



No. FI202105-01

14 May 2021

Subject: Report on operating results for the first quarter ended 31 March 2021 and changes in the operating results from the same period of the previous year

To: President of the Stock Exchange of Thailand

Regarding a regulation of the Stock Exchange of Thailand stating that in case of the listed company's operating results are different from the same period of the previous year by more than 20%, the listed company shall submit a report, along with its financial statements, to notify the reasons for such changes.

(Unit: Thousand Baht)

Profit & Loss statement	Q1/2021	%	Q1/2020	%	Q4/2020	%	YoY%	QoQ%
Total Revenue	772,639	100.0%	844,351	100.0%	813,831	100.0%	-8.5%	-5.1%
Revenue from selling goods	734,289	95.0%	830,046	98.3%	793,259	97.5%	-11.5%	-7.4%
Net gain from foreign exchange	-	0.0%	-	0.0%	6,657	0.8%		-100.0%
Others income	38,350	5.0%	14,305	1.7%	13,915	1.7%	168.1%	175.6%
Cost of goods sold	459,650	59.5%	533,436	63.2%	502,558	61.8%	-13.8%	-8.5%
Gross profit	312,989	40.5%	310,915	36.8%	311,273	38.2%	0.7%	0.6%
SG&A	193,310	25.0%	206,662	24.5%	202,609	24.9%	-6.5%	-4.6%
Selling expenses	118,404	15.3%	106,005	12.6%	127,037	15.6%	11.7%	-6.8%
Administrative expenses	70,300	9.1%	75,057	8.9%	75,572	9.3%	-6.3%	-7.0%
Net loss from foreign exchange	4,606	0.6%	25,600	3.0%	-	0.0%	-82.0%	100.0%
EBIT	119,679	15.5%	104,253	12.3%	108,664	13.4%	14.8%	10.1%
Finance costs	(656)	-0.1%	(863)	-0.1%	(710)	-0.1%	-24.0%	-7.6%
Reversal of impairment loss (TFRS 9)	(170)	0.0%	1,161	0.1%	(1,445)	-0.2%	-114.6%	-88.2%
Share of profit(loss) from investment in association	(9,286)	-1.2%	(3,105)	-0.5%	(97)	0.0%	199.1%	9473.2%
EBT	109,567	14.2%	101,446	12.0%	106,412	13.1%	8.0%	3.0%
Income tax expense	24,519	3.2%	18,445	2.1%	19,676	2.4%	32.9%	24.6%
Net profit(loss)	85,048	11.0%	83,001	9.8%	86,736	10.7%	2.5%	-1.9%
Net profit(loss) of Parent Company	86,568	11.2%	82,011	9.7%	82,624	10.2%	5.6%	4.8%



Overall

Regarding overall performance of Sappe Public Company Limited, consolidated total revenue for Q1/2021 was Baht 772.6 million, decreasing by 8.5% from the same period of last year. The decline was mainly from COVID-19 pandemic situation, causing a decline in consumers' purchasing power in both international and domestic markets especially when we compare with Q1/2020 that have a partially impact of COVID-19 outbreaks. However, the Functional Drink category in domestic market has been growing since Q2/2020 because of the rising health-conscious trend, positively affecting Domestic sales. For International market, the Company starts to see positive sign of economic recovery from the vaccination against COVID-19 globally. We expect a significant grow of international sales in Q2-Q3/2021 onward.

Cost of goods sold to total revenue decreased by 3.7 pts. to 59.5% from the decrease in Thai excise tax imposed on some beverage categories at 3% of Retail price since July 2020 and from continued cost saving projects.

Selling and Administrative expenses was Baht 188.7 million, slightly increasing by 4.2% from the same period of previous year at Baht 181.1 million. As a result, Net profit for Q1/2021 was at Baht 85.0 million, increasing by 2.5% from the same period of previous year at Baht 83.0 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 734.3 million, 11.5% lower than the same period of last year in Q1/2021 at Baht 830.0 million, when is early stage of COVID-19 outbreaks that had a partially impact to sales performance.

Domestic sales significantly decreased, comparing to Q1/2020 due to the third wave of COVID-19 outbreak at the beginning of this year. However, the sales of Functional Drink category, under Beauti Drink Brand, in domestic market has been growing since Q2/2020 because of the rising health-conscious trend.

International sales also decreased comparing to Q1/2020 which was partially from the crisis of container shortage in Q4/2020 and the COVID-19 situation, especially the sales in some countries in Asia, the Company's largest market. Nonetheless, the Company starts to see positive sign since Q2/2021 in both container shortage's crisis and economic recovery from the COVID-19 vaccination globally. Also, we expected that international sales for year 2021 grow in accordance with the Company's business fundamental.



Cost of Goods Sold

COGS to the total revenue from selling goods in Q1/2021 was at 59.5%, lower than Q1/2020 at 63.2%., caused by the decrease in Thai excise tax imposed on some beverage categories since July 2020, from 10% to 3% of retail price. Excluding the excise tax factor, the %COGS to total revenue from selling goods still decreased by 0.7 pts. YoY despite the better cost management such as lower production losses, improved machine's efficiency and well-managed production and continued cost saving projects.

Selling Expenses

Comparing to the same period of last year with selling expenses at 12.6%, the Company's selling expenses to total revenue increased by 2.7 pts. to 15.3%, resulting from marketing investment in Beverage and Healthier snacks categories in domestic market to capture Functionals products trend that has a good growth rate and the partially increase from export logistic costs due to the crisis of container shortage in Q4/2020, which has already recovered since Q2/2021. However, the percentage of selling expense to total sales was still in the budget and the company carefully manage this budget under unexpected situation from COVID-19 outbreaks.

Administrative Expenses

The company reported administrative expenses at Baht 70.3 million or 9.1% of the total revenue, slightly decreasing from the same period of last year at Baht 75.1 million.

Share of profit (loss) from Investment in Association.

The Company realized a total loss of Baht 9.3 million, resulting from a joint investment in an associate, Danone-Sappe Beverages Co., Ltd. (25% shareholding), in the form of sales and marketing activities to create a medium-to long-term brand awareness.

Net Profit (Loss)

The company reported net profit at Baht 85.0 million or 11.1% of the total revenue, 2.5% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer