable management development plan to support future growth and succession plans for key individuals.
2. Identifying knowledge, skills, and experience criteria for each job position to select qualified candidates.
3. Evaluating the performance and competency of subordinates against predetermined criteria and creating development plans to address competency gaps.
4. Assigning the Human Resources Department to develop the knowledge and skills of selected individuals through appropriate activities and providing monthly reports to management.

Health and Environmental Safety Policy

To promote happy and safe workplace environment for the employees, the Company has adhered to the Health and Environmental Safety Policy, continuously implemented from the past years as follows:

1. Safety in workplace is everyone's responsibility.

2. Improve working environment for employees' safety.
3. Organize activities related to the week of safety and energy conservation at work to raise awareness of working with safety.
4. Training to educate employees to prepare them for emergency situations.
5. Organize Big Cleaning Day activities for a good and safe working environment
6. Specify safety rules and regulations. Supervisors act as role models to comply with such rules and regulations. Encourage the collaboration of all levels of employees to follow the Health and Environmental Safety Policy
7. Promote cooperation towards occupational health and safety measures and working environment of the company.

Workplace Safety and Health

Factory and office	2021	2022	2023
Number of times employees had to stop work due to work-related injuries	Nil	Nil	Nil

Human Resources Policy

To achieve the Company's goal, Sappe Public Company Limited has established the policy of high-skilled employee retention and encouraged all employees to utilize their skills to reach full potentials with good ethics and code of conduct to maintain one another harmony and positive relationships as follows:

1. Candidate's selection for each position shall have qualifications that meet requirements. The selections or job rotations shall be fairly executed without prejudice
2. The Company shall treat the employees fairly
3. The Company shall constantly provide the employees supports and developments
4. The employee compensation shall be fairly and appropriately determined according to circumstances, job natures, organizational performance, and affordability of the Company.
5. The Company shall support the employees to constantly receive relevant information.
6. The Company shall create corporate culture by encouraging the employees to act in accordance with the corporate core values leading to employees' behavior change, and consequently driving the organization to achieve strategic goals.

In addition to the aforementioned policies We also take into account the surrounding community as a priority. Expanding opportunities for surrounding communities and employees' families by providing opportunities for people with disabilities to sell products in the establishment in order to have the opportunity to generate income in the household.

Human Right

We are committed to conduct the business with determination. 'We will make people's lives better. Through our souls' by treating with respect, fairness and equality according to human rights principles with all groups of stakeholders throughout Sappe's value chain sustainability and happiness and to ensure that business operations without human rights violations. The Company has announced this human rights policy covering all departments of Sappe from the board of directors, executive directors, executives, including employees at all levels, as well as supporting business partners, suppliers, and all business alliances to comply with this policy which has disclosed such policy on the company's website

Employees

To take care of employees, our valued human resources, the Company has established a policy stipulating that all employees will be treated fairly regarding opportunities, benefits, potential developments, health and environmental safety and provident funds to ensure their quality of lives. The employees' compensations and benefits will be considered from the individual abilities and performance, Company's performance and the competitiveness in the same industry. For the employees' skill and knowledge developments, they will be provided through various internal and external training courses. The safety and hygiene of workplace at the office and the factory are provided in line with the health and environmental safety policy. Statistics of occupational accident rate, injury rate and leave rate are collected for analysis to improve employee safety standard.

In addition, the human rights have also been taken into consideration. the Company holds no discrimination and provides same hiring opportunities to all employees regardless of their races, skin colors, genders, religions and political opinions. The Company treats all employees fairly with suitable remunerations and inspires employees to participate in communities and societies development programs through a range of activities.

In addition, from our commitment to continuous human resource development through various concrete processes, it reflects the success through indicators of employee engagement at 4.44 (out of 5.00) in 2023, which was significantly high. This is another pride of the Company in terms of human resource development and serves as a guideline for the company to develop personnel in the future in pursuit of a sustainable organization.

Administrative Policy

The Company focuses on pleasant and creative working environment in the organization, good spirit and morale, health and environmental safety as these lead to effective working performance, bringing future success to the organization.

The Company has continuously implemented its administrative policy from the past years as follows:

1. The workplace is designed with consideration of numerous factors relating to employees' personalities and diverse working styles.
2. Cleanliness and tidiness within the office are always maintained
3. A hygienic canteen, a clean first-aid room and shuttle bus service are provided as stated in the law (for employees at the factory).
4. Office supplies, photocopy machines and internet access are well managed and controlled for the most effective usage.
5. Positive and lawful relationships are built with external parties, customers and government agencies.

In addition, in 2023, the company did not experience any significant labor disputes.

Internal Data Confidentiality Policy

Internal data protection is very significant to the Company's success and to all employees' career security. To ensure that information disclosure to the public does not tarnish the operation and the Company's image, the Code of Conduct for confidentiality and internal data usage has been formulated as follows:

1. The Company's directors, executives, employees and temporary workers should adhere to the Company's confidentiality and/or internal significant information which has not been disclosed to the public for their own interests.
2. The Company has informed the executives of the roles and responsibilities over shareholding, whether by one's self, spouses and minor children and of reporting changes in the number of shares under possession to the Office of the Securities and Exchange Commission pursuant to Section 59 and the Punishment Chapter in Section 275 of the Securities and Exchange Act B.E. 2535.
3. The Company's directors, executives, employees and temporary workers should not disclose confidential information and/or internal information or seek interests for one own or others' interests, whether or not directly, and whether or not paid.
4. The Company's directors, executives, employees and temporary workers should not buy, sell, transfer or accept a transfer of the Company's securities using its confidentiality and/ or internal information or enter into any transactions by using those confidentiality and/or internal information, which may affect the Company, whether or not directly. This regulation should also include the spouses and minor children of the directors, executives, employees and temporary workers. Those who violate the regulations will be considered as a serious offence.

5. The Company has determined the guideline for maintaining and preventing the illegal insider trading, by banning directors, executives, employees with the roles of at least department director and parties related to insider information from buying or selling the Company's securities one month before the disclosure of quarterly financial statement and annual financial statement; as well as 24 hours after the significant information is disclosed.

6. The Company's directors, executives, employees with the roles of at least department director, should report all securities trading to the Company.

7. The Company's employees across levels who receive personal information should carefully keep or use such information.

8. The Company stipulates that the information related to the parties and the conditions agreed with the parties are confidential information that should not be disclosed to others, unless it has been approved by the Company and the parties.

9. The Company has determined the measures and systems to strictly control and oversee information of each department or division to prevent internal serious information from being released to the public before an official publication. It is deemed that such measures and systems are also parts of the Company's major risk control measures.

10. The Company has tasked the supervisors in all levels with the duties and responsibilities of preventing one's own subordinates from committing a leak of serious information and news to the public before the Company's official disclosure is made.

11. The employees' internal information usage should be consistent to the related employees' boundaries of duties and responsibilities as assigned.

12. The Company's employees across levels must not disclose confidential information even when they are no longer employed, or service is terminated.

The Company has formulated penalties with regards to an abuse of the Company's internal information for one's own benefits by publishing in regulations. A penalty ranges from a verbal warning to a dismissal.

In addition, the company has a policy for protecting personal data. This policy ensures the confidentiality of customers, business partners, shareholders, job applicants, and others. It also outlines channels and processes for addressing complaints about personal data. This policy is available on the company's website.

Tax management

The company is aware of transparent business operations, verifiable and taxation management principles in accordance with good civic duties. To manage business in accordance with good governance and sustainable development, in 2023, the Company had total revenue of 6,207.71 million baht and profit before tax of 1,325.3 million baht. The company paid excise tax in the amount of 33.36 million baht and corporate income tax in the amount of 274.77 million baht (equivalent to tax rate of 20%, which is different from the actual tax rate of 20%). The company has disclosed the details of the tax policy on the company's website.

Tax privileges

Summary of Tax exemption in 2023	
Royal Decree No. 437 B.E. 2548 (2005): Training Fee (Promote the development of employee skills)	2.05%
Royal Decree No. 690,695 : The acquisition of machine	5.52%
Royal Decree No. 499 : Expenditure on disabilities employment	0.66%
Royal Decree No. 766 on Revenue Exemption Regarding Investment and Use of Electronic Systems	0.03%
Total privilege	5.26%

7.6 Other significant information

7.6.1 Company secretary and Head of internal audit

(1) Company secretary

The Board of Directors has resolved to appoint Ms. Sutatip Chantharangsee to be the company secretary. From December 13, 2018, in order to comply with the requirements of the Securities and Exchange Act B.E. and executives about rules and various laws that the board must know and coordinate effectively both internally including between the chairman Chief Executive Officer Executive Chairman or management and external, including between the company and the shareholders and regulators Details of the person holding the position as Company Secretary appear in Attachment 1.

(2) Head of internal audit

The Company hired P&L Corporation Company Limited to be the Internal Auditor for the year 2023, with Ms. Monpat Phumratanajarin, Vice President, Head of Internal Audit It is responsible for overseeing the compliance with the rules of the official departments that govern the company's business operations. Details of the person holding the position of Head of the Company's Compliance Officer appear in Attachment 3.

(3) Head of Compliance

The Company has assigned Ms. Paweena Sriwichai as Head of Compliance for supervising the Company's compliance with the regulations of relevant government agencies.

7.6.2 Audit Fee and other services

(1) Audit Fee

The Company and its subsidiaries paid audit fees for the year 2023 in the total amount of 3.30 million baht, divided into the audit fees of the Company in the amount of 1.91 million baht and of the subsidiaries in the amount of 1.39 million baht.

(2) Non-Audit Fee

The company compensates for other services, including investment promotion by the Board of Investment (BOI), for tax benefits. The total amount is 80,000 baht.

8. Report on key operating results related to corporate governance

8.1 Summary of duty performance of the Board of Directors in the past year

The Board plays an important role in formulating policies and strategies that enhance competitiveness, together with the management in setting goals, guidelines, action plans and the company's budget annually as well as supervise and supervise the administration and management of the management to ensure that they are in accordance with the policies, plans and budgets that are set with efficiency and effectiveness.

8.1.1 Nomination, development, and evaluation of duty performance of the Board of Directors.

(1) Nomination

(a) Board of Directors

As the Company does not have a Nomination and Remuneration Committee, to select suitable people for directors or management position, the Company has a selection process by having major shareholders and / or representatives of each group of major shareholders, the experts in relevant fields, directors, independent directors, and management of the Company to jointly propose a list of persons who possess qualifications, skills and experiences required for the business operations with criteria as follows:

1) A director must have knowledges and experiences beneficial to the business. Integrity and ethics in conducting business with sufficient time to devote his/her ability and knowledge for the Company.

2) A director shall not possess characteristics prohibited by Public Limited Companies Act and the regulations of The Securities and Stock Exchange, including any characteristics indicating a lack of appropriateness to be entrusted with management of a public-owned business as specified by Securities and Exchange Commission.

3) A director is forbidden to conduct a business with the same nature and in competition with the Company's business or becomes a partnership, director in other juristic persons of the same nature and in competition with the Company's business, whether for his/ her own benefit or for other persons' benefits unless he/she notifies to the Shareholders' Meeting before a resolution regarding his/her appointment is obtained.

4) A director shall inform the Company without delay if there are any direct or indirect conflicts of interest arising from entering into contracts by the Company, or there is any increase or decrease in his/her holding of shares, debentures of the Company or its affiliates.

The selection and appointment of directors shall be in accordance with the procedures specified in the Company's Articles of Association and the appointment of directors must be obtained an approval from the Shareholders' Meeting. The resolution of the Shareholders' Meeting shall require the majority votes of the shareholders who attend the meeting and have the right to vote.

1) The Shareholders' Meeting shall elect the Company's Board of Directors, comprising of at least five directors to be responsible for the entire business management with authorities to carry out duties within the scope of laws, Company's objectives and Articles of Association, and resolution of General Meeting of Shareholders, as well as authorities to perform any actions specified in the Memorandum of Association or related to the said. The directors may or may not be the shareholders of the Company.

2) Not less than half of the total number of directors shall reside in the Kingdom of Thailand and all of them shall possess qualifications with no characteristics forbidden by law.

3) The Shareholders' Meeting shall elect the directors in accordance with the following rules and procedures.

(1) Each shareholder has a vote equal to one share per one vote.

(2) The shareholders may exercise right to select only one person or many persons to be director(s) but not greater than the total number of directors being elected at that time

(3) In the event the shareholders exercise right to select more than one person to be director, voting right for each selected person is equal to the number of votes possessed by the shareholders. In this regard, allocation of votes in favor for a specific person is not allowed.

(4) The persons obtaining the highest votes in descending order shall be elected as directors, but total number of directors shall not exceed the total number of directors required at that time, otherwise the Chairman of the meeting shall cast the vote to determine the total number.

4) At every Annual General Meeting of Shareholders, one-third of total directors shall retire by rotation. If the number of directors cannot be divided into three parts, the number of directors retiring in the first year shall be closest to one-third of directors for the second year after the Company's registration, the selection of directors retiring shall be conducted by drawing lots. For the subsequent years, the directors holding the positions for the longest shall retire. However, the retiring directors may be re-elected.

5) Any director who resigns from the position shall submit a resignation letter to the Company. The resignation shall be in effect on the date when the resignation letter is delivered to the Company. The director resigning under paragraph one may also notify his/her resignation to the registrar.

6) In the case that position of director is vacant for other reasons than an expiration of service term, the Board of Directors shall select a qualified person whose characteristics are not forbidden by law for a replacement and such person shall perform his/her duty in the next meeting. Unless the remaining service term of replaced director is less than two months, the elected person shall hold the position only for the remaining service term of such director. The resolution of the Board of Directors' Meeting under paragraph one shall consist of votes not less than three-fourth of the remaining number of directors.

7) In the case that position of the director becomes vacant resulting to the total number of remaining directors becomes less than the quorum, the remaining directors shall call a Shareholders' Meeting for an election of directors to fill the vacant positions within one month from the date the number of remaining directors becomes less than the quorum. The person who is appointed as a new director shall be in the position for the remaining service term of the replaced director.

8) The Shareholders' Meeting may pass a resolution to dismiss any director prior to expiration of their service terms by a vote of not less than three-fourth of the total number of shareholders and proxies (if any) who attend the meeting, with total number of shares not less than half of the total voting shares held by shareholders and proxies (if any).

In addition, the Company has prepared a **Board Skill Matrix** to assist in the selection of suitable persons to be knowledgeable directors. expertise suitable for the company's business also the Board of Directors recognizes the benefits of diversity in the Board which is an important factor for decision-making and performance of the Board. The diversity does not only limit to gender, but it also includes ages, educational backgrounds, work experience, skills, and knowledge. As such, recruitment and nomination of directors shall be based on competence and selection criteria which also consider benefits of diversity.

(b) Independent Director

The Company has defined the composition of the Board of Directors to include independent directors at least one-third of the total number of directors.

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint independent directors to join the Board of Directors. The Company has policy to appoint independent directors at least one-third of the total number of directors, or at least three independent directors.

The criteria for selecting and nominating independent directors are based on those for the nomination of directors. An independent director shall have the required qualifications and no prohibited characteristics, pursuant to the Public Limited Companies Act, and the Securities and Exchange Act, as well as other relevant notifications, stipulations and/or regulations. The independent director shall have capabilities, specialized expertise, work experience and other required qualifications. Nominations of qualified candidates shall be submitted to the Shareholders' Meeting for election and appointment as directors. In case of any independent director vacating office before retiring by rotation, the Board of Directors may appoint a new independent director with the required qualifications as a replacement. The replacing independent director shall hold office only for the remaining term of office of the independent director whom he has replaced.

Qualifications of an independent director shall be as follows:

1. Holding not more than 1% of the total shares with voting rights of the Company, or its principal company, subsidiary company, associated company, major shareholder, or controlling person of the Company, which shall be inclusive of the shares held by any related person thereof.

2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Company, or its subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Company unless the foregoing status has ended for no less than 2 years before the independent director assumes the post of Audit Committee member.

3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or child, including the spouse of a child, of an executive, major shareholder, controlling person or person to be nominated as an executive or a controlling person of the Company or its subsidiary company.

4. Neither holding nor having held a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment; and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

5. Neither being nor having been an auditor of the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, principal company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as an Audit Committee member;

6. Neither being nor having been any professional service provider including legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, or its principal company, subsidiary company, associated company, major shareholder or controlling person; and not being a substantial shareholder, controlling person or partner of the professional service provider, unless the foregoing relationship has ended for no less than 2 years before the independent director is appointed as Audit Committee member;

7. Not being a director who has been appointed as a representative of a director of the Company, major shareholder, or shareholder related to the major shareholder of the Company.

8. Not undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, is competitive with the business of the Company or subsidiary company or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1% of the

total shares with voting rights of a company undertaking any business the nature of which is the same as that of the Company or subsidiary company;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.

The independent directors will inspect and certify their independence at least once a year, which will be announced with a report of directors' profiles at year end in Form 56-1 One report.

Business Relationships or Professional Services of Independent Directors in the Past Accounting Period

-None-

(c) Audit Committee

The Board of Directors or the Shareholders' Meeting (as the case may be) shall appoint at least three members to perform as the Company's Audit Committee. Each member must be an independent director and not a director assigned by the Board of Directors to make decisions regarding business operations of the company, parent company, subsidiary company, associated company, same level subsidiary company, majority shareholder or the controlling person of the Company, as well as not a director of the parent company, subsidiary company, or same-level subsidiary company that is a listed company. Audit Committee shall perform its duties as specified in Stock Exchange of Thailand Notification regarding the Audit Committee's qualifications and scope of responsibilities.

In this regard, at least one Audit Committee member shall possess sufficient knowledges and experiences to review the accuracy and reliability of financial statements.

(d) Executive Committee

The Board of Directors shall appoint Executive Committee whose members shall be selected from the directors, management, or senior employees who are capable of managing the matters regarding normal business operations, establishing the Company's policies, business plans, budgets, administrative structures, as well as examining and monitoring the Company's operations to be in accordance with the policies established by the Board of Directors.

(e) Chief Executive Officer

The Board of Directors appoints the Chief Executive Officer. The consideration will be given to persons with complete qualifications, suitability, knowledge, abilities, skills and experiences that are beneficial to the Company's operations and have a good understanding of the Company's business. and able to manage the work to achieve the objectives goals set by the committee.

(f) Management

The Company has established a policy to recruit management by selecting people with knowledges, skill set and experiences relevant to the business. The selection shall be in accordance with the regulations of Human Resources management and be approved by the Board of Directors or by the person assigned by the Board of Directors.

The selection of top-level management positions will be considered by individual knowledges, skill set and experiences relevant to the business. The appointment of an internal audit and control supervisor / executive shall primarily pass a consideration from the Audit Committee.

(2) Development of Directors and Management

The Board of Directors has a policy to promote and facilitate training and education for directors and management who have involved in the corporate governance system for continuous operational improvements. In the case of changes of director or new directors, the management will provide those directors documents and information regarding business operations and guidelines, which is beneficial to the performance of such directors. The Company Secretary shall regularly report to the Board of Directors, Subcommittee and management regarding any changes in laws and regulations.

In 2023, company directors attended training and seminars to enhance their knowledge in performing their duties. Mr. Surath Pralongsil, an independent director and chairman of the audit committee, participated in the Director's Briefing seminar on the topic of 'Building a Cyber-Resilient Board: Strategies for Effective Cybersecurity Oversight,' organized by the Thai Institute of Directors Association.

(3) Performance Evaluation of the Board of Directors, Audit Committee, Executive Committee and Top-level Management

1) Evaluation of the Board of Directors' Performance

As the Company has defined in the charter of the Board of Directors that the Board of Directors shall evaluate its performance on an annual basis which is an evaluation of the entire board. The Company will distribute a self-assessment form to each director to review performance as a director and to indicate challenges in the previous year. The score and opinions of the directors will be a reflection tool for the Company's management team to improve and increase the efficiency of the Board of Directors' Meetings. It is also used to improve the performance of the Board of Directors to be the most effective.

Assessment of the Board of Directors' performance in the year 2023 has been divided into 2 categories, 1) Entire board assessment and 2) Individual self-assessment, with details as follows:

1.1 Entire board assessment: there are 4 categories of assessment, (1) The structure and qualifications of the Board of Directors (2) The roles and responsibilities of the Board of Directors (3) The meetings of the Board of Directors and (4) The performance of the Board of Directors. The Board of Directors shall first consider and approve the said evaluation form. The result of the assessment shall be presented to the Board of Directors for acknowledgement and shall be disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2023 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of the Board of Directors: Average score of 4.50 points
2. The roles and responsibilities of the Board of Directors: Average score of 4.55 points.
3. The meetings of the Board of Directors: Average score of 4.57 points
4. The performance of the Board of Directors: Average score of 4.57 points

The overall average score of 4 categories was 4.55 points.

1.2 Individual self-assessment: there are 3 categories of assessment, (1) The structure and qualifications of the Board of Directors (2) The meeting of the Board of Directors and (3) The roles, duties and responsibilities of the Board of Directors. The result of the assessment shall be presented to the Board of Directors for acknowledgement and shall be disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2023 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. The structure and qualifications of the Board of Directors: An average score of 4.61 points
2. The meeting of the Board of Directors: An average score of 4.56 points
3. The roles, duties and responsibilities of the Board of Directors: An average score of 4.56 points

The overall average score of 3 categories was 4.57 points.

2) Evaluation of Audit Committee's Performance

As specified in Audit Committee charter that Audit Committee evaluation process should be formally established to ensure that the work of Audit Committee is efficient and achieves its objectives.

The Board of Directors has evaluated the performance of Audit Committee on an annual basis. In the year 2023, Audit Committee's performance was evaluated in 4 categories, (1) Qualifications and independence of Audit Committee (2) The duties and responsibilities of Audit Committee (3) The meetings of Audit Committee and (4) the receipt of information from the Company and the trainings. In addition, the Audit Committee will first consider and approve the said evaluation form. The result of the assessment shall be presented to Audit Committee and the Board of Directors meetings for acknowledgment and disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Regarding the 2023 assessment form, the weight of each category is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

1. Qualifications and independence of Audit Committee: An average score of 4.33 points
2. Duties and responsibilities of Audit Committee: An average score of 4.17 points
3. The meetings of Audit Committee: An average score of 4.40 points
4. Receiving information from the Company and trainings: An average score of 4.17 points

The overall average score of 4 categories was 4.27 points.

3) Evaluation of Executive Committee's performance

As the Board of Directors foresees that the Company should evaluate every sub-committee equally and stipulates that Executive Committee shall evaluate its performance on an annual basis by evaluating the performance of the entire board of executive committees with the objective to review individual performance as an executive director, indicate the challenges in the previous year as well as analyse whether business operations are in accordance with the guidelines provided by the Board of Directors. The score and opinions of the executive directors will be a reflection tool for the Company's management team to improve and increase the efficiency of meetings. It is also used to improve the performance of the Executive Committee to be the most effective.

In the year 2023, Executive Committee's performance was evaluated in 4 categories, (1) The structure and qualifications of Executive Committee (2) The roles and responsibilities of Executive Committee (3) The meetings of Executive Committee and (4) Performance of Executive Committee member. The meeting of Executive Committee will consider and approve the said evaluation form. The evaluation result will be presented to Executive committee and to the Company's Board of Directors meetings for acknowledgment and disclosed in Form 56-1 One report. The recommendations from the performance appraisal will be used further to improve efficiency of work.

Assessment forms in the year 2023, the weight of each topic of the assessment is divided into 6 levels as follows:

- 5 means: Most agree or Proceed that matter excellently
- 4 means: Strongly agree or Proceed that matter well
- 3 means: Moderately agree or Proceed that matter moderately
- 2 means: Less agree or Proceed that matter less
- 1 means: Least agree or Proceed that matter the least
- 0 means: No or No action proceeded

The evaluation results for each category are as follows:

- 1 The structure and qualifications of Executive Committee: An average score of 4.50 points
- 2. The roles and responsibilities of the Executive Committee: An average score of 4.71 points
- 3. The meetings of Executive Committee: An average score of 4.70 points
- 4. Performance of Executive Committee member: An average score of 4.70 points

The overall average score of 4 categories was 4.65 points.

4) Evaluation of Top-level management's Performance

The Company's Board of Directors requires the performance evaluation of the Chairman of Executive Committee, the President and the Chief Executive Officer. The Board of Directors evaluates the performance of the Chairman of Executive Committee, the President and the Chief Executive Officer in accordance with the evaluation criteria. The performance evaluation form shall be approved by the Board of Directors in order to monitor whether the performances of the Chairman of Executive Committee, the President and the Chief Executive Officer are in accordance with the Company's short and long term goals. The evaluation helps to determine remuneration of the

Chairman of Executive Committee, the President and the Chief Executive to be transparent and suitable for each individual performance and also strengthen the corporate governance of the Company. The recommendations from the performance appraisal will be used further to improve efficiency of work.

8.1.2 Meeting attendance and remuneration payment to each Board member

(1) The total number of the Board of Directors' meetings and the total meeting attendance of each Board member during the past year

In the year 2023, the Company scheduled the meetings for the next year in advance and informed directors in the 3rd quarter of 2022 in order for them to efficiently prepare for the meetings.

No.	Name	Position	AGM 2023 Attendance / Total (Time)	Board 2023 Attendance / Total (Time)
1	Mr. Natee Onin	Chairman	1/1	8/8
2	Mr. Adisak Ruckariyaphong	Vice Chairman	1/1	7/8
3	Mr. Anan Ruckariyapong	Director	1/1	8/8
4	Ms. Piyajit Ruckariyapong	Director	1/1	8/8
5	Mr. Arnupap Ruckariyapong	Director	1/1	7/8
6	Mr. Thana Thienachariya	Independent Director	1/1	7/8
7	Mr. Padungdej Indralak ¹	(Former) Independent Director and (Former) Chairman of the Audit Committee	1/1	2/2
8	Mr. Surath Pralongsil	Independent Director and Chairman of the Audit Committee	1/1	8/8
9	Mrs. Niratchara Siriamphunkul	Independent Director and Member of the Audit Committee	1/1	8/8
10	Mr. Chanin Archjananun ²	Independent Director and Member of the Audit Committee	-	6/6

Remark:

¹ Mr. Padungdej Indralak has completed his term and has chosen not to renew it, effective from April 27, 2023. Therefore, he attended Board of Directors meeting No. 1-2/2023.

² Mr. Chanin Archjananun assumed the position of independent director and member of the audit committee, effective from April 27, 2023. Therefore, he attended Board of Directors meeting No. 3-8/2023.

(2) The remunerations of each director

The 2023 Annual General Meeting on 27 April 2023 had a resolution for remuneration of the Board of Directors and the Audit Committee not exceeding 14,000,000 baht with description as follows.

• Annual Remuneration

(1) Chairman	240,000 Baht (per Year)
(2) Director	240,000 Baht (per Year)

• Meeting Attendance Fee

(1) Chairman of the Board of Director	25,000 Baht (per attendance)
(2) Chairman of the Audit Committee	25,000 Baht (per attendance)
(3) Director and Audit Committee Member	20,000 Baht (per Person per attendance)

• Gratuity

By Considering the Company's net profits and at the discretion of the Board of Directors, in 2023, the Board allocated gratuity for 8 directors at 1,074,199 baht per person and 1 director at 716,133 baht. This calculation is proportional (0.1% of the net profits of the consolidated financial statements).

In 2022 and 2023, the Company paid total remuneration for directors as follows. (The Executive Committee does not receive compensation because it has already received compensation from the management of the company.)

(Unit: Baht)

Name	2023			2022		
	Director	Audit Committee Member	Gratuity	Director	Audit Committee Member	Gratuity
1. Mr. Natee Onin	440,000	-	1,074,199	434,000	-	653,160
2. Mr. Adisak Ruckariyaphong	380,000	-	1,074,199	394,000	-	653,160
3. Mr. Anan Ruckariyapong	400,000	-	1,074,199	394,000	-	653,160
4. Ms. Piyajit Ruckariyapong	400,000	-	1,074,199	374,000	-	653,160
5. Mr. Arnupap Ruckariyapong	380,000	-	1,074,199	374,000	-	653,160
6. Mr. Thana Thienachariya ^{/1}	380,000	-	1,074,199	434,000	-	653,160
7. Mr. Padungdej Indralak ^{/2}	118,000	25,000	-	394,000	100,000	653,160
8. Ms. Kunnigar Triyangkulsri ^{/3}	-	-	-	234,000	60,000	-
9. Mr. Surath Pralongsil ^{/4}	400,000	95,000	1,074,199	394,000	80,000	653,160
10. Mrs. Niratchara Siriamphunkul	400,000	80,000	1,074,199	394,000	20,000	653,160
11. Mr. Chanin Archjananun ^{/5}	282,666	60,000	716,133			
Total	3,580,666	260,000	9,309,725	3,820,000	260,000	5,878,440

Remark:

^{/1} Mr. Thana Thienachariya received a meeting allowance of 20,000 baht per meeting for his role in the investment working group. There will be one meeting in 2023.

^{/2} Mr. Padungdej Indralak has completed his term as an independent director and Chairman of the Audit Committee, effective from April 27, 2023. His April Monthly Remuneration will be prorated.

^{/3} Ms. Kunnigar Triyangkulsri resigned from her positions as independent director and audit committee member on August 10, 2022.

^{/4} Mr. Surath Pralongsil is now the Chairman of the Audit Committee, effective from April 27, 2023. He will receive meeting allowances from Audit Committee Meeting No. 2/2023 onwards.

^{/5} Mr. Chanin Archjananun became an independent director and audit committee member on April 27, 2023. He will receive a prorated Monthly Remuneration for April.

8.1.3 Supervision of subsidiaries and associated companies

For supervision of the subsidiaries' operations, the Company has closely monitored and followed up the subsidiary's operations so that the goals can be achieved as follows:

(1) Supervision of Subsidiaries and associated companies

- **Sappe Holding (Thailand) Company Limited:** The Company's Board of Directors has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, and Mr. Arnupap Ruckariyapong as the directors of the company, so that the management of the whole group is in the same direction.

- **Sappe Europe s.r.o. :** Due to the legal restrictions in Slovakia requiring that the directors who hold office be domiciled in Slovakia, therefore, causing the difficulty in practical way to appoint a representative from the Company to be a director in Sappe Europe s.r.o and not in accordance with the policy of controlling and overseeing subsidiaries and associates. Therefore, the Company's Board of Directors' Meeting has approved the board's charter indicating that material issues such as appointment of directors, capital increase, merger, liquidation, dividend payment, amendments the company regulations etc. are required the approval from the Shareholders' Meeting and established the Table of Authority for the Sappe Europe s.r.o. in order that the Company can use as a measure for supervision.

- **Sappe Trading (Hong Kong) Company Limited and Sappe Hong Kong Company Limited:** The Board of Directors of Sappe Holding (Thailand) Company Limited has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong as the directors of the company so that the management of the whole group is in the same direction.

- **Sappe Trading (Shanghai) Company Limited:** The Board of Directors of Sappe Hong Kong Company Limited has appointed Ms. Piyajit Ruckariyapong as a director of the company so that the management of the whole group is in the same direction.

- **All Coco Group Company Limited:** The Company's Board of Directors has appointed Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong, and Mr. Arnupap Ruckariyapong as the directors so that the management of the whole group is in the same direction.

- **All Coco Company Limited and K Best Farm Company Limited.:** The Company's top-level management has been assigned to oversee financial management and to follow up business operations to be in accordance with the plan.

- **SAPPE Philippines Corporation:** The Board of Directors has appointed three senior executives of the Company to serve as directors, ensuring alignment with the Company's management, as it holds 100 percent of the total shares."Danone Sappe Beverages Company Limited: The Board of Directors has appointed Ms. Piyajit Ruckariyapong to be the Company's director in co-authoring the policy to create mutual growth in the future.

- **M Intelligence Company Limited:** The Board of Directors has appointed Mr. Arnupap Ruckariyapong to be the Company's director in jointly formulating the policy to create mutual growth in the future.

- **Wope Company Limited:** The Board of Directors has appointed Mr. Adisak Ruckariyaphong and Miss Piyajit Ruckariyapong to be the Company's director in jointly formulating the policy to create mutual growth in the future.

(2) Disclosure of financial status and operating results

The Company's subsidiaries are responsible for submitting quarterly and annual financial statements to the Company to propose to the Company's Board of Directors for approval before public disclosure. The Company's auditor performs the inspection of operation, documents or assets at the subsidiaries' offices and warehouses and can request subsidiaries for additional documents. The Shareholders' Meeting considers appointing the auditors and fixing annual remuneration of Sappe Europe s.r.o., Sappe Holding (Thailand) Company Limited and indirect subsidiaries.

(3) Transactions with Related Parties

All related transactions between the Company and its subsidiaries shall be in accordance with the Securities and Exchange Act, announcement of the Capital Market Supervisory Board, announcement of Stock Exchange of Thailand and other relevant announcements. The Company reports value and details of connected transactions with its subsidiaries to the Board of Directors on a quarterly basis after passing the consideration of Audit Committee.

(4) Acquisition or Disposition of Assets

In the event a subsidiary company buys or sells any assets, it is required an approval from the Company's management or the Board of Directors or the Shareholders' Meeting of such subsidiary (as the case may be). If the value of transaction is material, the Company shall comply with the regulations of Securities and Exchange, announcement of the Capital Market Supervisory Board, announcement of Stock Exchange of Thailand and other relevant announcements.

(5) Supervision of the use of inside information

The Company conducts business under the principles of good corporate governance of Stock Exchange of Thailand and places emphasis on the supervision of the use of inside information to be in accordance with the principles of good corporate governance. By adhering to these principles and ensuring the confidence of investors to receive equitable, timely and reliable information, the Company has established a policy of confidentiality, data protection and the use of inside information that all personnel shall be informed and follow procedures of confidential information protection. To prevent the disclosure of information and to identify the type of confidential information, the confidential documents and information must be managed and protected with specific methods accessible by both data creators and users.

In addition, the Company places great emphasis on safeguard of customer and business information to be confidential. It is prohibited to disclose such confidential information to customers, employees and outsiders. In case that is necessary to disclose confidential information to the public, approval must be obtained from the Chairman of Executive Committee and Chief Executive Officer. This prohibition shall include trading, transfer or acceptance of transfer of the Company's securities by using confidential information and / or inside information and / or enter into any other juristic acts using confidential information / or inside information of the Company which causes damage to the Company either directly or indirectly.

The Company's directors, management and employees who receive inside information shall be prohibited from trading of the Company's securities in a specified period, which has been complied since the second quarter of year 2014 (or the first quarterly financial statement report since the Company was listed on the Stock Exchange of Thailand). The Company Secretary and the Human Resources Department shall notify those directors, management, and employees receiving inside information in advance to be aware of such prohibition period for trading of the Company's securities. This shall include the prohibition of trading of the company's securities by oneself, spouses, minor children, whether it is direct or indirect trading (such as nominee or holding of securities through private funds) during the period when the Company is about to disclose significant information that may affect the Company's share price such as 1 month prior to the date of disclosure of financial statements or operating results until 1 day after the date that the Company has disclosed financial statements or operating results to Stock Exchange of Thailand to ensure that such information be disclosed to the public first. With this regard, the Company has established disciplinary penalty for those seeking benefits from the use or disclosure of the inside information causing damages to the Company, which may be penalized as required by law or by the Company through verbal warning, warning letter, probation, or termination of employment as the case may be.

(6) Anti-Corruption

The Company expressed its intention to join the Thai Private Sector Collective Action Against Corruption (CAC) in 2020. In 2023, it successfully renewed its membership for the first time, effective from September 30, 2023, until September 30, 2026 (membership valid for 3 years). The company has taken steps to comply with anti-corruption policies as outlined below.

The Company has operated in accordance with the anti-corruption and corruption policy as follows:

1) The Company has communicated to both the directors, executives and employees' level by stipulating that all processes are strictly within the scope of the law.

2) The company provides a channel to report any violations of the policy. or seen acts of corruption and have protection measures for reporters.

The company has disclosed the details of the anti-corruption policy on the company's website under the topic of corporate governance.

In addition, the company recognizes the importance of anti-corruption measures and aims to ensure that this policy is effectively implemented. The company regularly reviews the policy and conducts training sessions for new employees annually to raise awareness about conducting business with integrity and understanding the role and guidelines for preventing corruption. In 2023, a total of 12 training sessions were organized, with 40 employees participating.

(7) Channels for Reporting Clues

The company provides stakeholders with channels to report clues and lodge complaints through various platforms such as email, telephone, and online channels. These channels collect and filter various suggestions, which are then reported to senior management for resolution in the subsequent order. Additionally, the company has established guidelines to control and prevent corruption-related risks. These are managed effectively through

existing tools such as the company's operating authority manual, which clearly delineates the roles and responsibilities of each party, as well as the budget spending schedule for each matter requiring approval from department heads.

Furthermore, over the past year, the company has not received any complaints related to corruption or violations of the company's corporate governance policy.

8.2 Report of Audit Committee during the past year

8.2.1 Number of Audit Committee Meetings

In 2023, the Audit Committee held 4 meetings with attendance of its members below

	Name	Position	Attendance / Total (Time)
1.	Mr. Padungdej Indralak ^{/1}	(Former) Chairman	1/1
2.	Mr. Surath Pralongsil ^{/2}	Chairman	4/4
3.	Mrs. Niratchara Siriamphunku	Member	4/4
4.	Mr. Chanin Archjananun ^{/3}	Member	3/3

Remark:

^{/1} Mr. Padungdej Indralak completed his term and chose not to renew it. Effective from April 27, 2023, he only attended the Audit Committee meeting No. 1/2023.

^{/2} Mr. Surath Pralongsil became the Chairman of the Audit Committee (previously a member) starting April 27, 2023.

^{/3} Mr. Chanin Archjananun became an independent director and member of the audit committee. Starting April 27, 2023, he attended the Audit Committee meeting from the 2nd time/2023 onwards.

8.2.2 Report of Audit Committee

Appear in Attachment 5

8.3 Report of Executive Committee

In 2023, the Executive Committee held 12 meetings with attendance of its members below.

	Name	Position	Attendance / Total (Time)
1.	Mr. Adisak Ruckariyaphong	Chairman	12/12
2.	Mr. Anan Ruckariyapong	Member	12/12
3.	Ms. Piyajit Ruckariyapong	Member	12/12
4.	Mr. Arnupap Ruckariyapong	Member	11/12
5.	Mr. Thanarat Ruckariyapong	Member	12/12

9. Internal control and related party transactions

9.1 Internal Control

(1) The Audit of the Internal Control System according to the Opinion of the Internal Auditor

The Company realizes the importance of good internal control because the inspection leads to efficient operation. The Company entrusts the Audit Committee with reviewing the operation to ensure that the Company is equipped with appropriate and efficient internal control and audit. Similarly, this includes the compliance with the securities and exchange act laws, the regulations of the Stock Exchange of Thailand in relation to the Company's operation.

As per the Company's Board of Directors meeting no. 2/2024 on 23 February 2024, with 3 audit committee members in attendance, the Board's meeting assessed the adequacy of the Company's internal audit in 2023 in line with the guidelines prescribed by the Committee of Sponsoring Organizations of the Treadway Commission: COSO ("the Assessment") with the May edition 2013. The Audit Committee's opinions can be described below:

1. Control Environment

The Company deploys a good internal control environment that is suitable and enough by using the dissemination of ethics as an organizational culture. Below are a clear management structure and job assignments.

- The Company has prepared good corporate governance policy and Code of Conduct, and the guidelines in writing and circulate them to directors, management and employees.
- The roles and responsibilities of the Board of Directors are visibly sectioned off from those of the management. An organizational structure, the lines of command and the authority are devised in line with the evolving business landscape.
- Human resource management policies such as recruitment, training, remuneration, are stated in writing.

2. Risk Assessment

The Company values the importance of risk management and has, thus, appointed a risk management body to determine the risk management policies and framework of the Company. It is tasked with reviewing key risks related to the Company's operation, such as management, finance, data security, law and regulations. It works to offer preventive measures and how to curb risk levels to an acceptable degree. The unit follows up, evaluates and continually overhauls the operational plans to cope with risks and are suitable for business landscapes.

The structure of Risk Management Committee consists of executives and department managers who have knowledge, experience and expertise in risk management in various business areas of the Company.

The Risk Management Committee has scheduled the meeting in every quarter and reports the performance to Audit Committee and Board of Directors meeting in every quarter.

3. Control Activities

In an attempt to ensure the Company's efficient operation, the Company determines appropriate preventive schemes and risk management. So, the Company implements significant control measures e.g. the control and supervision policies of subsidiaries and associates, an authority manual, the Charter of committees and leading management, etc., so that they serve as a framework for directors, management and employees.

Likewise, the Company has collected information on strategic shareholders, directors, management, including connected persons, in order to follow and review connected transactions or transactions that may cause conflicts of interest. The Company has installed technological control measures by overseeing the infrastructure of the technological system to ensure suitability and controlling the security of the technological systems in terms of data access, data transmission, importing data into the system, to name but a few. As for each certain level, there is a restriction of the rights to those assigned to involve the data.

4. Information & Communication

The Company offers efficient and effective information systems and communication channels, both internal and external, which can be listed as follows:

- *Internal Communication* The management and employees receive news via the e-mail. In addition, employees are allowed to publicize activities relating to the Company at visible areas at the Rama 9 offices and both factories. These aim to ensure that information and public relations activities can be completed through various channels, for the purpose of maximum communication success.
- *External Communication* The Company frequently provides all stakeholders with information. The information must be true, accurate, complete and sufficient on a timely manner through a range of channels that can be accessed thoroughly and equally. Examples are the Stock Exchange of Thailand's website and the Company's website. Some working units such as the Investor Relations Team are tasked with information communication to external stakeholders.

- The Company provides a special communication channel for employees to provide information about legal or behavioral guideline offences. They are stated in writing as the Guidelines for Receiving Complaints and Protection.

5. Monitoring Activities

The Company employs a compliance inspection regarding the internal control on a quarterly basis. This is performed by an internal audit team who is appointed by the Audit Committee. The results of which are directly reported to the Audit Committee.

In addition, an annual follow-up and appraisal of the internal control system are performed. The activity follows the internal control guidelines regulated by the Securities and Exchange Commission in a bid to ensure the adequacy and the appropriateness of the internal control system. An improvement must be executed after any fraud has been found.

The Audit Committee does not offer different or contradictory opinions against the Board of Directors.

The Audit of the Internal Control System according to the Opinion of the Internal Auditor

The Company employed the internal auditor from the outsource, P&L Corporation Company Limited, to be the internal auditor for 2023, with quarterly reviews. The internal auditor inspected the internal control system according to the plan approved by the Audit Committee to evaluate the sufficiency and appropriateness of the internal control system of the Company and audited whether or not the Company fully complied with the internal control system.

At the meeting of the Audit Committee in 2023, the internal auditor from the external agency attended every meeting with the Audit Committee to report the results of the internal control system audit of the Company. The internal auditor summarized the audit results and issues found during the audit, along with providing recommendations and a report of the follow-up of the internal control system improvement of the previous quarter to the meeting. When these points were acknowledged at the meeting of the Audit Committee, the management was assigned to resolve various issues as suggested by the internal auditor completely.

In addition, according to the Charter of the Audit Committee of the Company, the Audit Committee has the duty to approve the appointment, transfer, and dismissal of the head of the Internal Audit department or any other departments responsible for internal auditing. The Audit Committee is of the opinion that the internal auditor of the Company are experts in internal control system auditing and has experiences in internal auditing for companies listed on the Stock Exchange of Thailand. The background of the internal auditor supervisor is shown in the Attachment 3

Summary of Accounting Observations and Recommendations based on the Opinions of the Auditor

At the Audit Committee meeting no. 1/2024 on February 22, 2024, KPMG Phoomchai Audit Ltd. (Auditor) who is the auditor of the Company attended the meeting with the Audit Committee to summarize accounting observations and suggestions. From the audited financial statement of the Company for the year ending on December 31, 2023, it was concluded that the Company prepared the financial statements that were duly and appropriately in accordance with the financial reporting standards.

9.2 The summary of the details of connected transactions between the Company and the persons who may have conflicts of interest yearly ending December 31, 2023

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
Persons / Juristic Person that may have a conflict of interest of Sappe Public Company Limited				
1. Sappe Europe s.r.o. (“Sappe Europe”)	<ul style="list-style-type: none"> The Company is a major shareholder holding 60.00% of Sappe Europe’s paid-up share capital 	<ul style="list-style-type: none"> € 0.24 million of short-term loan with interest rates of 4% per annum - Short-term loans Deduct allowance for doubtful accounts Net - Interest income - Accrued interest receivables Deduct net allowance for doubtful accounts Net Movements during the Year Balance at the beginning of the year - Loans - Repayment 	<ul style="list-style-type: none"> 8.91 (8.91) - 0.36 3.99 (3.99) - 8.62 - - 	<ul style="list-style-type: none"> The short-term loans offered to Sappe Europe are financial support provided by the former shareholders. The Company, subsequently, made an agreement for purchasing debt from the former shareholders by assigning interest rates comparable to market rates

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
		<ul style="list-style-type: none"> - Differences from changes in foreign exchange rates Deduct allowance for doubtful accounts Balance at the end of the year 	0.29 <u>(8.91)</u> <u> -</u>	
2. TTT Corporation Co., Ltd. ("TTT")	<ul style="list-style-type: none"> ● The Ruckariyapongs, the Company's major shareholder, holds 63.00% of TTT's paid-up share capital ● Same authorize director, Mr. Adisak Ruckariyaphong 	<ul style="list-style-type: none"> ● Factory equipment purchased from TTT to use in the Company's production process 	0.27	<ul style="list-style-type: none"> ● Purchase price is based on market price, the same guideline as set for other non-related parties or organizations.
3. Hayashi Products Co., Ltd. ("Hayashi")	<ul style="list-style-type: none"> ● The Ruckariyapongs, the Company's major shareholder, holds 100.00% of Hayashi's paid-up share capital ● Same authorize directors, Mr. Arnupap Ruckariyapong 	<ul style="list-style-type: none"> ● Rent out warehouse space of the Company's factory at Klong 13 at 10,000 Baht per month with warehouse management cost at 80 baht per a carton of product <ul style="list-style-type: none"> - Other income - Other Accounts receivable 	0.15 0.01	<ul style="list-style-type: none"> ● To utilize the Factory's space to the maximum and the rental fee is close to the market price. ● Purchase price is based on market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
4. Mr. Anan Ruckariyapong	<ul style="list-style-type: none"> An authorized director and the President, holding 1.61% of the paid-up share capital <i>(Percentage of shares as of 31 December 2023)</i> 	<ul style="list-style-type: none"> The land, along with the factory in Bang Chan, covers an area of 2 rai 1 ngan 88.20 square wah. It is leased under a 3 - year contract starting from October 1 , 2022 , to September 30, 2025. The monthly rental rate for the first year (October 2022 - September 2023) is 507,734 baht, and for the second year (October 2023 - September 2024), it is 522,966 baht. Deposit of 3 months rental fee will be refunded when the contract ends 	6.14	<ul style="list-style-type: none"> The lease of land and factories facilitates the operation and production. In this, instead of investing on the said land and buildings with large amount of fund, the Company's limited amount of capital is allocated to other necessary investments for the benefit of the Company. The lease rate of land with factory building is similar to that of the market prices
5. Ruckariyapong Family, consisting of 6 persons as follows: <ul style="list-style-type: none"> Mr. Anan Ruckariyapong 	<ul style="list-style-type: none"> An authorized director, the President and a shareholder of 1.61 % of the paid-up share capital <i>(Percentage of shares as of 31 December 2023)</i> 	<ul style="list-style-type: none"> Rental fee of land at Klong 13 with total area of 97 rai 3 ngan 49 square wahs. 20-year Lease contract started from 1 October 2013 to 30 September 2033. The 10th year rental 	2.21	<ul style="list-style-type: none"> The lease of land and factories facilitates the operation and production. In this, instead of investing on the said land and buildings with large amount of fund, the

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
<ul style="list-style-type: none"> ● Mr. Adisak Ruckariyaphong ● Mr. Arnupap Ruckariyapong ● Miss Piyajit Ruckariyapong ● Mrs. Somnuek Isoonpisansiri 	<ul style="list-style-type: none"> ● An authorized director, Chairman of Executive Committee and a shareholder of 16.78% of the paid-up share capital <i>(Percentage of shares as of 31 December 2023)</i> ● An authorized director, Chief Operating Officer, and a shareholder of 18.51% of the paid-up share capital (UBS AG SINGAPORE BRANCH as a Custodian, 3.24%) <i>(Percentage of shares as of 31 December 2023)</i> ● Director, Chief Executive Officer and a shareholder of 17.71% of the paid-up share capital <i>(Percentage of shares as of 31 December 2023)</i> ● A shareholder of 1.56 % of the paid-up share capital <i>(Percentage of shares as of 31 December 2023)</i> 	<p>fee (October 2022 - September 2023) is 182,849 baht per month and the 11th year rental fee (October 2023 - September 2024) is 186,506 baht per month</p> <ul style="list-style-type: none"> ● Deposit of rental fee will be refunded when the contract ends. 	1.06	Company's limited amount of capital is allocated to other necessary investments for the benefit of the Company. The lease rate of land with factory building is similar to that of the market prices.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
● Mr. Thanarat Ruckariyapong	● A shareholder of 17.34% of the paid-up share capital (BNP PARIBAS SINGAPORE BRANCH as a Custodian, 3.24%) <i>(Percentage of shares as of 31 December 2023)</i>			
6. Mr. Veeravooth Phuchanakit	● The spouse (de facto) of Ms. Piyajit Ruckariyapong, an authorized director who is authorized by the Company and the Chief Executive Officer	● Management consulting fee	1.20	● Service fee is in accordance with market price, the same guideline as set for other non-related parties or organizations.
7. The Conte Co., Ltd. ("The Conte")	● Ms. Nantiya Worapratheep, the spouse of Mr. Anak Lapsuksatit (Chief Financial Officer) is an authorized director and a major shareholder holding 99.80% of The Conte's paid-up capital shares	● Management consulting fee	16.05	● Service fee is in accordance with market price, the same guideline as set for other non-related parties or organizations.
8. Hose Center Co.,Ltd. ("Hose Center")	● Authorized director and major shareholder is Mr. Adisak Ruckariyaphong, holding 95.00 % of Hose Center's paid-up share capital.	● Purchase factory equipment from the host center for use in the company's production process	0.23	● Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
	<ul style="list-style-type: none"> The authorized directors, Mr. Adisak Ruckariyaphong, who is an authorized director to sign with authorization from the Company. 			
9. Social Lab Co.,Ltd (“Social Lab”)	<ul style="list-style-type: none"> Mrs. Chatpawee Ruckariyaphong, the authorized director and major shareholder, holds 98.00% of Social Lab shares. She is the spouse of Mr. Adisak Ruckariyaphong, the Chairman of the Company's Executive Committee. 	<ul style="list-style-type: none"> The booth space service fee for 'Bring the Future Living' at Royal Paragon. 	0.50	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
10. Sappe Trading (Hong Kong) Co.,Ltd. (“Sappe Trading HK”)	<ul style="list-style-type: none"> A wholly own subsidiary of Sappe Holding The authorized directors, Mr. Adisak Ruckariyaphong and Mr. Anupap Ruckariyapong, who is an authorized director to sign with authorization from the Company. 	<ul style="list-style-type: none"> Other Accounts receivable <p><u>Deduct</u> Allowance for doubtful accounts</p> <p><u>Net</u></p>	0.52 <u>(0.49)</u> <u>0.03</u>	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
11. Sappe Trading (Shanghai) Co., Ltd. ("Sappe Shanghai")	<ul style="list-style-type: none"> A wholly own subsidiary of Sappe Hong Kong Co., Ltd. ("Sappe HK"). The authorized director is Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company 	<ul style="list-style-type: none"> Other Accounts receivable Deduct Allowance for doubtful accounts Net 	11.01 (11.01) -	
12. All Coco Group Co., Ltd. ("All Coco Group")	<ul style="list-style-type: none"> A subsidiary of Sappe Holding, holding 51.00% of All Coco Group's registered share capital The same authorized directors, Mr. Adisak Ruckariyaphong, Mr. Arnupap Ruckariyapong and Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company 	<ul style="list-style-type: none"> Revenue from selling Other income Other account receivable Prepaid expense The company bought coconut-based products for sale <ul style="list-style-type: none"> - Products purchase - Trade accounts payable Entertaining expense incurring from the purchase of coconut products Other accounts payable 	0.01 0.04 0.47 6.04 74.06 12.76 1.57 4.83	<ul style="list-style-type: none"> การกำหนดราคาเป็นไปตามราคาตลาดของธุรกิจ ซึ่งเป็นไปในแนวทางเดียวกันกับการกำหนดราคากับบุคคลหรือกิจการอื่นที่ไม่เกี่ยวข้องกัน

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
		<ul style="list-style-type: none"> ● 4.80 million baht of short-term loans with interest rates of 3.2% per annum. On 28 August 2019 and 10 June 2020, ACG repaid the loan in the amount of 0.21 million baht and 1.53 million baht, respectively. - Short-term loans - Interest income - Accrued interest receivables 	<p style="text-align: right;">3.06</p> <p style="text-align: right;">0.10</p> <p style="text-align: right;">0.35</p>	<ul style="list-style-type: none"> ● The short-term loan is used as working capital of Coconut Factory group of companies, with interest rates comparable to the market rates.
		<p><u>Movements during the Year</u></p> <ul style="list-style-type: none"> - Balance at the beginning of the year - Loans - Repayment 	<p style="text-align: right;">3.06</p> <p style="text-align: right;">-</p> <p style="text-align: right;"><u>3.06</u></p>	
13. All Coco Co., Ltd. ("All Coco")	<ul style="list-style-type: none"> ● An indirect subsidiary of Sappe Holding and a wholly owned subsidiary of All Coco Group 	<ul style="list-style-type: none"> ● 3.20 million Baht of short-term loans with interest rates of 3.2% per annum. On 30 August 2019 and 10 June 2020, ACC repaid the loan in the amount of 0.14 million baht and 0.51 million baht, respectively. - Short-term loans 	<p style="text-align: right;">2.55</p>	<ul style="list-style-type: none"> ● The short-term loan is used as working capital of Coconut Factory group of companies, with interest rates comparable to the market rates.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
		<ul style="list-style-type: none"> - Interest income - Accrued interest receivables <p><u>Movements during the Year</u></p> <ul style="list-style-type: none"> - Balance at the beginning of the year - Loans - Repayment - Balance at the end of the year 	<p>0.08</p> <p>0.29</p> <p>2.55</p> <p>-</p> <p>-</p> <p><u>2.55</u></p>	
14. Danone Sappe Beverages Co., Ltd. ("Danone")	<ul style="list-style-type: none"> ● An associated company of Sappe Holding, holding 25.00% of the Danone's registered share capital ● The same authorized director, Ms. Piyajit Ruckariyapong, who is an authorized director to sign with authorization from the Company 	<ul style="list-style-type: none"> ● Sale of Finished Products <ul style="list-style-type: none"> - Revenue from sales ● Receivable 	<p>119.89</p> <p>3.19</p>	● Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
		<ul style="list-style-type: none"> ● Revenue from monthly service and operation ● Other account receivable ● Purchase of finished products for sale <ul style="list-style-type: none"> - Purchase of products - Accounts payable 	<p>0.90</p> <p>0.80</p> <p>135.67</p> <p>22.36</p>	
15. M Intelligence Co., Ltd. ("M Intel")	<ul style="list-style-type: none"> ● An associated company of Sappe Holding, holding 16.21% of the M Intel's registered share capital 	<ul style="list-style-type: none"> ● Other Income ● Other account receivable 	<p>0.10</p> <p>0.02</p>	● Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
	<ul style="list-style-type: none"> The same authorized director, Mr. Arnupap Ruckariyapong, who is an authorized director to sign with authorization from the Company 			
16. Wope Co., Ltd. (“Wope”)	<ul style="list-style-type: none"> Indirect joint venture of Sappe Holding, holding 60% of Wope ’s registered share capital The same authorized director, Mr. Adisak Ruckariyaphong, who is an authorized director to sign with authorization from the Company 	<ul style="list-style-type: none"> Sale of Finished Products <ul style="list-style-type: none"> - Revenue from sales Receivable Other income Other account receivable Purchase of finished products for sale <ul style="list-style-type: none"> - Purchase of products Account payable 	<p>7.07</p> <p>0.93</p> <p>1.78</p> <p>0.38</p> <p>22.67</p> <p>4.41</p>	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
Persons / Juristic Persons that may have a conflict of interest of Sappe Europe s.r.o – Subsidiary				
1. Mr. Milan Bucek	<ul style="list-style-type: none"> A shareholder of Sappe Europe, holding 20.00% of the paid-up share capital 	<ul style="list-style-type: none"> Accrued dividends payment with an agreement to pay from Sappe Europe's profits in the amount of €109,076.03 	4.15	<ul style="list-style-type: none"> Accrued dividends are in accordance with Sappe Europe's regulations which require the dividends of Mr. Milan Bucek to be paid in full amount. Subsequently, remaining parts of the profit are allocated as per the proportion of the payable investment.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
2. Mr. Ing. Ivan Ježo	<ul style="list-style-type: none"> A shareholder of Sappe Europe, holding 20.00% of the paid-up share capital. 	<ul style="list-style-type: none"> € 0.02 million of short-term loan (no interest charged) <p>Movements during the Year</p> <ul style="list-style-type: none"> Balance at the beginning of the year Differences from changes in foreign exchange rates Balance at the end of the year 	<p>0.95</p> <p>0.92</p> <p><u>0.03</u></p> <p><u>0.95</u></p>	<ul style="list-style-type: none"> Short-term loan is used to support Sappe Europe's business operations.
3. Italmarket Slovakia, a.s. ("Italmarket")	<ul style="list-style-type: none"> Same shareholder, Mr. Ing. Ivan Jezo, holding 20.00% of Sappe Europe's paid-up share capital and 17.17% of Italmarket's paid-up share capital 	<ul style="list-style-type: none"> Sales of products to Italmarket. <ul style="list-style-type: none"> Revenue from sales Accounts receivable Transportation cost from products distribution by Italmarket. 	<p>4.17</p> <p>0.45</p> <p>0.08</p>	<ul style="list-style-type: none"> Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations. The price is similar to that of the market price The short-term loan is used to support Sappe Europe's business operations with interest rates comparable to the market rates.
		<ul style="list-style-type: none"> €0.08 million of short-term loan with interest rate of 2% per annum. Short-term loans Interest expense Accrued interest payable 	<p>3.04</p> <p>0.06</p> <p>0.83</p>	

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
		Movements during the Year <ul style="list-style-type: none"> - Balance at the beginning of the year - Differences from changes in foreign exchange rates - Balance at the end of the year 	2.95 <u>0.09</u> <u>3.04</u>	
Persons / Juristic Persons that may have a conflict of interest of Sappe Holding (Thailand) Co., Ltd. – Subsidiary				
1. Sappe Trading (Shanghai) Co., Ltd. (“Sappe Shanghai”)	<ul style="list-style-type: none"> ● A wholly owned subsidiary of Sappe HK ● Same authorized director, Ms. Piyajit Ruckariyapong 	<ul style="list-style-type: none"> ● Sales promotion and marketing in China expenses and Commission - Other accounts receivable Deduct Allowance for doubtful accounts Net	37.77 <u>(37.77)</u> <u>-</u>	<ul style="list-style-type: none"> ● Pricing is in accordance with market price, the same guideline as set for other non-related parties or organizations.
Persons / Juristic Persons that may have a conflict of interest of All Coco Group Co., Ltd. – Indirect subsidiary				
1. Mrs. Waraporn Manasrungeese	<ul style="list-style-type: none"> ● An authorized director and key executive 	<ul style="list-style-type: none"> ● 6.00 million baht of a short-term loan with interest rates of 3.2% per annum was repaid on 28 August 2019 in the amount of 2.33 million baht and on 10 June 2020 in the amount of 0.98 million baht. Another 0.5 million bath of a short-term loan (with no interest charges) was fully repaid on 30 August 2019. 		<ul style="list-style-type: none"> ● Short-term loan is used as working capital for All Coco group of companies, with interest rates comparable to the market rates.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
		<ul style="list-style-type: none"> - Short-term loans - Interest expense - Accrued interest payable <p><u>Movements during the Year</u></p> <ul style="list-style-type: none"> Balance at the beginning of the year Repayment Balance at the end of the year 	<p>2.69</p> <p>0.09</p> <p>0.31</p> <p>2.69</p> <p>-</p> <p><u>2.69</u></p>	
2. Mrs. Trakarnjit Suteesophon	<ul style="list-style-type: none"> ● An authorized director in indirect subsidiaries 	<ul style="list-style-type: none"> ● 6.00 million baht of a short-term loan with interest rates of 3.2% per annum was repaid on 28 August 2019 in the amount of 2.33 million baht and on 10 June 2020 in the amount of 0.98 million baht. Another 0.5 million bath of a short-term loan (with no interest charges) was fully repaid on 30 August 2019. <ul style="list-style-type: none"> - Short-term loans - Interest expense - Accrued interest payable 	<p>2.69</p> <p>0.09</p> <p>0.31</p>	<ul style="list-style-type: none"> ● Short-term loan is used as working capital for All Coco group of companies, with interest rates comparable to the market rates.

Person / Juristic Person that may have conflict of interest	Relationship	Transaction Type	Value of Connected Transaction , 2023 (million baht)	Pricing Policy and / or Reasonableness of the Transactions
		<p><u>Movements during the Year</u></p> <p>Balance at the beginning of the year</p> <p>Repayment</p> <p>Balance at the end of the year</p> <ul style="list-style-type: none"> ● Rental of factory land 	<p>2.69</p> <p>-</p> <p><u>2.69</u></p> <p>0.40</p>	

Necessity and Reasonableness of Connected Transaction

The Audit Committee has reviewed the connected transactions with the related parties or organizations for the fiscal year ending 31 December 2023 as detailed above and has been of the opinion that the said transactions were necessary and reasonable. For example, a trade of products, machinery and equipment are a normal business practice of the company. The transaction has general commercial conditions which is in accordance with the market price and can be compared with transactions made with other third parties not related to the company. Furthermore, the contract of land and buildings lease to be used as the company's production plants, their rental prices were based on the appraised value of the independent property appraiser. Therefore, the transactions were all reasonable and fair and did not cause the company to lose any benefits.

Measures or Procedures for Approving Connected Transactions

The Board of Directors has considered transactions that may have conflicts of interest or related transactions under ethical framework by screening them according to the policy and procedures for approving connected transactions which are in accordance with the law on Securities and Stock Exchange, regulations, announcements, orders, or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand involving in the said matter. In addition, the Board of Directors has also considered the compliance with the requirements regarding the disclosure of connected transaction information of the company or subsidiaries in accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditors of Thailand. In this regard, any person who may have a conflict of interest or have an interest in the transactions cannot participate or vote for approving the said transactions. In case that the law requires approval from the Board of Directors or at the shareholders' meeting of the company, the company will invite the Audit Committee to attend the meeting to consider and comment on the necessity of doing the transactions and the reasonability of such transactions.

Commercial Transactions with General Trade Conditions

For the transactions which are the commercial transactions with general commercial conditions occurring between the company or subsidiaries and a person who may have a conflict of interest or have an interest in the future, the company has specified frameworks of the said transactions which were considered and approved by the Audit Committee and were officially approved by the Board of Directors. When conducting the said transactions, the management of the company can approve the transaction conduction whereby the transactions must include a trade agreement in the same way that a reasonable person will do with general contracting parties in the same situation with the bargaining power without influence of a director, executive or related person (Arm's Length Basis). And the transactions must be a business transaction that the company or subsidiaries operate normally to do business or a business transaction in which companies in the same business as the company or subsidiaries tend to conduct to support their normal business. The business transaction must include a fair price and conditions, must not cause the transfer of benefits, and must include the following commercial conditions:

- 1) Price and conditions that the company or subsidiary receive or give to general public
- 2) Price and conditions that the connected persons give to the general public
- 3) Price and conditions that the company can show that other business operators also give those to the general public

In addition, in case of having any business transactions with Arm's Length Basis, the management of the company will a decision maker. After the management's approval, a summary report of the said connected transactions will be conducted to report to the meeting of the Board of Directors to acknowledge. In case that the Audit Committee

and the Board of Directors find that some actions are taken in violation of the established policies, the Audit Committee and the Board of Directors will work together to find solutions.

Commercial Transactions with No General Trade Condition or Other Transactions

In case that the commercial transactions did not include general commercial conditions or the commercial transactions occur between the company or a subsidiaries and a person who may have a conflict of interest or have an interest in the future, the company must propose to the Audit Committee to consider and comment on the necessity and appropriateness of the transactions, including the appropriateness of the price and conditions in those transactions. There must be a comparison of the price in those and the price made with third parties or the market price before presenting to the Board of Directors and / or the shareholders' meeting for further approval. In case that the Audit Committee is not skilled in considering any related transactions, the company will have an independent expert or the company's auditors to give an opinion on them instead. Therefore, the opinion will be used in the decision of the Audit Committee, the Board of Directors and / or the shareholders' meeting. In this regard, any person who may have a conflict of interest or have an interest in the transactions cannot participate or vote for approving the said transactions.

Policy or Trend of Future Connected Transactions

The company anticipated that in the future, the connected transactions will be normal business transactions as usual, including taking the interests of the company and its subsidiaries into account and without additional special items and transfer of benefits to each other. For the pricing policies between related parties, pricing will be the normal price of the business as the price specified for other unrelated parties / businesses. The future financial assistance to subsidiaries will continue as necessary and appropriate, such as a trade of products or costs of mutual marketing. However, for any connected transactions that may occur in the future, the Board of Directors must comply with the securities and exchange laws, regulations, announcements, orders, or requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board, and the Stock Exchange of Thailand. It also includes the compliance with the requirements regarding the disclosure of connected transaction information of the company or subsidiaries in accordance with the financial reporting standards specified by the Federation of Accounting Professions.

3

Financial Statements

To the Shareholders of Sappe Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Sappe Public Company Limited and its subsidiaries (the "Group") and of Sappe Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2023, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statement of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statement as a whole, and in forming our opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of inventories	
Refer to Notes 3 (g) and 7 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
As there is high competition in both local and overseas markets for health and functional drinks, new products are continuously launched to attract customers and fulfil their changing needs. Consequently, the products of the Group and the Company have short lives, their sales and selling prices are subject to the market situation, and long-outstanding inventories may result. The Group's and the Company's inventories are stated at the lower of cost and net realizable value which involves management's judgment. This is an area of focus in my audit.	My audit procedures included: <ul style="list-style-type: none">- Inquiry of the management to obtain an understanding of the Group's and the Company's policy in relation to setting provision for inventories and reviewing the Group's and the Company's compliance with this policy;- Understanding and evaluating the design and effectiveness of internal controls relevant to inventory management and attending inventory counts and observing the condition of inventories;- Testing the accuracy of inventory aging by checking samples to relevant supporting documents;- Testing the valuation of inventories by comparing their costs against their expected net realisable values less relevant selling expenses, and checking samples of the related supporting documents; and- Considering the adequacy of disclosure in accordance with the financial reporting standard.

Accrued promotional expenses	
Refer to Notes 3 (o) and 13 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>There is high competition in both local and overseas markets for health and functional drinks. The Group offers customers several types of promotional offers to compete with its competitors. The Group has accrued promotional expenses for these offers based on statistical information, and management's judgment on the behavior of both local and overseas customers, and the type of offer. This is an area of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiry of the management to obtain an understanding of the Group's policy in relation to accruing promotional expenses and reviewing the Group's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to the sales process and estimation of accrued promotional and marketing expenses; - Testing the calculation of accrued promotional expenses by checking to samples of related supporting documents; - Testing that accrued promotional expenses related to offers active as at year end and in the year by checking to samples of related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Piyarat Singkhorn)
Certified Public Accountant
Registration No. 11641

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2024

Statement of financial position

Sappe Public Company Limited and its Subsidiaries

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2023	2022	2023	2022
		<i>(in Baht)</i>			
<i>Current assets</i>					
Cash and cash equivalents	5	554,204,035	298,805,528	488,360,925	249,988,981
Trade accounts receivable	4, 6	328,421,144	324,144,288	311,035,091	281,164,717
Other current receivables	4	313,136,685	135,355,299	322,400,494	145,057,384
Short-term loans to related parties	4	-	-	5,610,000	5,610,000
Inventories	7	437,828,001	444,457,476	416,964,468	383,903,803
Other current financial assets	23	1,977,359,045	1,829,719,197	1,977,359,045	1,829,719,197
Other current assets		44,858,492	46,800,257	44,708,034	46,505,814
Non-current assets classified as held for sale	9	-	-	-	-
Total current assets		3,655,807,402	3,079,282,045	3,566,438,057	2,941,949,896
<i>Non-current assets</i>					
Other non-current financial assets	23	40,588,514	66,752,211	40,588,514	66,752,211
Investment in associates	8	75,849,839	89,124,378	-	-
Investment in joint venture	8	23,328,546	30,173,997	-	-
Investment in subsidiaries	9	-	-	426,999,980	419,999,980
Property, plant and equipment	11	1,664,870,526	1,067,733,408	1,556,960,599	946,759,852
Right-of-use assets	4	52,822,916	64,211,926	44,069,178	54,785,144
Goodwill	12	90,898,858	90,898,858	-	-
Intangible assets other than goodwill		32,823,716	37,042,812	25,816,953	29,390,098
Deferred tax assets		32,304,953	26,410,724	27,447,800	26,096,297
Other non-current assets	4	10,946,094	9,696,527	5,600,218	5,431,538
Total non-current assets		2,024,433,962	1,482,044,841	2,127,483,242	1,549,215,120
Total assets		5,680,241,364	4,561,326,886	5,693,921,299	4,491,165,016

The accompanying notes form an integral part of the financial statements.

Statement of financial position

Sappe Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2023	2022	2023	2022
		<i>(in Baht)</i>			
<i>Current liabilities</i>					
Bank overdraft	23	-	1,056,720	-	-
Trade accounts payable	4, 23	270,819,635	229,971,102	278,991,453	240,030,295
Other current payables	4, 13, 23	1,214,577,277	734,226,339	1,202,142,927	709,614,145
Short-term borrowings from related parties	4, 23	9,469,955	9,346,280	-	-
Current portion of lease liabilities	23	11,516,428	10,923,298	11,045,934	10,473,094
Current income tax payable		129,981,610	85,613,016	129,860,796	85,339,511
Current provisions for employee benefits	14	11,110,000	-	11,110,000	-
Total current liabilities		1,647,474,905	1,071,136,755	1,633,151,110	1,045,457,045
<i>Non-current liabilities</i>					
Lease liabilities	23	49,202,415	60,542,287	39,484,846	50,354,224
Deferred tax liabilities		1,048,224	2,970,068	-	-
Non-current provisions for employee benefits	14	82,491,983	61,817,249	80,343,745	60,334,114
Other non-current liabilities	4	4,158,532	4,806,986	-	-
Total non-current liabilities		136,901,154	130,136,590	119,828,591	110,688,338
Total liabilities		1,784,376,059	1,201,273,345	1,752,979,701	1,156,145,383

The accompanying notes form an integral part of the financial statements.

Statement of financial position

Sappe Public Company Limited and its Subsidiaries

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2023	2022	2023	2022
		<i>(in Baht)</i>			
Equity					
Share capital	15				
Authorized share capital		<u>308,289,080</u>	<u>308,438,080</u>	<u>308,289,080</u>	<u>308,438,080</u>
Issued and paid-up share capital		308,289,080	308,289,080	308,289,080	308,289,080
Share premium on ordinary shares	15	1,082,229,917	1,082,229,917	1,082,229,917	1,082,229,917
Share-based payment reserve	16	5,907,085	-	5,907,085	-
Treasury shares	16	(12,565,270)	-	(12,565,270)	-
Difference arising from common control transactions		(4,365,342)	(4,365,342)	-	-
Retained earnings					
Appropriated					
Legal reserve	17	30,843,808	30,843,808	30,843,808	30,843,808
Treasury shares reserve	16	12,565,270	-	12,565,270	-
Unappropriated		2,392,263,760	1,839,295,337	2,513,671,708	1,913,656,828
Other components of equity					
currency translation differences		<u>2,338,956</u>	<u>1,520,884</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the parent		<u>3,817,507,264</u>	<u>3,257,813,684</u>	<u>3,940,941,598</u>	<u>3,335,019,633</u>
Non-controlling interests	10	<u>78,358,041</u>	<u>102,239,857</u>	<u>-</u>	<u>-</u>
Total equity		<u>3,895,865,305</u>	<u>3,360,053,541</u>	<u>3,940,941,598</u>	<u>3,335,019,633</u>
Total liabilities and equity		<u>5,680,241,364</u>	<u>4,561,326,886</u>	<u>5,693,921,299</u>	<u>4,491,165,016</u>

The accompanying notes form an integral part of the financial statements.

Statement of income

Sappe Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2023	2022	2023	2022
<i>(in Baht)</i>					
Revenue					
Revenue from sale of goods	4, 18	6,052,567,585	4,566,400,225	5,813,362,582	4,317,244,159
Other income	4, 19	145,843,875	333,105,003	141,376,654	325,507,533
Net foreign exchange gain		9,298,634	-	11,508,206	-
Total revenue		6,207,710,094	4,899,505,228	5,966,247,442	4,642,751,692
Expenses					
Cost of sales of goods	7, 20	3,341,390,231	2,702,901,207	3,118,066,181	2,499,141,155
Distribution costs	20	986,386,991	982,880,716	970,286,174	961,602,065
Administrative expenses	20	512,238,340	383,269,509	473,307,701	355,113,100
Net foreign exchange loss		-	8,510,177	-	6,905,560
Total expenses		4,840,015,562	4,077,561,609	4,561,660,056	3,822,761,880
Profit from operating activities		1,367,694,532	821,943,619	1,404,587,386	819,989,812
Finance costs	4	(2,552,621)	(2,285,096)	(1,812,606)	(1,588,755)
Impairment loss determined in accordance with TFRS 9	6, 23	(19,739,921)	(3,866,481)	(714,966)	(4,332,499)
Share of profit (loss) from associates and joint venture accounted for using equity method	8	(20,119,990)	343,818	-	-
Profit before income tax expense		1,325,282,000	816,135,860	1,402,059,814	814,068,558
Tax expense		274,765,233	161,706,639	280,814,728	161,362,560
Profit for the year		1,050,516,767	654,429,221	1,121,245,086	652,705,998
Profit (loss) attributable to:					
Owners of the parent		1,074,198,630	653,151,459	1,121,245,086	652,705,998
Non-controlling interests	10	(23,681,863)	1,277,762	-	-
		1,050,516,767	654,429,221	1,121,245,086	652,705,998
Basic earnings per share	21	3.49	2.12	3.64	2.12

The accompanying notes form an integral part of the financial statements.

Statement of comprehensive income

Sappe Public Company Limited and its Subsidiaries

	Consolidated financial statements		Separate financial statements		
	Year ended 31 December		Year ended 31 December		
	Note	2023	2022	2023	2022
		<i>(in Baht)</i>			
Profit for the year		1,050,516,767	654,429,221	1,121,245,086	652,705,998
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		618,119	2,605,681	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Loss on remeasurements of defined benefit plans	14	-	(11,805,614)	-	(11,805,614)
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	2,361,123	-	2,361,123
Total items that will not be reclassified subsequently to profit or loss		-	(9,444,491)	-	(9,444,491)
Other comprehensive income (expense) for the year, net of tax		618,119	(6,838,810)	-	(9,444,491)
Total comprehensive income for the year		1,051,134,886	647,590,411	1,121,245,086	643,261,507
Total comprehensive income (expense) attributable to:					
Owners of the parent		1,075,016,702	646,141,952	1,121,245,086	643,261,507
Non-controlling interests	10	(23,881,816)	1,448,459	-	-
		1,051,134,886	647,590,411	1,121,245,086	643,261,507

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

Sappe Public Company Limited and its Subsidiaries

	Consolidated financial statements										
	Note	Issued and paid-up share capital	Share premium	Warrants	Difference arising from common control transactions	Retained earnings		Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
						Legal reserve	Unappropriated	Translation reserve			
(in Baht)											
Year ended 31 December 2022											
Balance at 1 January 2022		306,086,680	1,021,354,110	19,029,377	(4,365,342)	30,843,808	1,533,645,297	(914,100)	2,905,679,830	100,791,398	3,006,471,228
Transactions with owners, recorded directly in equity											
<i>Contributions by and distributions to owners of the parent</i>											
Shares options exercised	15	2,202,400	60,875,807	(17,796,864)	-	-	-	-	45,281,343	-	45,281,343
Share-based payment transactions	16	-	-	(1,232,513)	-	-	-	-	(1,232,513)	-	(1,232,513)
Dividends	22	-	-	-	-	-	(338,056,928)	-	(338,056,928)	-	(338,056,928)
<i>Total contributions by and distributions to owners of the parent</i>		<u>2,202,400</u>	<u>60,875,807</u>	<u>(19,029,377)</u>	<u>-</u>	<u>-</u>	<u>(338,056,928)</u>	<u>-</u>	<u>(294,008,098)</u>	<u>-</u>	<u>(294,008,098)</u>
Total transactions with owners, recorded directly in equity		<u>2,202,400</u>	<u>60,875,807</u>	<u>(19,029,377)</u>	<u>-</u>	<u>-</u>	<u>(338,056,928)</u>	<u>-</u>	<u>(294,008,098)</u>	<u>-</u>	<u>(294,008,098)</u>
Comprehensive income for the year											
Profit		-	-	-	-	-	653,151,459	-	653,151,459	1,277,762	654,429,221
Other comprehensive income (expense)		-	-	-	-	-	(9,444,491)	2,434,984	(7,009,507)	170,697	(6,838,810)
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>643,706,968</u>	<u>2,434,984</u>	<u>646,141,952</u>	<u>1,448,459</u>	<u>647,590,411</u>
Balance at 31 December 2022		<u>308,289,080</u>	<u>1,082,229,917</u>	<u>-</u>	<u>(4,365,342)</u>	<u>30,843,808</u>	<u>1,839,295,337</u>	<u>1,520,884</u>	<u>3,257,813,684</u>	<u>102,239,857</u>	<u>3,360,053,541</u>

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

Sappe Public Company Limited and its Subsidiaries

	Consolidated financial statements												
	Note	Issued and paid-up share capital	Share premium	Share-based payment reserve	Treasury shares	Difference arising from common control transactions	Retained earnings			Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
							Legal reserve	Treasury share reserves	Unappropriated	Translation reserve			
(in Baht)													
Year ended 31 December 2023													
Balance at 1 January 2023		308,289,080	1,082,229,917	-	-	(4,365,342)	30,843,808	-	1,839,295,337	1,520,884	3,257,813,684	102,239,857	3,360,053,541
Transactions with owners, recorded directly in equity													
<i>Contributions by and distributions to owners of the parent</i>													
Shares options exercised	16	-	-	5,907,085	-	-	-	-	-	-	5,907,085	-	5,907,085
Share-based payment transactions	16	-	-	-	(12,565,270)	-	-	12,565,270	(12,565,270)	-	(12,565,270)	-	(12,565,270)
Dividends	22	-	-	-	-	-	-	-	(508,664,937)	-	(508,664,937)	-	(508,664,937)
Total contributions by and distributions to owners of the parent		-	-	5,907,085	(12,565,270)	-	-	12,565,270	(621,230,207)	-	(615,323,122)	-	(615,323,122)
Total transactions with owners, recorded directly in equity		-	-	5,907,085	(12,565,270)	-	-	12,565,270	(621,230,207)	-	(615,323,122)	-	(615,323,122)
Comprehensive income for the year													
Profit or loss		-	-	-	-	-	-	-	1,074,198,630	-	1,074,198,630	(23,681,863)	1,050,516,767
Other comprehensive income		-	-	-	-	-	-	-	-	818,072	818,072	(199,953)	618,119
Total comprehensive income for the year		-	-	-	-	-	-	-	1,074,198,630	818,072	1,075,016,702	(23,881,816)	1,051,134,886
Balance at 31 December 2023		<u>308,289,080</u>	<u>1,082,229,917</u>	<u>5,907,085</u>	<u>(12,565,270)</u>	<u>(4,365,342)</u>	<u>30,843,808</u>	<u>12,565,270</u>	<u>2,392,263,760</u>	<u>2,338,956</u>	<u>3,817,507,264</u>	<u>78,358,041</u>	<u>3,895,865,305</u>

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

Sapoe Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Share premium	Separate financial statements			Total equity
				Warrants	Legal reserve	Unappropriated	
				Retained earnings			
				<i>(in Baht)</i>			
Year ended 31 December 2022							
Balance at 1 January 2022		306,086,680	1,021,354,110	19,029,377	30,843,808	1,608,452,249	2,985,766,224
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Shares options exercised	15	2,202,400	60,875,807	(17,796,864)	-	-	45,281,343
Share-based payment transactions	16	-	-	(1,232,513)	-	-	(1,232,513)
Dividends	22	-	-	-	-	(338,056,928)	(338,056,928)
<i>Total contributions by and distributions to owners</i>		2,202,400	60,875,807	(19,029,377)	-	(338,056,928)	(294,008,098)
Comprehensive income for the year							
Profit		-	-	-	-	652,705,998	652,705,998
Other comprehensive income (expense)		-	-	-	-	(9,444,491)	(9,444,491)
Total comprehensive income for the year		-	-	-	-	643,261,507	643,261,507
Balance at 31 December 2022		308,289,080	1,082,229,917	-	30,843,808	1,913,656,828	3,335,019,633

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

Saboe Public Company Limited and its Subsidiaries

	Note	Separate financial statements							Total equity
		Issued and paid-up share capital	Share premium	Share-based payment reserve	Treasury shares	Retained earnings			
						Legal reserve	Treasury share reserves	Unappropriated	
<i>(in Baht)</i>									
Year ended 31 December 2023									
Balance at 1 January 2023		308,289,080	1,082,229,917	-	-	30,843,808	-	1,913,656,828	3,335,019,633
Transactions with owners, recorded directly in equity									
<i>Contributions by and distributions to owners</i>									
Shares options exercised	16	-	-	5,907,085	-	-	-	-	5,907,085
Share-based payment transactions	16	-	-	-	(12,565,270)	-	12,565,270	(12,565,270)	(12,565,270)
Dividends	22	-	-	-	-	-	-	(508,664,936)	(508,664,936)
<i>Total contributions by and distributions to owners</i>		-	-	5,907,085	(12,565,270)	-	12,565,270	(521,230,206)	(515,323,121)
Comprehensive income for the year									
Profit		-	-	-	-	-	-	1,121,245,086	1,121,245,086
Total comprehensive income for the year		-	-	-	-	-	-	1,121,245,086	1,121,245,086
Balance at 31 December 2023		<u>308,289,080</u>	<u>1,082,229,917</u>	<u>5,907,085</u>	<u>(12,565,270)</u>	<u>30,843,808</u>	<u>12,565,270</u>	<u>2,513,671,708</u>	<u>3,940,941,598</u>

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

Sappe Public Company Limited and its Subsidiaries

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2023	2022	2023	2022
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Payment on investments in subsidiaries	9	-	-	(7,000,000)	(30,000,000)
Acquisition of interest in joint venture	8	-	(30,000,000)	-	-
Acquisition of other current financial assets	23	(3,935,902,333)	(3,303,505,779)	(3,935,902,333)	(3,303,505,779)
Proceeds from sale of other current financial assets	23	3,835,902,333	2,853,405,779	3,835,902,333	2,853,405,779
Acquisition of other long-term investments	23	(10,629,540)	-	(10,629,540)	-
Proceeds from sale of other long-term investments	23	17,000,000	-	17,000,000	-
Acquisition of plant and equipment		(776,477,464)	(314,793,927)	(770,524,070)	(308,230,555)
Proceeds from sale of plant and equipment		1,069,659	1,579,559	1,056,075	1,538,318
Acquisition of intangible assets		(2,972,196)	(1,268,854)	(2,600,874)	(1,179,154)
Interest received		3,680,787	2,491,731	3,680,787	2,491,730
Net cash used in investing activities		(868,328,754)	(792,091,491)	(869,017,622)	(785,479,661)
<i>Cash flows from financing activities</i>					
Proceeds from bank overdrafts		(1,056,720)	(830,840)	-	-
Proceeds from exercise of share options		-	45,281,344	-	45,281,344
Payments to owners to acquire or redeem the equity's shares	16	(12,565,270)	-	(12,565,270)	-
Payment of lease liabilities		(10,746,742)	(10,990,411)	(10,296,538)	(10,244,231)
Dividend paid to owners of the Company	22	(508,664,937)	(338,056,928)	(508,664,937)	(338,056,928)
Interest paid		(2,292,665)	(2,070,721)	(1,812,606)	(1,588,755)
Net cash used in financing activities		(535,326,334)	(306,667,556)	(533,339,351)	(304,608,570)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		260,040,169	(83,806,421)	243,013,606	(74,558,319)
Effect of exchange rate changes on cash and cash equivalents		(4,641,662)	2,312	(4,641,662)	2,312
Net increase (decrease) in cash and cash equivalents		255,398,507	(83,804,109)	238,371,944	(74,556,007)
Cash and cash equivalents at 1 January		298,805,528	382,609,637	249,988,981	324,544,988
Cash and cash equivalents at 31 December	5	554,204,035	298,805,528	488,360,925	249,988,981
<i>Non-cash transactions</i>					
Outstanding payables for purchases of plant and equipment		19,743,355	26,732,059	19,539,388	26,580,354
Outstanding payables for purchases of intangible assets		769,324	147,907	624,824	147,907

The accompanying notes form an integral part of the financial statements.

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 23 February 2024.

1 General information

Sappe Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand. The Company’s registered head office and branches as follows:

Head Office : 9/3 Serithai Road, Kannayao, Kannayao District, Bangkok
 Branch 1 : 71 Ramkhamhaeng Road, Huamark, Bangkok District, Bangkok
 Branch 2 : 8 Moo 7, Puech-udom, Lamlukka District, Pathumthani

The principal activities of the Company are manufacturing and distributing health drinking and food product. The principal activities of the Group are manufacturing and distributing health drinking, food and coconut products. Details of subsidiaries, associates and joint venture as at 31 December 2023 and 2022 were as following;

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			2023	2022
<i>Direct subsidiaries</i>				
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
<i>Indirect subsidiaries</i>				
Sappe Trading (HongKong) Company Limited	Import, export and distribution of goods	Hong Kong	100	100
Sappe Hong Kong Company Limited	Group management service	Hong Kong	100	100
Sappe Trading (Shanghai) Co., Ltd.	Distributing health drinking product	People’s Republic of China	100	100
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	51	51
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	51	51
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	51	51
Sappe Philippines Corporation	Distributing health drinking product	Philippines	100	-
<i>Indirect associates</i>				
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	Thailand	25	25
M Intelligence Co., Ltd.	Distributing digital transformation products	Thailand	16.21	16.21
<i>Indirect joint venture</i>				
WOPE Co., Ltd.	Distributing candy and coffee products	Thailand	60	60

2 Basis of preparation of the financial statements

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. The accounting policies are described in notes 3, have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and joint venture.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognised investments in associates and joint venture using the equity method in the consolidated financial statements. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group’s dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations

The Group applies the acquisition method when the Group assess that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group other than those with entities under common control. Expenses in connection with a business combination are recognised as incurred.

The Group elect to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than a business acquisition when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less net fair value of the identifiable assets acquired and liabilities assumed. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combination under common control is accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the transaction date. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or deficit will be written off upon divestment of the businesses acquired. The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

(b) Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture in the separate financial statements are measured at cost less allowance for impairment losses. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. If the Group disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognised in profit or loss.

(c) Foreign currencies

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currencies are translated to the respective functional currencies of each entity in the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated at the exchange rates at the dates that fair value was determined.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rate at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity until disposal of the investment.

(d) Financial instruments

(d.1) Classification and Recognition

Financial assets and financial liabilities (except trade accounts receivables (see note 3 (f))) are initially recognised when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value plus or minus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition.

On initial recognition, a financial asset is classified as measured at: amortised cost; or fair value to profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, a financial liability is measured at amortised cost using the effective interest method or FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognised in profit or loss.

Financial assets measured at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and any gain or loss on derecognition are recognised in profit or loss.

(d.2) Derecognition and Offset

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received or paid is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(d.3) Derivatives

Derivatives are recognised at fair value and remeasured at the end of each reporting period. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(d.4) Impairment of financial assets other than trade accounts receivables

The Group recognises ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is equivalent to the globally understood definition of 'investment grade'. The Group recognises ECLs for low credit risk financial assets as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results of the debtor and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(d.5) Write offs

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments which has a maturity of three months or less from the date of acquisition. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

(f) Trade accounts receivable

A trade receivable is recognised when the Group has an unconditional right to receive consideration. A trade receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status, taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated as follows:

Finished goods	- at standard cost which approximates current production cost, at weighted average cost.
Work in progress	- at standard cost which includes raw materials, variable labour and manufacturing overhead costs and
Raw materials, spare parts, factory supplies and others	- at weighted average cost.

Cost includes direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes capitalised borrowing costs, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Difference between the proceeds from disposal and the carrying amount of property, plant and equipment are recognised in profit or loss.

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated based on a straight-line basis over the estimated useful lives of each component of an asset and recognised in profit or loss. No depreciation is provided on freehold land and assets under construction.

The estimated useful lives are as follows:

Land improvement	5 - 15	years
Buildings and building improvement	5 - 20	years
Machinery and equipment	3 - 15	years
Furniture, fixtures and office equipment	3 - 20	years
Vehicles	5	years

(i) Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment

(j) Other intangible assets

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits. Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognised in profit or loss.

The estimated useful lives are as follows:

Software licences	3 - 10	years
Trademarks and copyrights		Agreement life

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. For the leases of property, the Group has elected not to separate non-lease components and accounted for the lease and non-lease components wholly as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any prepaid lease payments, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a lease modification. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(l) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount, unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses of assets recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Employee benefits

Obligations for contributions to the Group's provident funds are expensed as the related service is provided.

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The defined benefit obligations is discounted to the present value, which performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(n) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(o) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price, the financial instrument is initially measured at fair value adjusted for the difference between the fair value on initial recognition and the transaction price and the difference is recognised in profit or loss immediately. However, for the fair value categorised as level 3, such difference is deferred and will be recognised in profit or loss on an appropriate basis over the life of the instrument or until the fair value level is transferred or the transaction is closed out.

(q) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Share premium on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

(r) Revenue from contract with customer

Revenue is recognised when a customer obtains control of the goods in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and is after deduction of any trade discounts and volume rebates.

Revenue from sales of goods is recognised on the date on which the goods are delivered to the customers. The related costs are recognised in profit or loss when they are incurred.

(s) Income tax

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset in the separate financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) *Earnings per share*

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

4 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

Relationships with subsidiaries, associates and joint venture are described in notes 1, 8 and 9. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation	Nature of relationships
TTT Corporation Co., Ltd.	Thailand	Common major shareholder
Hayashi Products Co., Ltd.	Thailand	Common major shareholder
Hose Center Company Limited.	Thailand	Common major shareholder
Italmarket Slovakia, a.s.	Slovakia	Held by the shareholders in a subsidiary
Social Lab Co.,Ltd.	Thailand	One of family member of the company's director is a director.
Group of Persons Ruckariyapong	Thailand	Held by key management personnel
Key management personnel	Thailand	Personnel who have authority and responsibility for planning, ordering and controlling for all direct and indirect activities including directors of the Group. (regardless of management role)

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

<i>Significant transactions with related parties</i> <i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	8	861
Purchase of goods	-	-	74,062	95,911
Other income	-	-	4	12
Interest income	-	-	537	526
Distribution costs and administrative expenses	-	-	1,570	4,205
Joint venture				
Sales of goods	1,188	1,129	1,188	1,129
Purchase of goods	22,671	5,107	22,671	5,107
Other income	1,782	419	1,782	419
Associates				
Purchase of goods	135,674	105,004	135,674	105,004
Other income	996	2,685	996	2,685
Distribution costs and administrative expense	-	183	-	183
Other related parties				
Sales of goods	4,172	4,162	-	-
Purchases of machinery and equipment	504	1,737	504	1,737
Other income	147	145	147	145
Consultant fee	1,200	1,200	1,200	1,200
Distribution costs and administrative expenses	577	838	500	719
Interest expense	233	231	-	-
Key management personnel				
Short-term employee benefit and others	113,856	76,494	113,856	76,494
Long-term employee benefit	12,972	2,438	12,972	2,438
Share-based payments	2,908	-	2,908	-

Intercompany sales to and purchase from associates described above excluded co-packing and distribution with an indirect associate and a joint venture of Baht 130.65 million for the year ended 31 December 2023 (2022: Baht 90.88 million).

<i>Balances with related parties</i> <i>As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Trade accounts receivable				
Subsidiaries	-	-	-	7
Joint venture	930	-	930	-
Associates	3,188	1	3,188	1
Other related parties	450	194	-	-
Total	4,568	195	4,118	8

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

<i>Balances with related parties As at 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Other current receivables</i>				
Subsidiaries	-	-	23,302	32,062
Joint venture	384	83	384	83
Associate	104	105	104	105
Other related parties	12	17	12	17
	<u>500</u>	<u>205</u>	<u>23,802</u>	<u>32,267</u>
<i>Less allowance for expected credit loss</i>	-	-	(15,500)	(14,567)
Net	<u>500</u>	<u>205</u>	<u>8,302</u>	<u>17,700</u>
<i>Loans to</i>				
Subsidiaries	-	-	14,516	14,228
<i>Less allowance for expected credit loss</i>	-	-	(8,906)	(8,618)
Net	<u>-</u>	<u>-</u>	<u>5,610</u>	<u>5,610</u>
<i>Other non-current assets</i>				
Other related parties	<u>2,230</u>	<u>2,230</u>	<u>2,230</u>	<u>2,230</u>
	Consolidated financial statements		Separate financial statements	
<i>Expected credit losses For the year ended 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Other current receivables	-	-	933	619
Loans to	-	-	288	251
	Consolidated financial statements		Separate financial statements	
<i>Balances with related parties As at 31 December</i>	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Trade accounts payable</i>				
Subsidiaries	-	-	12,759	16,941
Joint venture	4,412	3,766	4,412	3,766
Associates	22,365	18,774	22,365	18,774
Total	<u>26,777</u>	<u>22,540</u>	<u>39,536</u>	<u>39,481</u>
<i>Other current payable</i>				
Subsidiaries	-	-	4,833	58
Associates	-	1,226	-	1,226
Other related parties	1,443	1,282	-	96
Total	<u>1,443</u>	<u>2,508</u>	<u>4,833</u>	<u>1,380</u>
<i>Lease liability</i>				
Other related parties	<u>37,886</u>	<u>45,202</u>	<u>31,089</u>	<u>38,311</u>
<i>Loans from</i>				
Other related parties	<u>9,470</u>	<u>9,346</u>	<u>-</u>	<u>-</u>
<i>Other non-current liability</i>				
Other related parties	<u>4,149</u>	<u>4,017</u>	<u>-</u>	<u>-</u>

The memorandum of association of a subsidiary states that the subsidiary has to pay dividends from net profit of Euro 109,076.03 to a shareholder. The first gainer is a shareholder and then the rest of the profit will be allocated according to the proportion of the investment held. As of 31 December 2023, the management considered to recognise a provision following the regulations of the subsidiary of Baht 4.15 million (2022: Baht 4.02 million) under "Other non-current liabilities" in the consolidated financial statements.

Significant agreements with related parties

(a) Land lease agreement

The Company has a land lease agreement with related parties under which the parties agree that the Company has the right to lease the land for 20 years ended year 2033 and the Company is committed to pay an initial deposit and the monthly land lease. Each year the parties will add 3.33% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination. On 19 May 2014, the Company entered into an amendment memorandum to revise the above rate of land lease from 3.33% per year to 2% per year. However, after three years of this agreement, the Company has the option to purchase this land from the lessor at the average of the appraised values as determined by independent appraisers.

The Group has a land lease agreement with a related party under which the party agree that the Group has the right to lease the land for 30 years ended year 2046 and the Group is committed to pay the monthly land lease. Every 5 years the party will add 10% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination.

(b) Land and building lease agreement

The Company has a land and building lease agreement with a related party under which the parties agree that the Company has the right to lease the land and building for 3 years ending in year 2025. In consideration thereof, the Company is committed to pay an initial deposit and the monthly land and building lease. Each year the parties will add 3% of the latest monthly land and building lease. The term of this agreement is continued until either party gives written notice at least 30 days prior to the effective date of termination.

(c) Co-packing agreement

The Company has a co-packing agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to produce health drinking product. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification or instructions. This agreement shall be effective from 27 February 2019, and shall remain in full force and effect as long as the Group is a shareholder of Danone Sappe Beverage Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement. Subsequently, the Company amended the agreement, effective from 1 April 2022 onwards.

The Company has a production agreement with Social Lab Co., Ltd., which held by the directors' family to produce collagen supplements. The Company is responsible for procuring raw material and packaging and producing. This agreement is effective from 11 March 2021 to 15 March 2022. The parties are committed to pay service fees at the rates stipulated in the agreement.

The Company has production agreement with WOPE Co., Ltd., an indirect joint venture, to produce food and beverage products. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification, or instructions. This agreement shall be effective from 1 October 2022, and shall remain in full force and effect as long as the Group is a shareholder of WOPE Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

(d) Distribution agreement

The Company has a distribution agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to distribute health drinking product. The term of this agreement shall be for an initial period of 5 years from 27 February 2019. The term of this agreement shall be renewed automatically and extended for successive further periods of 2 years each, unless either gives written notice no later than 6 months before the expiry date. The parties are committed to pay service fee at the rate as stipulated in the agreement. Subsequently, the Company amended the agreement, effective from 1 April 2022 onwards.

The Company has distribution agreement with WOPE Co., Ltd., an indirect joint venture, to distribute food and beverage products. This agreement shall be effective from 1 October 2022, and shall remain in full force and effect as long as the Group is a shareholder of WOPE Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Cash on hand	48	42	-	10
Cash at banks	554,156	298,764	488,361	249,979
Total	554,204	298,806	488,361	249,989

6 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<i>At 31 December</i>	<i>(in thousand Baht)</i>			
Within credit terms	146,091	157,543	136,360	152,117
Overdue				
Less than 3 months	132,400	134,999	124,622	124,055
3 - 6 months	48,172	16,632	48,146	6,076
6 - 12 months	433	18,392	380	1,806
More than 12 months	27,332	1,796	4,416	437
Total	354,428	329,362	313,924	284,491
Less allowance for expected credit loss	(26,007)	(5,218)	(2,889)	(3,326)
Net	328,421	324,144	311,035	281,165

<i>Allowance for expected credit loss</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
		<i>(in thousand Baht)</i>		
At 1 January	5,218	1,850	3,326	24
Addition	20,789	3,368	-	3,302
Reversal	-	-	(437)	-
At 31 December	26,007	5,218	2,889	3,326

Information of credit risk is disclosed in note 26 (b.1).

7 Inventories

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
		<i>(in thousand Baht)</i>		
Finished goods	382,539	322,566	359,476	282,776
Trading goods	17,533	3,888	17,051	3,668
Work in progress	11,407	24,090	10,728	11,424
Raw materials	22,235	31,991	21,631	31,132
Package and packing material	29,019	58,118	25,058	53,234
Spare parts, factory supplies and others	4,746	26,943	285	23,342
Goods in transit	1,281	1,648	1,281	1,648
Total	468,760	469,244	435,510	407,224
<i>Less</i> Allowance for decline in value	(2,725)	(1,985)	(1,484)	(1,985)
Allowance for slow moving	(28,207)	(22,802)	(17,062)	(21,335)
Net	437,828	444,457	416,964	383,904
Inventories recognised in ‘cost of sales of goods’:				
- Cost	3,344,923	2,697,983	3,122,840	2,494,223
- Write-down to net realisable value (reversal)	740	45	(501)	45
- Write-down (reversal)	(4,273)	4,873	(4,273)	4,873
Net	3,341,390	2,702,901	3,118,066	2,499,141

8 Investment in associates and joint venture

		Consolidated financial statements							
	Type of business	Ownership interest		Paid-up capital		Cost		At equity method	
		2023	2022	2023	2022	2023	2022	2023	2022
		(%)				(in thousand Baht)			
<i>Indirect associates</i>									
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	25.0	25.0	300,000	300,000	75,000	75,000	19,110	20,098
M Intelligence Co., Ltd.	Distributing digital transformation products	16.2	16.2	4,947	4,947	70,000	70,000	56,740	69,026
						145,000	145,000	75,850	89,124
<i>Indirect joint venture</i>									
WOPE Co., Ltd.	Distributing candy and coffee products	60.0	60.0	50,000	50,000	30,000	30,000	23,329	30,174
Total						175,000	175,000	99,179	119,298

An indirect associate and indirect joint venture were incorporated in Thailand.

None of the Group's associates are publicly listed and consequently do not have published price quotations.

<i>Material movement for the year ended 31 December</i>	Consolidated financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Joint venture</i>		
Acquire investment in WOPE Co., Ltd.	-	30,000

On 27 September 2022, the Group purchased share of WOPE Co., Ltd. by acquiring 60 percent shareholding interest or 300,000 shares (Baht 100 par value) amounting to Baht 30 million. WOPE Co., Ltd. was accounted as a joint venture of the group under which the Group has joint control over the company.

Material associates

The following table summarises the financial information of the material associates as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in these companies.

	Danone Sappe Beverage Co., Ltd.	
	2023	2022
	<i>(in thousand Baht)</i>	
Revenue	130,809	102,674
Profit (loss) from continuing operations	(2,137)	5,665
Total comprehensive income (100%)	(2,137)	5,665
Total comprehensive income of the Group's interest	(534)	1,416
Elimination of unrealised profit on downstream sales and upstream purchase	(454)	(30)
Group's share of total comprehensive income	(988)	1,386
Current assets	93,785	87,536
Non-current assets	22	68
Current liabilities	(9,816)	(1,476)
Net assets (100%)	83,991	86,128
Group's share of net assets	20,998	21,532
Elimination of unrealised profit on downstream sales and upstream purchase	(1,888)	(1,434)
Carrying amount of interest in associate	19,110	20,098

Immaterial associates and joint ventures

The following is summarized financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	M Intelligence Co., Ltd.		WOPE Co., Ltd.	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Carrying amount of interests in immaterial associates and joint ventures	70,000	70,000	30,000	30,000
Group's share of:				
- Profit (loss) from continuing operations	(12,286)	(1,217)	(6,845)	174
- Total comprehensive income (expense)	(12,286)	(1,217)	(6,845)	174

9 Investments in subsidiaries

	Ownership interest		Paid-up capital		Separate financial statements					
					Cost		Impairment		At cost - net	
					2023	2022	2023	2022	2023	2022
	(%)		2023	2022	(in thousand Baht)					
<i>Direct subsidiaries</i>										
Sappe Europe s.r.o.	60	60	EUR 6,639		-	162	-	(162)	-	-
Sappe Holding (Thailand) Co., Ltd.	100	100	Baht 427 million	Baht 420 million	427,000	420,000	-	-	427,000	420,000
Total					427,000	420,162	-	(162)	427,000	420,000
<i>Indirect subsidiaries</i>										
Sappe Trading (Hong Kong) Company Limited	100	100	HKD 100,000		454	454	(454)	(454)	-	-
Sappe Hong Kong Company Limited	100	100	HKD 3,000,000		13,980	13,980	(13,980)	(13,980)	-	-
Sappe Trading (Shanghai) Co., Ltd.	100	100	CNY 2,000,000		10,173	10,173	(10,173)	(10,173)	-	-
All Coco Group Co., Ltd.	51	51	Baht 168 million		196,350	196,350	-	-	196,350	196,350
SAPPE Philippines Corporation	100	-	10,981,738 PHP		6,860	-	-	-	6,860	-

<i>Material movement for the year ended 31 December</i>	Separate financial statements	
	2023	2022
	<i>(in thousand Baht)</i>	
Increase capital of Sappe Holding (Thailand) Co., Ltd.	7,000	30,000
Impairment loss on investments in Sappe Europe s.r.o	-	(162)

Sappe Holding (Thailand) Co., Ltd.

In August 2022, Sappe Holding (Thailand) Co., Ltd., increased its registered share capital from Baht 390 million to Baht 420 million (42,000,000 shares, at the price of Baht 10 per share) by issuing authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 30 million (3,000,000 shares, at the price of Baht 10 per share). The Company made a payment for Baht 30 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 29 August 2022.

In March 2023, Sappe Holding (Thailand) Co., Ltd. increase its registered share capital from Baht 420 million to Baht 427 million (42,700,000 shares, at the price of Baht 10 per share) by issue authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 7 million (700,000 shares, at the price of Baht 10 per share). The Company had paid-up share capital amounting to Baht 7 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 17 March 2023.

SAPPE Philippines Corporation

During the year 2023, SAPPE Philippines Corporation registered its authorized share capital amounting to PHP 22 million (20,000 shares at PHP 1,100 per share) with a subscription of 10,000 shares at PHP 1,100 per share. Sappe Holding (Thailand) Co., Ltd. has paid-up share capital amounting to PHP 10.95 million (9,956 shares at PHP 1,100 per share) on 31 May 2023.

Impairment

Giving consideration of the current operation at overseas subsidiaries, the Group has provided allowance for impairment loss totaling Baht 24.77 million during the year ended 31 December 2023 (2022: Baht 24.77 million).

The approval of disposal of share capital of Sappe Europe s.r.o.

At the Board of Directors Meeting held on 10 August 2023, the Board has approved a disposal of entirely of the authorized share capital of Sappe Europe s.r.o. a subsidiary of the Company in which the holding interest of the Company is 60 percent, for a consideration of EUR 3,983. The Company expects the transaction to be completed by 2024. As of 31 December 2023, the Company classified this transaction as a non-current asset classified as held for sale.

All Coco Group Co., Ltd.

By acquiring shares in All Coco Group Co., Ltd. for the first time in 2016, the Group has the right to purchase additional shares in the maximum portion of 9% after 4 years from the effective date of the first sales and purchase of shares agreement, at the fair value.

10 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group elimination:

	The Group of All Coco Group Co., Ltd.	
	2023	2022
	<i>(in thousand Baht)</i>	
Non-controlling interest percentage	49%	49%
Current assets	95,423	147,596
Non-current assets	123,362	131,716
Current liabilities	(43,914)	(53,399)
Non-current liabilities	(10,784)	(13,291)
Net assets	164,087	212,622
Carrying amount of non-controlling interest	80,403	104,185
Revenue	296,903	318,898
Profit (loss)	(48,535)	3,138
Total comprehensive income (expense)	(48,535)	3,138
Profit (loss) allocated to non-controlling interest	(23,782)	1,538

11 Property, plant and equipment

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Asset under construction and installation	
<i>Cost</i>							
At 1 January 2022	153,609	477,564	1,419,859	119,213	57,614	39,918	2,267,777
Additions	33	956	11,359	3,929	3,978	265,213	285,468
Transfer	-	4,492	36,849	301	-	(41,642)	-
Disposals	-	(280)	(4,026)	(11,837)	(5,701)	(1,434)	(23,278)
Effect of movements in exchange rates	-	-	(272)	(5)	(51)	-	(328)
At 31 December 2022 and 1 January 2023	153,642	482,732	1,463,769	111,601	55,840	262,055	2,529,639
Additions	-	716	15,496	3,292	2,007	747,978	769,489
Transfer	-	4,902	255,544	3,454	-	(263,900)	-
Disposals	(13,171)	(49,194)	(80,264)	(30,467)	(5,407)	-	(178,503)
Effect of movements in exchange rates	-	-	299	(3)	58	-	354
At 31 December 2023	140,471	439,156	1,654,844	87,877	52,498	746,133	3,120,979
<i>Depreciation and impairment losses</i>							
At 1 January 2022	30,697	235,287	911,521	93,997	43,567	1,434	1,316,503
Depreciation for the year	3,350	27,439	122,508	9,448	5,445	-	168,190
Reversal of impairment loss	-	-	-	-	-	(1,434)	(1,434)
Disposals	-	(277)	(3,865)	(11,209)	(5,700)	-	(21,051)
Effect of movements in exchange rates	-	-	(245)	(5)	(52)	-	(302)
At 31 December 2022 and 1 January 2023	34,047	262,449	1,029,919	92,231	43,260	-	1,461,906
Depreciation for the year	3,247	26,407	115,795	8,205	5,261	-	158,915
Disposals	(11,998)	(37,788)	(79,488)	(30,377)	(5,407)	-	(165,058)
Effect of movements in exchange rates	-	-	290	(3)	58	-	345
At 31 December 2023	25,296	251,068	1,066,516	70,056	43,172	-	1,456,108
<i>Net book value</i>							
At 31 December 2022	119,595	220,283	433,850	19,370	12,580	262,055	1,067,733
At 31 December 2023	115,175	188,088	588,328	17,821	9,326	746,133	1,664,871

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

	Separate financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Asset under construction and installation	
<i>Cost</i>							
At 1 January 2022	145,302	402,317	1,310,162	114,430	57,003	39,245	2,068,459
Additions	-	-	7,870	3,184	3,978	264,345	279,377
Transfer	-	4,127	36,543	275	-	(40,945)	-
Disposals	-	(280)	(3,062)	(10,387)	(5,701)	(1,434)	(20,864)
At 31 December 2022 and 1 January 2023	145,302	406,164	1,351,513	107,502	55,280	261,211	2,326,972
Additions	-	-	13,007	3,035	2,007	745,435	763,484
Transfer	-	4,767	254,478	3,429	-	(262,674)	-
Disposals	(13,171)	(49,194)	(78,007)	(29,939)	(5,407)	-	(175,718)
At 31 December 2023	132,131	361,737	1,540,991	84,027	51,880	743,972	2,914,738
<i>Depreciation and impairment losses</i>							
At 1 January 2022	29,697	214,169	872,493	90,955	43,080	1,434	1,251,828
Depreciation for the year	3,179	22,103	109,795	8,666	5,320	-	149,063
Reversal of impairment loss	-	-	-	-	-	(1,434)	(1,434)
Disposals	-	(278)	(2,904)	(10,363)	(5,700)	-	(19,245)
At 31 December 2022 and 1 January 2023	32,876	235,994	979,384	89,258	42,700	-	1,380,212
Depreciation for the year	3,074	20,902	103,254	7,560	5,261	-	140,051
Disposals	(11,998)	(37,788)	(77,442)	(29,851)	(5,407)	-	(162,486)
At 31 December 2023	23,952	219,108	1,005,196	66,967	42,554	-	1,357,777
<i>Net book value</i>							
At 31 December 2022	112,426	170,170	372,129	18,244	12,580	261,211	946,760
At 31 December 2023	108,179	142,629	535,795	17,060	9,326	743,972	1,556,961

The gross amount of the Group and Company's fully depreciated land improvement, plant and equipment that was still in use as at 31 December 2023 amounted to Baht 697.09 million and Baht 659.53 million, respectively (2022: Baht 472.60 million and Baht 449.00 million).

12 Goodwill

	Consolidated financial statements	
	2023	2022
	(in million Baht)	
<i>Cost</i>		
At 1 January	90,899	90,899
At 31 December	<u>90,899</u>	<u>90,899</u>
<i>Net book value</i>		
At 31 December	<u>90,899</u>	<u>90,899</u>

Impairment testing for CGU containing goodwill

The recoverable amount of this CGU was based on its value in use, measured by discounting the future cash flows to be generated from the continuing operations of All Coco Group Co., Ltd., which the carrying amount of the CGU was determined to be lower than its recoverable amount therefore no impairment losses to be recognised as of 31 December 2023 and 2022.

<i>Key assumptions used in the estimation of value in use</i>	Consolidated financial statements	
	2023	2022
	(%)	
Discount rate	5.72	5.17
Terminal value growth rate	0.0	0.0

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next five years, in line with information obtained from external brokers who publish a statistical analysis of long-term market trends.

13 Other current payables

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
		(in thousand Baht)			
Other payables - related parties	4	829	2,066	4,833	1,380
Accrued interest expense - related parties	4	614	441	-	-
Accrued promotional expense		448,178	237,737	445,642	237,431
Advance received for goods		316,761	203,467	316,761	203,467
Accrued expenses		265,309	197,345	259,553	186,824
Other payables - other parties		165,450	77,291	158,023	70,221
Others		17,436	15,879	17,331	10,291
Total		<u>1,214,577</u>	<u>734,226</u>	<u>1,202,143</u>	<u>709,614</u>

14 Provisions for employee benefits

<i>At 31 December</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Short term employee benefits	11,110	-	11,110	-
Post-employment benefits	69,802	56,938	67,654	55,455
Other long-term employee benefits	12,690	4,879	12,690	4,879
Total	93,602	61,817	91,454	60,334

Defined benefit plan

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E.2541 (1998) to provide requirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
At 1 January	61,817	36,611	60,334	35,604
<i>Recognised in profit or loss:</i>				
Current service cost	30,961	11,010	30,320	10,550
Past service cost	-	2,004	-	2,004
Interest on obligation	1,924	901	1,900	885
<i>Recognised in other comprehensive income:</i>				
Actuarial (gain) loss				
- Demographic assumptions	-	12,308	-	12,308
- Financial assumptions	-	(2,168)	-	(2,168)
- Experience adjustment	-	1,666	-	1,666
	94,702	62,332	92,554	60,849
Benefit paid	(1,100)	(515)	(1,100)	(515)
At 31 December	93,602	61,817	91,454	60,334

Other long-term employee benefit

Other long-term employee benefit was based on the length of service of employees and actuarial assumptions as basis to calculate the obligations.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(%)</i>			
Discount rate	2.49 - 3.15	2.49 - 3.15	3.15	3.15
Future salary growth	5	5	5	5
Employee turnover	0 - 37	0 - 37	0 - 27	0 - 27

Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 31 December 2023, the weighted-average duration of the defined benefit obligation was 24.00 - 29.19 years (2022: 24.00 - 29.19 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption 2023	2022	1% decrease in assumption 2023	2022
	<i>(in thousand Baht)</i>			
Discount rate	(7,598)	(6,399)	8,908	7,545
Future salary growth	9,017	6,992	(7,788)	(6,044)
Employee turnover	(8,243)	(6,961)	3,517	3,202
Future mortality	417	346	(414)	(344)

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption 2023	2022	1% decrease in assumption 2023	2022
	<i>(in thousand Baht)</i>			
Discount rate	(7,344)	(6,214)	8,610	7,327
Future salary growth	8,663	6,752	(7,486)	(5,839)
Employee turnover	(7,966)	(6,759)	3,411	3,118
Future mortality	402	335	(399)	(333)

15 Share capital

	Par value per share <i>(in Baht)</i>	2023		2022	
		Number	Baht	Number	Baht
Authorised shares at 31 December		<u>308,289</u>	<u>308,289</u>	<u>308,438</u>	<u>308,438</u>
<i>Issued and paid-up shares</i>					
At 1 January					
- ordinary shares	1	308,289	308,289	306,087	306,087
Shares options exercised <i>(Note 18)</i>	1	-	-	2,202	2,202
At 31 December					
- ordinary shares	1	<u>308,289</u>	<u>308,289</u>	<u>308,289</u>	<u>308,289</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

In the Annual General Meeting of Shareholders held on 27 April 2023, the shareholders approved to decrease the registered capital of the Company from 308,438,080 shares with a par value of Baht 1 per share to 308,289,080 shares with a par value of Baht 1 per share for cancelling the reserve of 149,000 shares for the exercise of warrant rights to purchase the Company's ordinary shares with a par value of Baht 1 per share. The Company registered the decrease of share capital with the Ministry of Commerce on 3 May 2023.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

16 Share-based payments

The Employee Joint Investment Program (EJIP)

At the Board of Directors Meeting held on 27 April 2023, the Board has approved the Employee Joint Investment Program (EJIP) with a term of 3 years to qualifying management and employees of the Company. The duration of paid contribution is 1 year. The company will deduct money from payroll of participants who join the program not over 10% of the base salary of each participant on a monthly basis and put into the fund till the end of the program period. This amount will represent 15% of the total program contribution budget. The company will contribute the remaining 85% of the total program contribution budget on monthly basis.

Expenses for share-based payment transactions for Employee Joint Investment Program (EJIP) in the consolidated and separate financial statements for the period ended 31 December 2023 were Baht 5.91 million.

As of 31 December 2023, the Company holds the company shares under the Employee Joint Investment Program (EJIP) for 147,792 shares, which represents 0.05 percent of the total paid-up share capital, amounting to Baht 12.57 million recognised as treasury shares.

The warrants to purchase the Company's ordinary shares No.2 (SAPPE-WA2)

On 13 May 2022, warrants were exercised by the Company's management and employees. The Company received in cash of Baht 19.81 million. On 17 May 2022, increase in the paid-up capital from Baht 307,325,780 to Baht 308,289,080 (comprising 963,300 shares at par value Baht 1 per share) have been registered with the Ministry of Commerce. In order that, the warrants to purchase the Company's ordinary shares No.2 (SAPPE-WA2) which were issued and offered to management and employees of the Company expired in May 2022.

No expense for the share-based payment transactions for the expired warrants to purchase the Company's ordinary shares No.2 (SAPPE-WA2) in the consolidated and separate financial statements for the year ended 31 December 2023 (2022: *Reversal expenses Baht 1.23 million*).

Movements during the years ended 31 December of warrants were as follows:

		Consolidated / Separate financial statements 2022	
	Note	Average exercise price per share (Baht)	Option shares (in thousand shares)
At 1 January		8.09	2,351
Exercise	17	8.08	(2,202)
Expired		8.27	(149)
At 31 December		-	-

17 Legal reserves

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

18 Segment information and disaggregation of revenue

(a) Segment information

Management determined that the Group has 2 reportable segments, as described below, which are the strategic divisions for different products and are managed separately because they require different technology. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Health drinking products
Segment 2	Coconut products

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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Year ended 31 December	Consolidated financial statements											
	Health drinking products		Coconut products		Other segments		Total		Eliminate		Net	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	<i>(in thousand Baht)</i>											
<i>Information about reportable segments</i>												
External revenues	5,813,355	4,316,383	219,808	212,881	19,405	37,136	6,052,568	4,566,400	-	-	6,052,568	4,566,400
Inter-segment revenue	8	861	74,265	100,392	-	-	74,273	101,253	(74,273)	(101,253)	-	-
Total revenue	5,813,363	4,317,244	294,073	313,273	19,405	37,136	6,126,841	4,667,653	(74,273)	(101,253)	6,052,568	4,566,400
<i>Disaggregation of revenue</i>												
Primary geographical markets												
Thailand	974,717	888,303	251,330	248,938	-	-	1,226,047	1,137,241	(74,273)	(101,253)	1,151,774	1,035,988
Asia	2,986,163	2,441,008	40,224	58,324	-	-	3,026,387	2,499,332	-	-	3,026,387	2,499,332
Europe	1,393,615	679,658	719	-	19,405	37,136	1,413,739	716,794	-	-	1,413,739	716,794
America	270,576	198,581	1,800	6,011	-	-	272,376	204,592	-	-	272,376	204,592
Others	188,292	109,694	-	-	-	-	188,292	109,694	-	-	188,292	109,694
Total revenue	5,813,363	4,317,244	294,073	313,273	19,405	37,136	6,126,841	4,667,653	(74,273)	(101,253)	6,052,568	4,566,400
Major products												
Drinks	5,305,216	3,904,404	235,635	201,458	19,405	37,136	5,560,256	4,142,998	(33,499)	(52,272)	5,526,757	4,090,726
Healthy food products	208,901	146,180	-	-	-	-	208,901	146,180	-	-	208,901	146,180
Others	299,246	266,660	58,438	111,815	-	-	357,684	378,475	(40,774)	(48,981)	316,910	329,494
Total revenue	5,813,363	4,317,244	294,073	313,273	19,405	37,136	6,126,841	4,667,653	(74,273)	(101,253)	6,052,568	4,566,400

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

Year ended 31 December	Consolidated financial statements											
	Health drinking products		Coconut products		Other segments		Total		Eliminate		Net	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	<i>(in thousand Baht)</i>											
Share of profit (loss) of investments in associates and joint venture	(988)	1,386	-	-	(19,132)	(1,042)	(20,120)	344	-	-	(20,120)	344
Segment profit (loss) before income tax	1,401,072	814,069	(54,623)	3,482	(22,058)	(2,960)	1,324,391	814,591	891	1,545	1,325,282	816,136
Interest income	4,307	3,516	-	-	-	-	4,307	3,516	(536)	(526)	3,771	2,990
Depreciation and amortisation	157,417	166,345	20,267	20,350	413	514	178,097	187,209	-	-	178,097	187,209
Tax expense	280,815	161,363	(6,088)	344	38	-	274,765	161,707	-	-	274,765	161,707
Investment in associates and joint venture	19,110	20,098	-	-	80,069	99,200	99,179	119,298	-	-	99,179	119,298
Segment assets	5,693,921	4,491,165	218,785	279,313	240,048	254,753	6,152,754	5,025,231	(472,513)	(463,904)	5,680,241	4,561,327
Segment liabilities	1,752,980	1,156,145	54,698	66,690	46,049	45,289	1,853,727	1,268,124	(69,351)	(66,851)	1,784,376	1,201,273

<i>Year ended 31 December</i>	Separate financial statements	
	Reportable segments	
	2023	2022
	<i>(in thousand Baht)</i>	
<i>Disaggregation of revenue</i>		
Primary geographical markets		
Thailand	974,717	888,303
Asia	2,986,163	2,441,008
Europe	1,393,615	679,658
America	270,576	198,581
Others	188,292	109,694
Total revenue	<u>5,813,363</u>	<u>4,317,244</u>
Major products		
Drinks	5,305,216	3,904,404
Healthy food products	208,901	146,180
Others	299,246	266,660
Total revenue	<u>5,813,363</u>	<u>4,317,244</u>

(b) *Geographical segments*

In presenting information on the geographical revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

<i>Geographical information</i>	Consolidated financial statements			
	Revenues		Non-current assets	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Thailand	1,151,774	1,035,988	2,024,434	1,481,640
Asia	3,026,387	2,499,332	-	-
Europe	1,413,739	716,794	-	405
America	272,376	204,592	-	-
Others	188,292	109,694	-	-
Total	<u>6,052,568</u>	<u>4,566,400</u>	<u>2,024,434</u>	<u>1,482,045</u>

(c) *Major customer*

Revenues from 2 major customers of the Group's represent approximately Baht 1,467 million (2022: 2 customers approximately Baht 1,144 million) of the Group's total revenues.

19 Other income

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
Freight income	67,355	287,189	67,031	286,563
Unrealised gain from other current financial assets revaluation	22,691	7,467	22,691	7,467
Interest income	3,771	2,990	4,307	3,516
Others	52,027	35,459	47,348	27,962
Total	145,844	333,105	141,377	325,508

20 Expenses by nature

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		(22,935)	(175,093)	(76,004)	(188,662)
Raw materials and consumables used		2,470,848	2,193,463	2,383,134	2,092,788
Employee benefit expenses		631,961	522,518	591,623	474,487
Transportation expenses		284,561	506,720	279,497	498,936
Sale promotion expenses		609,444	382,806	606,725	378,821
Depreciation and amortisation expenses	11	178,097	187,209	157,417	166,345
Utilities expenses		135,665	114,174	112,161	88,609
Wages		192,088	58,328	192,088	58,328
Others		360,287	278,926	315,019	246,204
Total cost of sales of goods, distribution costs and administrative expenses		4,840,016	4,069,051	4,561,660	3,815,856

During the year 2023, the Group and the Company has contributed provident fund for its employees amounting to Baht 5.88 million and Baht 5.69 million, respectively (2022: Baht 6.24 million and Baht 6.00 million, respectively), which included in employee benefit expenses.

21 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht / thousand shares)</i>			
<i>Profit attributable to ordinary shareholders</i>				
Profit attributable to ordinary shareholders of the Company (basic)	<u>1,074,199</u>	<u>653,151</u>	<u>1,121,245</u>	<u>652,706</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	308,289	306,087	308,289	306,087
Effect of shares options exercised	-	1,833	-	1,833
Effect of repurchasing equity	(43)	-	(43)	-
Weighted average number of ordinary shares outstanding (diluted) at 31 December	<u>308,246</u>	<u>307,920</u>	<u>308,246</u>	<u>307,920</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>3.49</u>	<u>2.12</u>	<u>3.64</u>	<u>2.12</u>

22 Dividends

	Approval date	Payment schedule	Dividend rate per share <i>(in Baht)</i>	Amount <i>(in thousand Baht)</i>
<i>2023</i>				
2022 Annual dividend	27 April 2023	26 May 2023	1.65	508,665
<i>2022</i>				
2021 Annual dividend	27 April 2022	26 May 2022	1.10	338,057

23 Financial instruments

(a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

	Consolidated financial statements							
	Carrying amount			Fair value				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total (in thousand Baht)	Level 1	Level 2	Level 3	Total
<i>At 31 December</i>								
2023								
<i>Financial assets</i>								
Other financial assets								
Investment in debt instruments	1,957,422	-	49,896	2,007,318	-	2,007,345	-	2,007,345
Non-marketable fund of funds	-	10,630	-	10,630	-	-	10,630	10,630
Total other financial assets	1,957,422	10,630	49,896	2,017,948	-	-	-	-
Derivatives assets	1,931	-	-	1,931	-	1,931	-	1,931
2022								
<i>Financial assets</i>								
Other financial assets								
Investment in debt instruments	1,829,719	-	66,752	1,896,471	-	1,896,694	-	1,896,694
Derivatives assets	2,499	-	-	2,499	-	2,499	-	2,499

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

	Carrying amount			Separate financial statements		Fair value		
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Financial instruments measured at amortised cost	Total (in thousand Baht)	Level 1	Level 2	Level 3	Total
<i>At 31 December</i>								
2023								
<i>Financial assets</i>								
Other financial assets								
Investment in debt instruments	1,957,422	-	49,896	2,007,318	-	2,007,345	-	2,007,345
Non-marketable fund of funds	-	10,630	-	10,630	-	-	10,630	10,630
Total other financial assets	1,957,422	10,630	49,896	2,017,948	-	-	-	-
Derivatives assets	1,931	-	-	1,931	-	1,931	-	1,931
2022								
<i>Financial assets</i>								
Other financial assets								
Investment in debt instruments	1,829,719	-	66,752	1,896,471	-	1,896,694	-	1,896,694
Derivatives assets	2,499	-	-	2,499	-	2,499	-	2,499

The following tables present valuation technique of financial instruments measured at fair value in the statements of financial position.

Type	Valuation technique
Forward exchange contracts	<i>Forward pricing:</i> The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.
Derivatives	Market value / Derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk (excluding the Group's credit risk) and other risks to reflect true economic value.
Debt securities	The net asset value as of the reporting date.
Non-marketable fund of funds	The latest announcement net asset value and adjusted with capital call from investment unit after announced date until the reporting date.

Investment movement	Consolidated / Separate financial statements				
	At 1 January	Purchase	Disposal (in thousand Baht)	Fair value adjustment	At 31 December
2023					
<i>Current financial asset</i>					
Debt instruments measured at					
- FVTPL	1,829,719	3,935,902	(3,835,902)	27,703	1,957,422
- Amortised cost	66,752	-	(17,000)	144	49,896
Non-marketable fund of funds measured at					
- FVOCI	-	10,630	-	-	10,630
2022					
<i>Current financial asset</i>					
Debt instruments measured at					
- FVTPL	1,371,106	3,303,506	(2,853,406)	8,513	1,829,719
- Amortised cost	67,000	-	-	(248)	66,752

(b) *Financial risk management policies*

Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(b.1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(b.1.1) Trade accounts receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. Detail of concentration of revenue are included in note 18 (b) and 18 (c).

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's commercial terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the authorized person.

The Group limits its exposure to credit risk from trade accounts receivables by establishing a maximum payment period of 3 months. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due for individual trade receivables to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade accounts receivables are disclosed in note 6.

(b.1.2) Investment in debt securities

The Group considers that all debt investments measured at amortised cost have low credit risk. Then the credit loss allowance assessed during the year was therefore limited to 12 months expected losses or 'low credit risk'. Marketable bonds are considered to be an investment grade credit rating published by external credit rating agencies.

The Group monitors changes in credit risk by tracking published external credit ratings. To assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group supplements this by reviewing changes in bond yields and, where available, credit default swap (CDS) prices together with available press and regulatory information about debtors.

(b.1.3) Cash and cash equivalent and derivatives

The Group's exposure to credit risk arising from cash and cash equivalents and derivative assets is limited because the counterparties are banks and financial institutions which the Group considers to have low credit risk.

(b.2) Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The following table are the remaining contractual maturities of financial assets and financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

<i>At 31 December</i>	Carrying amount	Consolidated financial statements Contractual cash flows			Total
		1 year or less	More than 1 year but less than 5 years	More than 5 years	
<i>(in thousand Baht)</i>					
2023					
<i>Non-derivative financial liabilities</i>					
Trade payables	270,820	(270,820)	-	-	(270,820)
Other current payable	1,214,577	(1,214,577)	-	-	(1,214,577)
Loan from related parties	9,470	(9,470)	-	-	(9,470)
Lease liabilities	60,719	(13,418)	(33,783)	(25,518)	(72,719)
	<u>1,555,586</u>	<u>(1,508,285)</u>	<u>(33,783)</u>	<u>(25,518)</u>	<u>(1,567,586)</u>
<i>Derivative financial assets</i>					
Forward exchange contracts:					
- Cash outflow	-	(380,641)	-	-	(380,641)
- Cash inflow	1,931	382,572	-	-	382,572
	<u>1,931</u>	<u>1,931</u>	<u>-</u>	<u>-</u>	<u>1,931</u>
2022					
<i>Non-derivative financial liabilities</i>					
Bank overdraft	1,057	(1,057)	-	-	(1,057)
Trade payables	229,971	(229,971)	-	-	(229,971)
Other current payable	734,226	(734,226)	-	-	(734,226)
Loan from related parties	9,346	(9,346)	-	-	(9,346)
Lease liabilities	71,466	(12,964)	(38,977)	(32,461)	(84,402)
	<u>1,046,066</u>	<u>(987,564)</u>	<u>(38,977)</u>	<u>(32,461)</u>	<u>(1,059,002)</u>

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

<i>At 31 December</i>	Carrying amount	Consolidated financial statements			Total
		1 year or less	Contractual cash flows More than 1 year but less than 5 years	More than 5 years	
<i>(in thousand Baht)</i>					
2022					
<i>Derivative financial liabilities</i>					
<i>Forward exchange contracts:</i>					
- Cash outflow	-	(125,443)	-	-	(125,443)
- Cash inflow	2,499	127,942	-	-	127,942
	<u>2,499</u>	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>2,499</u>
Separate financial statements					
<i>At 31 December</i>	Carrying amount	Contractual cash flows			Total
		1 year or less	More than 1 year but less than 5 years	More than 5 years	
<i>(in thousand Baht)</i>					
2023					
<i>Non-derivative financial liabilities</i>					
Trade payables	278,991	(278,991)	-	-	(278,991)
Other current payable	1,202,143	(1,202,143)	-	-	(1,202,143)
Lease liabilities	50,531	(12,507)	(30,044)	(15,020)	(57,571)
	<u>1,531,665</u>	<u>(1,493,641)</u>	<u>(30,044)</u>	<u>(15,020)</u>	<u>(1,538,705)</u>
<i>Derivative financial liabilities</i>					
<i>Forward exchange contracts:</i>					
- Cash outflow	-	(380,641)	-	-	(380,641)
- Cash inflow	1,931	382,572	-	-	382,572
	<u>1,931</u>	<u>1,931</u>	<u>-</u>	<u>-</u>	<u>1,931</u>
2022					
<i>Non-derivative financial liabilities</i>					
Trade payables	240,030	(240,030)	-	-	(240,030)
Other current payable	709,614	(709,614)	-	-	(709,614)
Lease liabilities	60,827	(12,053)	(35,277)	(21,012)	(68,342)
	<u>1,010,471</u>	<u>(961,697)</u>	<u>(35,277)</u>	<u>(21,012)</u>	<u>(1,017,986)</u>
<i>Derivative financial liabilities</i>					
<i>Forward exchange contracts:</i>					
- Cash outflow	-	(125,443)	-	-	(125,443)
- Cash inflow	2,499	127,942	-	-	127,942
	<u>2,499</u>	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>2,499</u>

The cash inflows/cash outflows disclosed in the above table represent the contractual undiscounted cash flows relating to financial assets and derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

(b.3) Market risk

The Group is exposed to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows

(b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilizes forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

Notes to the financial statements

Sappe Public Company Limited and its Subsidiaries

<i>Exposure to foreign currency at 31 December</i>	Consolidated financial statements								
	2023					2022			
	USD	EUR	HKD	CNY	PHP	USD	EUR	HKD	CNY
	<i>(in thousand Baht)</i>								
Cash and cash equivalents	56,831	43,485	12,147	639	-	69	5	12,315	661
Trade accounts receivables	97,073	62,952	-	-	-	91,885	65,882	-	-
Other current receivables	-	1,181	-	2,291	-	-	1,180	-	2,291
Interest-bearing liabilities	-	(4,080)	-	-	-	-	(5,013)	-	-
Trade payables	(1,605)	(151)	(44)	-	-	(5,062)	(983)	-	-
Other current payables	(241,911)	(73,760)	(193)	(53)	(615)	(167,987)	(11,814)	(146)	(99)
Net statement of financial position exposure	(89,612)	29,627	11,910	2,877	(615)	(81,095)	49,257	12,169	2,853
Forward exchange selling contracts	(79,172)	(62,952)	-	-	-	(91,885)	-	-	-
Net exposure	(168,784)	(33,325)	11,910	2,877	(615)	(172,980)	49,257	12,169	2,853
	Separate financial statements								
	2023			2022					
<i>Exposure to foreign currency at 31 December</i>	USD	EUR	CNY	USD	EUR				
	<i>(in thousand Baht)</i>								
Cash and cash equivalents	56,831	39,402	-	63	2				
Trade accounts receivables	97,073	58,113	-	60,982	57,004				
Trade accounts payables	(1,605)	-	(44)	(5,062)	(983)				
Other current payables	(241,230)	(66,976)	-	(167,349)	(5,587)				
Net statement of financial position exposure	(88,931)	30,539	(44)	(111,366)	50,436				
Forward exchange selling contracts	(79,172)	(58,113)	-	(60,982)	-				
Net exposure	(168,103)	(27,574)	(44)	(172,348)	50,436				

(b.3.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. So, the Group has low interest rate risk. The sensitivity impact to the increase or decrease in interest expenses from borrowings, as a result of changes in interest rates is immaterial on financial statements of the Group.

24 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board regularly monitors the return on capital, by evaluating result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

25 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	2023	2022	2023	2022
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
Machinery, equipment and other constructions	797,492	437,683	767,492	437,072
Total	797,492	437,683	767,492	437,072
<i>Other commitments</i>				
Short-term lease commitments	1,810	8,489	1,403	7,227
Service agreement	3,780	11,916	1,080	9,043
Bank guarantees	10,616	10,616	10,616	10,616
Total	16,206	31,021	13,099	26,886

4

APPENDIX

Mr. Natee Onin (Age 51)

Position: Chairman of the Board of Directors

Type of Director: Non-executive Director

Period of directorship at SAPPE: 10 years 4 months (start date was 2 September 2013)

Nationality: Thai

Education:

- Ph.D. Business Administration, Ramkhamhaeng University
- M.Sc. International Business, London South Bank University, UK.
- Bachelor of Business Administration, Assumption University

Thai Institute of Director (IOD)'s Trainings and Seminars:

- Director Certification Program (DCP) Class 269/2019
- Board Matters and Trends (BMT) Class 4/2017
- Chairman Forum 1/2014, topic "Clean Business: What is the Chairman Role?" 1/2014
- Director Accreditation Program (DAP) Class 106/2013
- Role of the Chairman Program (RCP) Class 32/2013

Others Training Courses:

- Politics and Economics program for Executive Class 1/2563, Srinakharinwirot University

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: -None-
- Held by spouse: 0.04 or minor children: -None-

Family Relationship of Management:

- Spouse of Mrs.Yata Onin (Chief Innovation Officer)

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:** - None-
- **Non-listed companies in the Stock Exchange of Thailand:**

Jun 2023 – Present	Director , Tam Ngern Karnchang Company Limited / Real estate for residential purposes
Oct 2023 – Present	Director , Icon Packagers Company Limited/ Production and distribution of agricultural products for sale domestically and internationally
Nov 2023 – Present	Director, Home Master Company Limited/ Manufacturing and distribution of industrial products such as pipes, fittings used in machinery, and factory applications
Jul 2021 – Present	Director, Neab Karnchang Company Limited / Apartment rental service for residential purpose
Jul 2021 – Present	Director, Penkhun Karnchang Company Limited / Apartment rental service for residential purpose
Jul 2021 - Present	Managing director, Bluecape Company Limited / Apartment rental service for residential purpose



Aug 2019 - Present	Director, Srinakharinwirot University / Bachelor of Science Program in Food Innovation and Business
Jul 2013 - Present	Director, Leisure House Company Limited / Construction business
Jan 2011 - Present	General Manager, TTT Corporation Company Limited (formerly known as Toyox Trading (Thailand)) / Industrial pipe distribution
May 2009 - Present	Director, Onin Property Company Limited / Real Estate Agent

Mr. Adisak Ruckariyaphong (Age 51)

Position: Vice-Chairman and Chairman of Executive Committee

Type of Director: Executive Director

Period of directorship at SAPPE: 10 years 4 months (since 2 September 2013)

Nationality : Thai

Education:

- Master's degree of Business Management, Nagoya University, Japan
- Bachelor's degree of Business Administration, Assumption University

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP) 103/2013

Others Training Courses:

- Chief People Officer Program (CPO) 5/2015, Panyapiwat Institute of Management
- Senior Executive Program 21/2015, Capital Market Academy Program (CMA)
- Academy of Business Creativity (ABC) 1/2013, Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 16.783
- Held by spouse: 0.003 or minor children: -None-

Family Relationship of Management:

- Son of Mr. Anan Ruckariyapong and sibling of Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:**

Oct 2018 – Present Independent director and Audit Committee member Index Living Mall Public Company Limited / Distributor of furniture, household goods, accessories, and appliances.

- **Non-listed companies in the Stock Exchange of Thailand:**

Sep 2022 - Present Director, Wope Company Limited/ Develop, manufacture, market, and distribute food and beverage products (joint venture)

July 2022 – Present Director, Pacific Tube & Industry (Thailand) Company Limited / Tube and Metal Conduit Manufacturer

March 2022 – Present President, TTT Corporation (formerly known as Toyox Trading Thailand Company Limited)

Nov 2018 - Present Director, Kingkong Cruise Company Limited / Boat Service for tourism and travel

Oct 2018 - Present Director, Index International Group Company Limited / Architecture and related consultant business

Nov 2017 - Present Director, Coco Art Company Limited / Manufacturer and Distributor of coconut and other agricultural products

Oct 2017 - Present Director, Toyox Asia (Thailand) Company Limited / Manufacturer of industrial hoses



Oct 2016 - Present	Director, All Coco Group Company Limited / Manufacturer and distributor of coconut products (subsidiary)
Sep 2016 - Present	Director, Hose Center Company Limited / Manufacturer and distributor of industrial hoses
Dec 2015 - Present	Director, Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
Jun 2015 - Present	Director, Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 - Present	Director, Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
Sep 2011 - Present	Director, Mitan Interior Design Service Company Limited / Wholesale of household electronic appliances
Sep 2010 - Present	Director, Hayashi Products Company Limited / Distributor of condoms
Jul 2008 - Present	Director, Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
2007 - Present	Managing Director, Toyox Trading (Thailand) Company Limited / Distributor of industrial pipes

Mr. Anan Ruckariyapong (Age 79)

Position: Director and President

Type of director: Executive Director

Period of directorship at SAPPE: 10 years 4 months (since 2 September 2013)

Nationality: Thai

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP) 103/2013

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 1.610
- Held by spouse or minor children: -None-

Family Relationship of Management:

- Father of Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:** -None-
- **Non-listed companies in the Stock Exchange of Thailand:**

2008 - Present	Director, Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
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Ms. Piyajit Ruckariyapong (Age 48)

Position: Director and Chief Executive Officer

Type of director: Executive Director

Period of directorship at SAPPE: 10 years 4 months (since 2 September 2013)

Nationality: Thai

Education:

- Bachelor's Degree (with honors), Liberal Arts from University of Sheffield, UK

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP) Class 327/2022
- Director Accreditation Program (DAP) Class 103/2013

Others Training Courses:

- Top Executive Program 2021, Royal Thai Police
- Top Executive Program in Commerce and Trade (TEPCoT) 13 (2020-2021) The University of the Thai Chamber of Commerce (UTCC)
- Senior Executive Program 26 /2018 Capital Market Academy Program (CMA)
- Academy of Business Creativity (ABC) 5/2016 Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2022):

- Held personally: 17.708
- Held by spouse or minor children: -None-

Family Relationship of Management:

- Daughter of Mr. Anan Ruckariyapong and sibling of Mr. Adisak Ruckariyaphong and Mr. Arnupap

5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand: -None-**

- **Non-listed companies in the Stock Exchange of Thailand:**

Sep 2022 – Present	Director, Wope Company Limited
Nov 2016 - Present	Director, Sappe Trading (Shanghai) Company Limited / Distributing health drinking products (subsidiary)
Oct 2016 - Present	Director, All Coco Group Company Limited / Producing and distributing coconut products (subsidiary)
Dec 2015 - Present	Director, Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
Jun 2015 - Present	Director, Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 - Present	Director, Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
2019 – Present	Director, Danone Sappe Beverages Company Limited / Distributor of non-alcoholic beverages
Jul 2008 - Present	Director, Sappe Corporation Company Limited / Distributor of non-alcoholic beverages



Mr. Arnupap Ruckariyapong (Age 45)

Position: Director and Chief Project and Technology Officer

Type of director: Executive Director

Period of directorship at SAPPE: 10 years 4 months (since 2 September 2013)

Nationality: Thai

Education:

- Bachelor's Degree, Engineer Major Computer Science, University of California, USA

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program (DAP) 103/2013
- Academy of Business Creativity (ABC) 3/2015 Academy of Business Creativity, Sripatum University

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 15.27
- Held by spouse or minor children: -None-

Family Relationship of Management:

- Son of Mr. Anan Ruckariyapong and sibling of Mr. Adisak Ruckariyaphong and Ms. Piyajit Ruckariyapong

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:** -None-

- **Non-listed companies in the Stock Exchange of Thailand:**

Dec 2022 – Present	Director, Khaoyai Property Company Limited / Real estate
Dec 2021 - Present	Director, M Intelligence Company Limited / Consulting service about digital transformation
2019 - Present	Director, All Coco Group Company Limited / Producing and distributing coconut products (subsidiary)
Dec 2015 - Present	Director, Sappe Hong Kong Company Limited / Management service for associated companies (subsidiary)
Jun 2015 - Present	Director, Sappe Trading (Hong Kong) Company Limited / Distribution of healthy beverages (subsidiary)
May 2015 - Present	Director, Sappe Holding (Thailand) Company Limited / Management service for associated companies (subsidiary)
2010 - Present	Director, Hayachi Products Company Limited / Distributor of condoms
Jul 2008 - Present	Director, Sappe Corporation Company Limited / Distributor of non-alcoholic beverages
Sep 2016 - 2020	Director, On Fifth Company Limited / Restaurant
Mar 2016 - 2020	Director, 3T Engineering Company Limited/ Manufacturer and distributor of conveyor belts for industrial factories



Mr. Thana Thienachariya (Age 53)

Position : Director

Type of Director : Independent Director

Period of directorship at SAPPE: 10 year 4 months (since 2 September 2013)

Nationality: Thai

Education:

- Master's degree of Business Administration, Washington State University, USA.
- Bachelor's degree of Economic (2nd class honors), Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Certification Program (DCP) 181/2013

Others Training Courses:

- TLCA Executive Development Program (EPD) 8/2011 Thai Listed Companies Association
- A new leader in democracy Program 1/2011 King Prajadhipok's institute
- Senior Executive Program 8/2009 Capital Market Academy Program (CMA)

Percentage of SAPPE Shareholding (%) (as of 31 December 2023):

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

● **Listed companies in the Stock Exchange of Thailand:**

Dec 2020 - Present	Independent Director and Audit Committee member, TQM Corporation Public Company Limited / Insurance and Life Insurance
Nov 2022 – Present	Chairman of Board of Directors, Bluebik Group Public Company Limited/ Consulting services for strategy, innovation, and technology management, as well as related businesses
Nov 2020 – 2023	Advisor to the CEO Siam Commercial Bank Public Company Limited / Commercial Bank
2015 – Jun 2022	Director, Aksorn Education Public Company Limited / Teaching media in various formats
2015 - Oct 2020	Senior Executive Vice President, Chief Marketing Officer, and Head of External Communication & CSR (Acting), Siam Commercial Bank Public Company Limited / Commercial Bank

● **Non-listed companies in the Stock Exchange of Thailand:**

Jun 2023-Present	Chairman of Board of Directors and Audit Committee member, Laundry U Company Limited/ Coin-operated washing machine service
2021 – Present	Director, CardX Company Limited / Financial conglomerate of SCBX
2022 – Present	Chairman, Builk One Group Co., Ltd. / Management Consulting
2022 - Present	Advisor, Show No Limit Co., Ltd. / Business event management and product showcasing
2022-Present	Advisor, BASE (BJC BIGC ACADEMY OF SMART ENTREPRENEURS) / Training courses for personnel development, technology, and creative thinking



2022-2023	Advisor in Organizational Business Development, EV Me Plus Company Limited / Renting and leasing of passenger vehicles, pickup trucks, vans, and similar small-sized vehicles
2015-2023	Founder and Director, Academy of Business Creativity, Sripatum University
Jul 2020-2023	Chairman of Board of Directors, Purple Ventures Company Limited / Develop and provide a lifestyle e-Marketplace platform service.
2013 - Jul 2020	Director, Southpaw Business Company Limited / Management Consulting

Mr. Padungdej Indralak (Age 69)¹

Position : Director and Chairman of Audit Committee

Type of Director : Independent Director

Period of directorship at SAPPE : 5 years 8 months
(since 26 July 2017 to 27 April 2023)

Nationality: Thai

Education:

- Postgraduate Diploma (Development Economics), North London Polytechnic, UK
- B.A. (Economics), Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD):

- Director Accreditation Program, Class 103/2013

Others Training Courses:

- SCG Management Development Program (Wharton Business School)
- National Defense College (NDC 2548)
- Corporate Finance Certificate, INSEAD, France.
- Senior Executive Program, Capital Market Academy Program (CMA), Class 18/2014

Percentage of SAPPE Shareholding (%) (as of 31 December 2023):

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:**

Year 2018 – Nov 2022 Independent Director and Audit Committee, Thai Group Holding Public Company Limited / Insurance and Life Insurance

Year 2019 – Nov 2022 Director of Enterprise Risk Management Committee and Nomination and Remuneration Committee, Thai Group Holding Public Company Limited / Insurance and Life Insurance

- **Non-listed companies in the Stock Exchange of Thailand:**

Year 2014 – 24 Jan 2022 Director and Audit Committee, Southeast Insurance Public Company Limited / Insurance

Year 2018 – 24 Jan 2022 Director of Enterprise Risk Management Committee, Southeast Insurance Public Company Limited / Insurance



Year 2014 – Nov 2022	Director and Audit Committee, Southeast Insurance Public Company Limited / Life Insurance
Year 2018 – Nov 2022	Director of Enterprise Risk Management Committee, Southeast Insurance Public Company Limited / Life Insurance
Year 2014 – Nov 2022	Director and Audit Committee, Southeast Capital Company Limited / Leasing
Year 2018 – Nov 2022	Director of Enterprise Risk Management Committee, Southeast Capital Company Limited / Leasing
Year 2014 – Nov 2022	Independent Director and Chairman of Audit Committee, ANZ Bank (Thai) Public Company Limited / Financial Institution

Remark :^{/1} Mr. Padungdej Indralak retired by rotation and ceased to hold the positions of Independent Director & Audit Committee Member in the Annual General Shareholders' Meeting for year 2023, with effective date on 27 April 2023

Mr. Surath Pralongsilp (Age 53)

Position: Director and Audit Committee

Type of Director: Independent Director

Period of directorship at SAPPE: 10 years 4 months (since 2 September 2013)

Nationality: Thai

Education:

- Master's degree, M.A in Finance and Investment, University of Exeter
- Master's degree of Business Administration, Thammasat University
- Bachelor's degree of Engineering Program in Industrial Engineering, Chulalongkorn University

Training Courses by the Thai Institute of Directors Association (IOD):

- Director's Briefing : Building a Cyber-Resilient Board: Strategies for Effective Cybersecurity Oversight 2023
- The Board's Role in Mergers & Acquisition (BMA) ๑๓ 1/2022
- National Director Conference "Leadership Behind Closed Door" NDC 1/2021
- What You Board Needs to Know about C-Suite Development O-DB 11/2021
- Director Certification Program (DCP) 259/2018
- Advance Audit Committee Program (AAP) 14/2014
- Director Accreditation Program (DAP) 106/2013

Others Training Courses:

- Digital Transformation Xponential s2/2023, RISE
- Strategic Chief Financial Officer 9/2019, The Securities Exchange of Thailand
- Executive Development Program 4/2009, Thai Listed Companies Association

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:**

Oct 2021 – Present Chief Executive Officer, TQM Alpha Public Company Limited / Holding Company

Mar 2019 – Mar 2021 Director and Executive Vice President (Finance), Kulthorn Kirby Public Company Limited / The manufacturing and distribution of reciprocating compressors

- **Non-listed companies in the Stock Exchange of Thailand:**

Aug 2022 – Present Director, Builk One Group Company Limited/ Software Company for construction industry

Apr 2019 - Mar 2021 Director, Kulthorn Premier Company Limited / The manufacturer of the motor compressor and quality iron casting

Director, Kulthorn Kirby Foundry Company Limited / The manufacturer of the quality iron casting



Director, Kulthorn Materials and Controls Company Limited / The manufacturer of the enameled copper wire and thermostat used in refrigerators

Director, Kulthorn Steel Company Limited / The Steel Coil Center for the manufacturer of motor compressor, electrical motor, and other parts

Director, Kulthorn Metal Products Company Limited / The Manufacturer and distributor of Metal, Metallurgy, and Metal working

Director, Kulthorn Research and Development Company Limited / research and development of technology and innovation

Mrs. Niratchara Siriamphunkul (Age 60)

Position : Director

Type of director : Independent Director and Audit Committee

Period of directorship at SAPPE: 10 years 4 months (since 2 September 2013)

Nationality: Thai

Education:

- Bachelor of Economics, Chiang Mai University

Training Courses by the Thai Institute of Directors Association (IOD):

- Successful Formulation & Execution of Strategy (SFE) 36/2021
- Director Certification Program (DCP) 180/2013

Others Training Courses:

- Senior Executive Program 5/2008 Capital Market Academy Program (CMA)

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 0.006
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:** -None-
- **Non-listed companies in the Stock Exchange of Thailand:**

2007 - Present Chairman, Thung Sod Company Limited / Packaging product business



Mr. Chanin Archjananun (Age 59)²

Position : Director

Type of director : Independent Director and Audit Committee

Period of directorship at SAPPE: - year 8 months (since 27 April 2023)

Nationality: Thai

Education:

- Master of Business Administration, Western Illinois University, USA
- Bachelor of Business Administration (Marketing), Assumption University

Training Courses by the Thai Institute of Directors Association (IOD):

- หลักสูตร Directors Certification Program (DCP) รุ่นที่ 231/2559
- หลักสูตร Advanced Audit Committee Program (AACP) รุ่นที่ 34/2562

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: -None-
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

● **Listed companies in the Stock Exchange of Thailand:**

2016 – Present	Independent Director Audit Committee member Risk and Corporate Governance Committee member Nomination and Remuneration Committee member	Thai Wa Public Company Limited/ Manufacturing and distributing products made from tapioca flour, including food items such as vermicelli noodles and sago
2021 – Present	Independent Director Audit Committee member Risk and Corporate Governance Committee member Nomination and Remuneration Committee member	Aurora Design Public Company Limited/ Retail gold jewelry trading, Jewelry and gemstone business, as well as related businesses offering comprehensive services.

● **Non-Listed companies in the Stock Exchange of Thailand:**

2023 – Present	Director, PKN Company Limited / ขายส่งสินค้าทั่วไป
2022 – Present	Director, Gourmet Enterprise Company Limited / Other real estate-related service activities, compensated either by fee or contract
2022 – Present	Director, Vision Ventures Company Limited/ Holding company primarily not investing in financial businesses
2018– Present	Director, Intremart (Thailand) company Limited / Operating a supermarket business



2018 – Present	Director, Natura Harvest Company Limited / Integrated farming
2017 – Present	Director, JS Asset Plus Company Limited / Integrated farming

Remark : ² Mr.Chanin Archjanajun has been appointed as an independent director and audit committee member according to the resolution of the Annual General Shareholders' Meeting for the year 2023, effective from 27 April 2023

Ms. Sutatip Chantharangsee (Age 45)

Position: Company Secretary and Board of Directors Secretary, Audit Committee Secretary, Executive Committee Secretary and Assistant Vice President– M&A and New Business Partnership

Appointment Date: 13 December 2018

Nationality: Thai

Education:

- Master's degree of Business Administration, Sasin School of Management
- Bachelor's degree, Faculty of Commerce and Accountancy, Banking and Finance (Second-class Honor) Thammasat University

Training Courses by the Thai Institute of Directors Association (IOD):

- How to Develop a Risk Management Plan HRP 36/2023
- Company Secretary Program 2019

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 0.005
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

● **Listed companies in the Stock Exchange of Thailand:**

2014 - 2017	Finance Department Manager, Chememan Public Company Limited
2007 - 2010	Assistant Vice President - Multi Corporate Business Department, Kasikorn bank Public Company Limited / Commercial Bank

● **Non-Listed companies in the Stock Exchange of Thailand:**

2011 - 2014	Treasurer & Corporate Planning Team Lead, CUEL Company Limited
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Duties and Responsibilities of the Company Secretary:

1. Prepare and retain the documents as follows:
 - Directors Register
 - Invitation Letters to Attend the Board of Directors' Meeting, Board Meeting Minutes and Company's Annual Report
 - Invitation Letters to the Annual General Meeting of Shareholders and Minutes of the Shareholder Meeting
2. Keep reports on interest filed by directors or executives and submit a copy of the report on interest under Section 89/14 to the Chairman of the Board and the Chairman of the Audit Committee within seven business days from the date on which the Company has received such report
3. Perform any other acts as specified in the Notification of the Capital Market Supervisory Board.

In addition, the corporate secretary has other duties as follows:

- Providing advice, supervising, coordinating and following up to ensure that the Board of Directors has complied with the objectives. Articles of Association Resolution Board of Directors and Shareholders' Resolutions Legal and regulatory requirements related
- Organize the Board of Directors' meeting and Shareholders' meeting
- Organize orientation and give advice for newly appointed directors
- Recommend appropriate training courses to the Board of Directors
- Coordinate with all department in its organization to comply with the resolution of the Board of Directors, the resolutions of the shareholders' meeting and governmental supervisory units
- Promote directors and executives to have knowledge and understanding of good corporate governance and the Company's business ethics. and follow up to ensure compliance with such principles as well as reviewing the good corporate governance and business ethics of the Company. comply with the law international practices and leading companies
- Ensuring that the Company treats all shareholders equally, fairly and in accordance with the law and strengthen good relationship with minority shareholders
- Coordinate various matters between shareholders, directors, executives and all stakeholders
- Perform other duties as assigned by the Company

Mr. Anak Lapsuksatit (Age 44)

Position: Chief Financial Officer

Appointment Date: 1 March 2017

(the person assigned to take the highest Responsibility in Accounting and Finance)



Education:

- Master's degree, Faculty of Commerce and Accountancy, Marketing, Thammasat University
- Bachelor's degree, Faculty of Commerce and Accountancy, Banking and Finance, Thammasat University

Training Courses

- CFO refresher course class 2022 & 2023
- Strategic CFO in Capital Markets 6/2018, The Securities Exchange of Thailand
- MULTIPLIER® How the Best Leaders Ignite Everyone's Intelligence 2020, Pacrim Group
- The 4 Essential Roles of LEADERSHIP TM 2018, Pacrim Group
- The 7 Habits of Highly Effective People® 2014, Pacrim Group
- Leadership: Great Leaders, Great Teams, Great Results TM 2012, Pacrim Group

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 0.004
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:**

2010 – Present Vice President of Strategy & Finance, Sappe Public Company Limited /
Manufacturer and distributor of healthy food and beverages

2009 – 2010 Senior Vice President of Corporate Business, Kasikorn bank Public Company Limited
/ Commercial Bank

- **Non-Listed companies in the Stock Exchange of Thailand:** -None-

Ms. Jarinya Buransuk (Age 41)

Position: Assistant Vice President of Accounting

(The account preparer has the qualifications and conditions in accordance with the rules specified in the Notification of the Business Development Department)



Appointment Date : 24 June 2013 (Account Controller)

Education:

- Master's degree, Master of Accounting Faculty of Commerce and Accountancy Chulalongkorn University

Continuing Professional Development Program

2023

- 2024 Deferred Tax (7 hours)
- Seminar on Accounting, Tax, and Interesting Laws for the Year 2023 (6 hours)

2022

- Financial & Risk Instruments for Non-Financial Institutions (7 hours)
- TFRS 2023 (7 hours)

2021

- Financial Instruments for Non-Financial Institutions (7 hours)
- TFRS 2022 (Thai Accounting Standard and Thai Financial Reporting Standards Revised 2022) (7 hours)

2020

- CFO 2021 (7 hours)
- Thai Accounting Standard PAEs 2020 (7 hours)

2019

- Transfer Pricing 2019 between related party (7 hours)
- (Draft) TFRS 16 Leases (7 hours)
- Revenue Recognition (TFRS 15) and changes of Accounting Standard related to PAEs and NPAAE (3 hours)
- Thai Financial Reporting Standards related to Financial Instruments (IFRS 9) and Leases (IFRS 16) in practice (2.30 hours)

2018

- New TFRS (7 hours)
- (Draft) TFRS 15: Thai Financial Reporting Standards: Revenue Recognition (6.30 hours)

2017

- Accounting of investments in associates, subsidiaries and joint ventures (7 hours)
- Tax invoice, Non deductible Input VAT and solution (7 hours)
- Submission of Financial Statements to DBD e-Filing (e-Filing) (2 hours)

2016

- Difference between Accounting and Taxation 2016 (6.30 hours)
- Statement of Cash Flows workshop and case study (6.30 hours)
- Submission of Financial Statements to DBD e-Filing (e-Filing) (2 hours)

2015

- AEC The impact of company income tax (6.30 hours)
- TFRS 59 (6.30 hours)

Percentage of SAPPE Shareholding (%) (As of 31 December 2023):

- Held personally: 0.001
- Held by spouse or minor children: -None-

Family Relationship of Management: -None-

Past 5 Year Experiences:

- **Listed companies in the Stock Exchange of Thailand:**

2019 - present	AVP- Accounting, Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages
2013 – 2019	Accounting Manager, Sappe Public Company Limited / Manufacturer and distributor of healthy food and beverages

- **Non-listed companies in the Stock Exchange of Thailand:**

2007 – 2013	Senior Auditor, KPMG Phoomchai Audit Ltd. / Audit service
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Attachment 2

Details of the directors of subsidiaries

As of December 31, 2023, the directors (including related persons) holding directorships in subsidiaries, associated and related companies as follows:

Names of directors	Subsidiaries		Indirect Subsidiaries							Associated		Joint venture	Related			
	Sappe Holding (Thailand) Co., Ltd.	Sappe Europe s.r.o.	Sappe Trading (Hong Kong) Co., Ltd.	Sappe Hong Kong Co., Ltd.	Sappe Trading (Shanghai) Co., Ltd.	All Coco Group Co., Ltd.	All Coco Co., Ltd.	Best Farm Co., Ltd.	Sappe Philippines Corporation	Danone Sappe Beverages Co., Ltd.	M Intelligence Co., Ltd.	Wope Co., Ltd.	Sappe Corporation Co., Ltd. (Liquidation period)	TTT Corporation Co., Ltd. (Previously, Toyox Trading (Thailand) Co., Ltd.)	Hayashi Products Co., Ltd.	Social Lab Co., Ltd.
1. Mr. Natee Onin	-	-	-	-	-	-	-	-	-	-	-	-	-	✓	-	-
2. Mr. Adisak Ruckariyaphong	✓	-	✗	✗	-	✓	-	-	-	-	-	✗	✓	✗	✓	-
3. Mr. Anan Ruckariyapong	-	-	-	-	-	-	-	-	-	-	-	-	✗	-	-	-
4. Mr. Arnupap Ruckariyapong	✓	-	✓	✓	-	✓	-	-	-	✓	-	-	✓	-	✓	-
5. Ms. Piyajit Ruckariyapong	✗	-	✓	✓	✓	✓	-	-	-	✓	-	✓	✓	-	-	-
6. Mrs. Niratchara Siriamphunkul	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7. Mr. Thana Thienachariya	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Mr. Surath Pralongsil	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Mr. Chanin Archjananun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Persons related to directors																
1. Mrs. Yata Onin Spouse of Mr. Natee Onin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Mrs. Chatpawee Ruckariyaphong Spouse of Mr. Adisak Ruckariyaphong	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	✓

Remark: ✗ = Chairman and ✓ = Director

The company hired **P&L Corporation Company Limited to conduct the 2023** internal audit and the details of the chief internal auditor are as follow:

Ms. Monnat Phumirattanajarin, Vice President at P&L Corporation Co.,Ltd., provides internal audit service for listed companies (both SET and mai) and other private companies as well as companies in the process to be listed in the Stock Exchange of Thailand around 60 firms in total.

Education:

- Master's degree in accountancy (Master of Accountancy), Faculty of Commerce and Accountancy, Chulalongkorn University
- Bachelor's degree in accounting, College of Innovative Business and Accountancy, Dhurakij Pundit University

Working Experience:

- Vice President - P&L Corporation Co., Ltd.
- Marketing officer – Seamico Securities Public Company Limited
- Assistant teacher –Dhurakij Pundit University (College of Innovative Business Accountancy)
- Accountant staff – The sustainable energy project under the Appropriate Technology Association (Energy Ashram)

Training/Diploma/Certificate:

- Internal auditing certificate from the Internal Auditing Certificate Program – IACP
- Certificate of the Institute of Internal Auditors of Thailand (CPIAT)
- Independent auditor certificate in small and medium-sized enterprises (CAC SME Independent Auditor Certification), the Thai Institute of Directors (IOD)
- The Institute of Internal Auditors of Thailand (IIA)
 - Clinic IA: Topic “2017 Standards Updates USAGE, And Conformance”
 - Clinic IA: Topic “Fraud Audit and Caution for Auditor”
 - Clinic IA: Topic “Board and management relationship”
 - Clinic IA: Topic “Agile Auditing”
 - Clinic IA: Topic “Top Risk 2021 & IT Audit Roles”
 - Clinic IA: Topic “The Convergence of Security Governance and Data Privacy”
 - Clinic IA: Topic “State of Cyber Security 2021 & Cyber Practices by Thai SEC”
 - Clinic IA: Topic “Business Process Auditing and Integrated Audit”
- Chulalongkorn University - Pre-CIA course
- Thailand Securities Institute (TSI) –Training Analysis Fundamental Information in Financial Market and Stock Market
- Political Science Association of Kasetsart University
- Personal Data Protection Law Course for Internal Audit (PDPA for Internal Audit), Class 6
- How to Become an Effective Internal Auditor – Federation of Accounting Professions
- Financial Reporting Standards for Non-Public Interest Entities NPAs – Faculty of Commerce Alumni Association, Chulalongkorn University
- Internal control for compliance with important laws for business sustainability – Chulalongkorn University Faculty of Commerce Alumni Association

Attachment 4

Assets for Business Operations and Details About Asset Appraisal Items

1. Assets for Business Operations

1.1 Fixed Assets Used in Business Operations

As of 31 December 2023, fixed assets of the company and its subsidiaries that are used in business operations are as follows:

Type/Characteristic	Net Book Value as of 31 December 2023 (Million Baht)	Characteristic of Ownership	Obligation
1. Land and land improvement	115.17	Owner	None
2. Buildings and building improvement	188.09	Owner	None
	52.82	Right of use assets	Yes
3. Machinery and equipment	588.33	Owner	None
4. Decoration and installation items and office items	17.82	Owner	None
5. Vehicles	9.33	Owner	None
6. Assets under construction and installation	746.13	Owner	None
Total	1,717.69		

Remark: The company and its subsidiaries own buildings, building improvements, land improvements, and assets under construction, including the furniture and fixtures of these assets. These properties are situated on land for which the company has entered into a lease agreement with the company's major shareholder and the shareholders of the indirect subsidiary.

1.2 Intangible Assets

As of 31 December 2023, the company and its subsidiaries owned computer software, patent and copyrights as follows:

Lists of Assets	Net Book Value as of 31 December 2023 (Million Baht)	Ownership	Obligation
Software copyright ^{1/}	7.45	Owner	None
Trademark and copyright ^{2/}	24.34	Owner	None
Product design expense	1.03	Owner	None
Total	32.82		

Remark: ^{1/} Computer software to be written off in 3-10 years.

^{2/} Trademark and copyright to be retired in accordance with patent life of that particular trademark or copyright.

1.3 Important Agreements of the Company

1.3.1 Lease Agreement

(A) Lease Agreements of Land and Factory

The company made a lease agreement of empty land/land with structure with the major shareholder of the company to be used as its factory, office and warehouse. The details are as follows:

1) Bangchan Office (the company's former factory): The office is located in Bangchan Industrial Estate, Serithai road, Kannayao district, Bangkok on a plot of 2 rai, 1 ngan and 88.2 sq. wah. The company leases land with structure including a factory building, an office building and other facilities. On the leased land, the company also constructed additional structures under its ownership.

2) Khlong 13 Factory: The factory is located on Pathum Thani 3012 rural road (on the west side of Khlong 13), Lam Luk Ka district, Pathum Thani province on a plot of 97 rai, 3 ngan and 49 sq. wah. The company made a lease agreement of empty land and later constructed the factory building and other structures under its ownership.

The lease agreement of land with building at Bangchan Office was 3 years with a 3-year extension option. As of 31 December 2023, the fixed assets including buildings, structures and other assets in which the company invested and installed on the rental land were worth 14.53 million baht, and the net book value was 1.68 million baht.

Making the lease agreement of assets at Bangchan Office is counted as the connected transaction which was endorsed by the audit committee meeting and received approval from the Board of Directors' meeting. The directors who have interest in this transaction did not attend the meeting and did not take part in the voting to approve the transaction.

The lease agreement of the Khlong 13 factory was 20 years and the company has invested in construction of a factory building and other facilities on the land. The construction started in 2010 and completed as well as commenced production in 2012. As of 31 December 2023, the fixed assets including a factory building, structures and other assets in which the company invested and installed on the land were worth 369.47 million baht in cost value and 147.30 million for net book value.

The lease agreement of assets at the Khlong 13 factory is regarded as the connected transaction which was endorsed by the audit committee meeting and received approval from the Board of Directors' Meeting. In addition, the directors who have interest in this transaction did not take part in the consideration and voting at the meeting to approve the transaction.

The company arranged appraisals of land/land with structures in both properties that the company made lease agreements. The appraisals were conducted by an independent appraiser, Agency for Real Estate Affairs Co., Ltd., which has been approved by the Securities and Exchange Commission according to the appraisal reports dated 7 August 2013 and 8 August 2013. The appraisals were made for public purpose.

(B) Lease Agreement of Land with Structures of Bangchan Office

Gist of Agreement	
Parties of Agreement	<i>Lessee</i> : Sappe Public Company Limited <i>Lessor</i> : Mr. Anan Ruckariyapong
Relationship between the parties and the company	Mr. Anan Ruckariyapong is the president and also the director who is authorized to sign on behalf of the company. He holds the company's share at 1.61 % of the issued shares (As of 31 December 2023)
Assets under Lease Agreement	Land, factory and other structures Title deed number 123454 with land area of 2 rai, 1 ngan and 88.20 sq. wah. The land with structures under the lease agreement is located at 9/3, Soi Serithai 56, Bangchan Industrial Estate, Serithai road, Kannayao subdistrict, Kannayao district, Bangkok, 10230

Gist of Agreement

Term of Agreement	The lease agreement commenced on October 1, 2022, and is set to terminate on September 30, 2025, covering a period of three years. This year, the company renewed the contract for an additional three years. Upon the expiration of each three-year lease term, the tenant retains the right to renew the lease contract for another three years under the same terms and conditions. Rent will be subject to a 3.0% increase from the final rental rate and will continue to increase annually at the same rate for rent adjustment.
Rental rate	The rental rate for year 1 (October 2022 - September 2023) is 507,734 baht per month. The rental rate for year 2 (October 2023 - September 2024) is 522,966 baht per month.
Rental rate setting	Rental rate is referred from the assessment of the independent appraiser. The initial rate in the first year for the factory and other structures was equal to the appraised rental price of the factory, and added with the rental fee of remaining land at 5% of the land appraisal price. The rental fee shall be increased in the following years at 3.0% per year.
Appraisal Price	<p><u>Market price for buy and sell</u></p> <ul style="list-style-type: none"> - Land: 34.59 million baht (Calculated the annual rental rate at 5% of the land appraisal price in the part under the lease agreement so the land rental fee is equal to 53,586 baht/ month) - Building: 14.29 million baht (Appraisal price of all buildings and structures) <p><u>Market price for rental fee (Only the part under the lease agreement)</u></p> <ul style="list-style-type: none"> - Factory area 130 baht/sqm./month - Office area 169 baht/sqm./month <p>Total rental fee of building 335,550 baht/month</p>
- Name of Independent Appraiser	Agency for Real Estate Affairs Co., Ltd
- Date of Appraisal	31 July 2013
Important conditions of the agreement	<ul style="list-style-type: none"> - When the lease agreement ends and the lessee does not want to continue leasing the property, and the lessor desires to sell the land with other structures in this agreement, the lessor agrees to give the right to the lessee to buy the property before other buyers at the appraisal price assessed by the independent appraiser which has been approved by the Securities and Exchange Commission. - The lessee can terminate the tenancy before the end of the leasing term by submitting a written notice not less than 60 days in advance, but the lessor is not allowed to terminate the agreement before the end of the term. If the agreement expires and the lessor does not want the lessee to extend the tenancy, the lessor must inform the lessee in advance with written notice at least 1 years before the end of the agreement term. - When the lease agreement is due without an extension of tenancy, or the agreement is ended by any cause, the lessee shall be allowed to transfer the factory and structures built before and/or within the lease duration into ownership of the lessor without any payment, except that the lessor does not want to own the structures

Gist of Agreement

which were constructed by the lessee. The lessor can also request the lessee to demolish those structures with the expense in the responsibility of the lessee.

- In case that the lease agreement ends with breach of agreement committed by the lessor, the lessor must be responsible for the construction expense of building, factory and other structures which were constructed or enlarged before and/or within the duration of the agreement term to the lessee at the market price, and/or the price assessed by the independent appraiser which is endorsed by the Securities and Exchange Commission, and agreed by both parties as appraiser.

(C) Lease Agreement of Khlong 13 Factory

Gist of Agreement

Parties of Lease Agreement	<p><i>Lessee</i>: Sappe Public Company Limited</p> <p><i>Lessor</i>: Ruckariyapong Group of Persons</p>
Relationship between the parties and the company	The group of persons consists of 6 members: Mr. Anan Ruckariyapong, Mr. Adisak Ruckariyaphong, Mrs. Somnuk Isoonpisarnsiri, Mr. Arnupap Ruckariyapong, Ms. Piyajit Ruckariyapong and Mr. Thanarat Ruckariyapong who are the directors, executives and/or the major shareholders of the company with collective holding of 73.51% of issued shares (As of 31 December 2023)
Assets under Lease Agreement	<p>Empty land with title deed numbers: 208, 146943, 146944 and 146945.</p> <p>The plot of 97 rai, 3 ngan and 49 sq.wah. is located on rural road Pathum Thani 3012 (West of Khlong 13), Phuet Udom, Lam Luk Ka district, Pathum Thani province 12150.</p>
Term of Lease Agreement	20 year-term, started from 1 October 2013 and ends 30 September 2033.
Rental rate	The rental rate for Year 10 (October 2022 - September 2023) is 182,849 baht per month, and the rental rate for Year 11 (October 2023 - September 2024) is 186,506 baht per month.
Rental rate setting	The rental rate setting is referred from the appraisal of the independent appraiser with the annual rate in the first year equal to 5% of the appraised land price, and to be increased by 2% per year for the rest of the agreement term.
Appraisal Price	Land: 61.20 million baht
- <i>Name of Independent Appraiser</i>	Agency for Real Estate Affairs Co., Ltd.
- <i>Date of Appraisal</i>	30 July, 2013
Important conditions of lease agreement	<ul style="list-style-type: none"> - After the expiration of the 3-year term counting from the date specified in this agreement, the lessor agrees that if the lessee desires to purchase the assets, the lessor will sell them to the lessee and both parties shall separately select one independent appraiser which has been approved the Securities and Exchange Commission. The transaction shall be made under the average price of the appraisal price assessed by the two independent appraisers (Average Appraisal Price). - Throughout the duration of tenancy, the lessor agrees not to sell the assets to other persons in any case, and if the lessor wants to sell the land and structures (if any) when

Gist of Agreement

the 20-year-term ends under this lease agreement, the lessor has to inform the lessee in a written notice at least 3 years before the end of the agreement. However, the notification from the lessor is not regarded as depriving the right of the lessee to buy the leased assets from the lessor.

- When the 20-year tenancy expires and the lessor shall propose to sell the leased assets to the lessee or offer continuity of tenancy, the lessor has to offer at the average appraisal price (the price is calculated from the land only and is not included the structures on the leased land). If the lessee refuses to buy the leased assets or does not respond to the offer within 60 days of the date of offering, the lessor is entitled to sell the land and the buildings of the lessee on that plot (if any) to other persons when the 20-year term of the lease agreement ends.
- If the lessor wants the lessee to continue asset tenancy, the lessor shall offer a deal that both sides jointly agree in relevant matters including duration of the lease, rental rate, and terms and conditions. In this case, the lessor is required to offer a deal to the lessee before other persons.
- The lessee is entitled to terminate the lease agreement before the end of the term by informing the lessor with written notice not less than 60 days in advance, but the lessor cannot terminate the agreement before the expiration of the agreement.
- When the lease agreement expires and the lessee has yet agreed to buy the assets or does not request for an extension of tenancy, or the agreement is ended by any cause, except the lessor breaches the agreement, the lessee allows the transfer of the factory and other structures constructed before and/or within the lease term to be in ownership of the lessor without payment. In case that the lessor does not want to own the structures constructed by the lessee, the lessor can request the lessee to demolish the structures and be responsible for the relevant expense.
- In case that the lease agreement comes to an end as the lessor breaches the contract, the lessor shall be responsible for the construction expense of building, factory and other structures in which the lessee constructed before and/or within the lease term for the lessee at the average appraisal price for the building and structures.

(D) Lease Agreement of Ramkhamhang Office

Gist of Agreement

Parties of Agreement	Lessee: Sappe Public Company Limited Lessor: S.P. International Co., Ltd.
Relationship between the agreement parties and the company	-None-
Assets under Lease Agreement	S.P. Arcade Building, 3 rd floor with a total area of 1,507.7 sq.m.

Gist of Agreement

The building is located at 71, Ramkhamhaeng road, Hua Mark subdistrict, Bangpaki district, Bangkok 10240

Term of Lease Agreement	The lease initially spanned 3 years, commencing on September 16, 2020, and concluding on September 15, 2023. This year, the company renewed the contract for another 3 years, beginning from September 16, 2023, and ending the lease on September 15, 2026, upon its expiration. If the tenant opts to extend the rental agreement, both parties will negotiate and enter into a new contract. In the event of any adjustments to the rent and additional service fees, the lessor agrees to make adjustments not exceeding 15% of the original rent and service charge.
Rental rate and service rate	655,850 baht per month

1.3.2 Agreement of Distributor Appointment

Agreement Party/Relationship with the Company	Gist of Service under Agreement	Terms of Agreement
1. Agreement between the Company (Product Owner) and Durbell Co., Ltd. (Distributor) <i>Relationship with the Company:</i> -None -	The company sells its products specified in the agreement to the distributor in order to distribute them in domestic retail and wholesale shops which are not 'Chain Store' whereas the distributor shall receive payment at a percentage of the price distributed to wholesale shops.	For a period of 3 years (September 11, 2020 - August 31, 2023), the company has renewed the contract this year for another 3 years (September 1, 2023 - August 31, 2026), with the option for automatic renewal in 3-year increments according to the conditions specified in the contract.

1.3.3 Asset Insurance

The company has insurance coverage for property risks, including business interruption insurance. For the Bang Chan Office, Khlong 13 Factory, Ramkhamhaeng Office, Khlong 15 Warehouse, Wang Noi LF Logistics (Thailand) Limited Warehouse, Khlong 12 Warehouse, and Thanyatip Express Company Limited Warehouse, the total insured amount is 2,933.70 million baht, covering the book value of the assets. Additionally, legal liability insurance for third parties has been obtained with a sum insured of 50 million baht. Further details are summarized as follows.

Type of Policy	Insurance Company	Insured Assets	Sum Insured (Million Baht)	Period of Insurance	Insured
1. Industrial All Risks Insurance Policy	Dhipaya Insurance PCL (40%) Muang Thai Insurance PCL (30%)	No. 8,18,19 Moo 7, Phuet Udom subdistrict, Lam Luk Ka district, Pathum Thani province 12150, No. 9/3 Bangchan Industrial Estate, Serithai road, Kannayao subdistrict, Kannayao district, Bangkok 10230,	1,733.70*	September 30, 2023, to September 30, 2024	Sappe Public Company Limited

Type of Policy	Insurance Company	Insured Assets	Sum Insured (Million Baht)	Period of Insurance	Insured
	Allianz Ayudhya Insurance PCL (25%)	Ramkhamhaeng Office 71 , Ramkhamhaeng road, Hua Mark subdistrict, Bangkapi district, Bangkok 10240,			
	Indara Insurance PCL (5%)	Khlong 15 Warehouse Building 1, No. 53 Moo 4, Chumphon subdistrict, Ongkharak district, Nakhon Nayok 26120, Wang Noi Storage LF Logistics (Thailand) Limited No. 505 Moo 2, Khlong Chik subdistrict, Bang Pa-in district, Ayutthaya province, and Tanyatip Express Co.,Ltd. Warehouse No. 42/7 Village No. 4, Bueng Kho Hai Subdistrict, Lam Luk Ka District, Pathum Thani Province 12110			
		coverage			
		- Building (Footing is excluded) including building improvement etc.			
		- Furniture, fixtures, office equipment.			
		- Machinery and equipment			
		- Stock of finished goods, good in process, raw materials as well as packages.			
		- Electrical substation.			
		- Solar Roof			
		Extended Coverage			
		- Fractures caused by glass accident.			
		- Electrical Injuries.			
		- Loss or damage of insured assets arising from robbery and loot.			
		- Loss or damage of insured assets arising from theft without visible sign of breaking.			
		- Loss or damage caused by machinery interruption.			
		- Loss or damage to electronic equipment and computers caused by			




Type of Policy	Insurance Company	Insured Assets	Sum Insured (Million Baht)	Period of Insurance	Insured
		accidents, other external factors and burglary. - Loss or damage of cash. - Damage to movable assets located outside the building or outdoor. The protection covers damages caused by wind, rain, hail, flood, sand or dust - Loss or damage to steam generators, fuel-directed equipment or pipes, turbines, steam or pressure storage tanks, and machinery or equipment that utilizes pressure.			
		- Business Interruption Insurance	1,200.00		











* Remark : Limited coverage for the loss or damage caused by flood in amount not exceeding 450.00 million baht per one time and throughout the period of insurance.

2. Trademark Used in Business Operations

The company owns trademarks or brand logos which have been registered with the Department of Intellectual Property, Ministry of Commerce such as Sappe, Beauty Drink and Mogu Mogu. The registration of each logo has a term of 10 years from the registration date and can be renewed every 10 years. Additionally, the company also has the trademarks registered in other countries such as the Philippines and the United States, and “Mogu Mogu” is among the brand logo which is registered overseas.

The company will extend the registration of its brand logos at the due period. When the company launches products under a new trademark, the company or its subsidiaries will carry out the registration for new trademarks as deemed appropriate. As of 31 December 2023, the company owns the key trademarks as follows:

Order	Trademark Image	Ownership	Registration Number (Country)	Terms of Trademark
1		The company	๙343965 (THAILAND)	15 October 2010 - 12 January 2030
2		The company	๙326260 (THAILAND)	31 July 2009 - 30 July 2029
3		The company	๙353901 (THAILAND)	11 February 2011 - 10 November 2030

Order	Trademark Image	Ownership	Registration Number (Country)	Terms of Trademark
4		The company	ร353905 (THAILAND)	2 June 2011 - 1 June 2031
5		The company	171115878 (THAILAND)	18 March, 2015 - 17 March 2025
6		The company	171102579 (THAILAND)	15 November 2013 - 15 November 2023 (In renewal process)
7		The company	4-2014-013969 (PHILIPPINES)	11 November 2014 - 11 November 2024
8		The company	D00 2010 039941 (INDONESIA)	5 November 2010 - 5 November 2030
9		The company	D00 2008 030571 (INDONESIA)	22 August 2008 - 22 August 2028
10		The company	013443544 (EU)	10 November 2014 - 10 November 2024
11		The company	007071053 (EU)	16 July 2008 - 16 July 2028
12		The company	009705773 (EU)	2 February 2011 - 2 February 2031
13		The company	4923794 (U.S.A.)	November 2014 – 5 November 2024

3. Investment in Subsidiaries and Associates

As of 31 December 2023, the company have invested in subsidiaries and associates as follow:

Subsidiaries	Date of Investment	Paid-up Capital (Million Baht)	Shareholding (Percentage)	Investment at Cost Value (Million Baht)	Proportion to the Total Asset Value of the Company (Percentage)
Direct Subsidiaries					
1. Sappe Holding (Thailand) Limited (“Sappe Holding”)	1 July 2013	0.27	60.00	0.16	0.00
2. Sappe Holding (Thailand) Limited (“Sappe Holding”)	8 May 2015	427.00	100.00	427.00	7.52
Indirect Associates					
1. Sappe Trading (Hong Kong) Company Limited (“Sappe Trading Hong Kong”)	1 July 2013	0.45	100.00	0.45	0.01
2. Sappe Hong Kong Company Limited (“Sappe Hong Kong”)	8 May 2015	13.98	100.00	13.98	0.25
3. Sappe Trading (Shanghai) Company Limited (“Sappe Shanghai”)	1 July 2013	10.17	100.00	10.17	0.18
4. All Coco Group Company Limited (“All Coco”) with subsidiaries as follows: - All Coco Company Limited - K Best Farm Company Limited	8 May 2015	168.00	51.00	196.35	3.46
5. SAPPE Philippines Corporation (“Sappe Philippines”)	31 May 2023	6.86	100.00	6.86	0.12
Indirect Associates					
1. Danone Sappe Beverages Company Limited (“DANONE”)	28 February 2019	300.00	25.00	75.00	1.32
2. M Intelligence Company Limited	13 December 2021	4.95	16.21	70.00	1.23
Indirect Joint Venture					
1. Wope Company Limited	27 September 2022	50.00	60.00	30.00	0.53

4. Investment Policy in Subsidiaries and Associates

The company has a policy to invest in the business related to the company's core business with potential to enhance the company's profitability. The investment should also create synergy in terms of strengthening the main business operations or adding value to the company business.

The company sets the policy to control and manage the business of its subsidiaries and associates in order to supervise those businesses as part of the company. In addition, the company also has measures to follow the management of the joint ventures to protect its interest of investment. In case of investment in subsidiaries, the company will control and set the management policy, appoint representatives to serve as directors and attend shareholders' meetings. The company's representatives are authorized to vote in accordance with the guideline or direction considered by the Board of Directors. However, the company has no policy to directly control the associates. For the representatives to be the directors in both subsidiaries and associates, the company will consider this as it sees appropriate, and this depends on the joint agreement.

Currently, the company invests in 2 direct subsidiaries and closely supervises them and follows their operations in order to reach the investment goals. To emphasize the investment in the subsidiaries, the company has received approval from the Board of Directors to appoint the appropriate and qualified persons, Mr. Adisak Ruckariyaphong, Ms. Piyajit Ruckariyapong and Mr. Arnupap Ruckariyapong, to take director role in Sappe Holding (Thailand) Co., Ltd.

For Sappe Europe s.r.o. in Slovakia, the company has encountered legal limitations stating that a director must have residence in Slovakia. With this complication to appoint representatives from Thailand, the Board of Directors has set measures to oversee this subsidiary through an approval of Director Charter and Table of authority for directors of Sappe Europe s.r.o. to adhere and follow.

The Report of the Audit Committee

The Audit Committee of Sappe Public Co., Ltd. ("Company") consists of 3 independent directors who are knowledgeable, capable, expertise and qualified as prescribed by the Charter of the Audit Committee. Mr. Surath Pralongsilp¹ is the chairman of the Audit Committee and Mrs. Niratchara Siriamphunkul and Mr. Chanin Archjananun² are the Audit Committee members. All 3 Audit Committee members are not involved in the management, including not being executives, staffs, or employees in the Company, subsidiaries and other affiliated companies.

Throughout 2023, the Audit Committee performed duties in the scope of duties and responsibilities according to the Charter of the Audit Committee that the Board of Directors has given approval and perform duties in accordance with the scope of regulations and guidelines set by the Stock Exchange of Thailand including reviewing of the good corporate governance, reviewing of financial statements, reviewing of the accuracy and appropriateness of the disclosure of connected transactions between the Company and related parties and transactions that may have conflicts of interest, strict reviewing of the suitability of internal control systems and continuous development of internal control systems, and strict supervising of the internal audit department. The Audit Committee has also selected and proposed to the Board of Directors and to a meeting of shareholders to appoint the certified auditor of the Company, including consideration of compliance with professional requirements, performance, quality of the service and appropriateness of the remuneration of the auditors.

The Audit Committee was aware of the duties and responsibilities of overseeing the Company to operate in accordance with the policy of the Board of Directors with efficiency and transparency and to be able to be inspected in every step to ensure that the Company continuously developed the good corporate governance.

In 2023, the Audit Committee has independently and completely performed duties as assigned and has attended the meetings with the management, the auditors, and the internal auditors according to 4 relevant agenda which can be summarized as follows:

1. Comments about Accuracy, Completeness, and Reliability of the Company's Financial Reports

The Audit Committee reviewed the quarterly financial statements and the Company's financial statements for the year 2023 before proposing to the Board of Directors for consideration and approval of the Annual General Meeting of Shareholders for the year 2024 to ensure that the financial reports, connected transactions between the Company and related parties, and transactions that may lead to conflicts of interest, and disclosure of important information were prepared correctly, completely and reliably. The Audit Committee also invited the auditors to attend the meeting on the agenda of reviewing the quarterly financial statements and the financial statements for the year 2023 in order to ask about important issues and to ensure that the said financial statements are consistent with the accounting standards and the financial reporting standards.

Remark: ¹ Mr. Surath Pralongsilp has been appointed as Chairman of the Audit Committee, replacing Mr. Padungdej Indralak, effective from April 27, 2023.

² Mr. Chanin Archjananun has been appointed as a member of the Audit Committee, effective from April 27, 2023.

In addition, the Company allocated time for the Audit Committee to meet the auditors without the presence of the management team at least once a year to give an opportunity to discuss various issues according to the guidelines in line with the announcement of the Stock Exchange of Thailand.

2. Comments on the Appropriateness of the Auditors

The Audit Committee inspected independence, professional expertise, knowledge and experience, and performance and service quality that the auditors of KPMG Phoomchai Audit Ltd. After reviewing the appropriateness of the remuneration, the Audit Committee agreed that the auditors from KPMG Phoomchai Audit Ltd. performed duties, expressed opinions and provided useful suggestions in the preparation of financial reports and improvements on the internal control of the Company.

After evaluating the performance of the auditors in the past year, the Audit Committee forwarded the results to the Board of Directors meeting to propose to the Annual General Meeting of Shareholders for the year 2024 to consider the remuneration and appoint the auditors of KPMG Phoomchai Audit Ltd. to be the auditors of the Company for the year 2024 continually. The auditors were to be rotated every 7 years as specified by the Securities and Exchange Commission.

3. Supervision of the Internal Control Systems, Preparation of the Internal Control System Audit Plan, and Evaluation of the Sufficiency of the Company's Internal Control Systems

The Audit Committee ensures that the internal control systems of the Company are inspected and revised to ensure appropriateness and stability. The Committee appointed an independent external company to act as the internal control system auditor (Internal Auditor) and to consider the plan for the internal control systems of the Company for the year 2023. It reviewed the report of the internal auditor's audit performance on a quarterly basis and enforced the internal auditor to follow the progress on issues proposed for improvement. It aimed to ensure that the management department took appropriate actions within the specified time after the management department agreed with the proposals of the Audit Committee on the issues that the internal auditor detected from operations.

Moreover, the Audit Committee appointed P&L Corporation Company Limited as the internal auditor of the Company for 2024 and considered the plan for the internal control systems of 2024.

The Audit Committee and the Board of Directors evaluated the sufficiency of the internal control systems on an annual basis according to the international standards "The Committee of Sponsoring Organizations of the Treadway Commission: COSO" to ensure that the internal control evaluation is effective enough for the operations of the Company.

4. Compliance with Laws on Securities and Exchange, the Requirements of the Stock Exchange, or Laws Related to the Company's Business

After the Audit Committee reviewed the operations in accordance with laws on securities and exchange, requirements, announcements, regulations of the Securities and Exchange Commission and the Stock exchange of Thailand, and other laws related to the operations, they are of the opinion that the Company successfully complied with laws and relevant requirements, announcements and regulations.

5. Review of Transactions that may have Conflicts of Interest

The Audit Committee reviewed the transactions of the Company, including the transactions that may cause conflicts of interest in 2023, with subsidiaries or connected persons. It was intended to ensure that they were common operations which were performed for the maximum benefit of the Company. No transfer of benefits, nor any action against business ethics and Code of Conduct of the Company was founded. On the contrary, transactions were supervised to be consistent with laws, regulations, announcements and rules of the Securities and Exchange Commission and the Stock exchange of Thailand regarding the disclosure of information of transactions that may have conflicts of interest.

6. Review of the Good Corporate Governance of the Company

The Audit Committee promoted the Company's good corporate governance and oversaw the operations of the Company in accordance with the principles and guidelines for the good corporate governance of the Stock Exchange of Thailand. The Audit Committee strictly and fully complied with the said guidelines and determined the audit of the internal control systems of the Company to ensure that the Company complied with the supervision guidelines appropriately and consistently. This was to ensure the Company's acceptance and build confidence among shareholders and all interested parties.

7. Evaluation of the Performance of the Audit Committee

The Audit Committee evaluated the performance of the Audit Committee on an annual basis. In 2023, the appraisal of the performance of the Audit Committee covered 4 categories: (1) qualifications and independence of the Audit Committee (2) duties and responsibilities of the Audit Committee (3) the meeting of the Audit Committee and (4) receiving information from the company and a training. The Audit Committee has suggested important issues for the Company to improve its performance.

In conclusion, the Audit Committee performed the duties and responsibilities as outlined in the Charter of the Audit Committee approved by the Board of Directors by using sufficient knowledge, ability, carefulness, prudence, and independence for the equal benefit of all stakeholders. The Audit Committee is of the opinion that the financial reports of the Company are accurate, reliable, compliant with the generally accepted accounting standards. The Company has appropriate and effective internal control management, consistent operation in accordance with the good corporate governance system, and compliance with laws, regulations, and obligations relating to the Company's operations.

On behalf of the Audit Committee,



(Mr. Surath Pralongsilp)

Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible for the financial statements of Sappe Public Company Limited ("Company") and its subsidiaries, which are prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, the Accounting Profession Act B.E. 2547, the interpretation and guidelines on accounting issued by the Federation of Accounting Professions, and the Securities and Exchange Act B.E. 2535. Regarding the preparation of financial reports, the Company has chosen and implemented under the appropriate accounting policies consistently, including sufficient disclosure of important information in the notes of financial statements and unconditional procurement of comments on the financial statements of the Company in the auditors' reports.

In addition, the Board of Directors is responsible for overseeing, establishing, and maintaining the internal control and risk management to ensure that accounting records are accurate, complete, timely and sufficient to maintain assets as well as preventing fraud or committing an offense against the Company. In this regard, the Board of Directors has appointed the Audit Committee consisting of independent directors overseeing financial statements and assessing the internal control and internal audit systems for efficiency and effectiveness. For this reason, The Board of Directors is of the opinion that, with the internal control and internal audit systems of the Company, the Company can build confidence that the Company's financial statements and financial reports are accurate in substantial.

On behalf of the Board of Directors



Mr. Anan Ruckariyapong
(Director)



Mr. Arnupap Ruckariyapong
(Director)

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