



No. FI202108-01

10 Aug 2021

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

P&L Statement as at Q2/2021

Profit & Loss statement	Q2/2021	%	Q2/2020	%	Q1/2021	%	YoY%	QoQ%	H1/2021	%	H1/2020	%	YoY%
Total Revenue	960,495	100.0%	728,197	100.0%	772,639	100.0%	31.9%	24.3%	1,733,134	100.0%	1,560,679	100.0%	11.0%
Revenue from selling goods	891,006	92.8%	704,413	96.7%	734,289	95.0%	26.5%	21.3%	1,625,295	93.8%	1,534,459	98.3%	5.9%
Net gain from foreign exchange	-	0.0%	11,869	1.6%	-	0.0%	-100.0%		-	0.0%	-	0.0%	
Others income	69,489	7.2%	11,915	1.7%	38,350	1.7%	483.2%	81.2%	107,839	6.2%	26,220	1.7%	311.3%
Cost of goods sold	536,289	55.8%	454,889	62.5%	459,650	59.5%	17.9%	16.7%	995,939	57.5%	988,325	63.3%	0.8%
Gross profit	424,206	44.2%	273,308	37.5%	312,989	40.5%	55.2%	35.5%	737,195	42.5%	572,354	36.7%	28.8%
SG&A	262,715	27.4%	168,221	23.1%	193,310	25.0%	56.2%	35.9%	456,025	26.3%	363,014	23.3%	25.6%
Selling expenses	182,427	19.0%	93,658	12.9%	118,404	15.3%	94.8%	54.1%	300,831	17.3%	199,663	12.8%	50.7%
Administrative expenses	80,002	8.4%	74,563	10.2%	70,300	9.1%	7.3%	13.8%	150,302	8.7%	149,620	9.6%	0.5%
Net loss from foreign exchange	286	0.0%	-	0.0%	4,606	0.6%	100.0%	-93.8%	4,892	0.3%	13,731	0.9%	-64.4%
EBIT	161,491	16.8%	105,087	14.4%	119,679	15.5%	53.7%	34.9%	281,170	16.2%	209,340	13.4%	34.3%
Finance costs	(707)	-0.1%	(831)	-0.1%	(656)	-0.1%	-14.9%	7.8%	(1,363)	-0.1%	(1,694)	-0.1%	-19.5%
Reversal of impairment loss (TFRS 9)	(168)	0.0%	2,531	0.3%	(170)	0.0%	-106.6%	-1.2%	(338)	0.0%	3,692	0.2%	-109.2%
Share of profit(loss) from investment in association	(3,609)	-0.4%	(2,397)	-0.4%	(9,286)	-1.2%	50.6%	-61.1%	(12,895)	-0.7%	(5,502)	-0.3%	134.4%
EBT	157,007	16.3%	104,390	14.3%	109,567	14.2%	50.4%	43.3%	266,574	15.4%	205,836	13.2%	29.5%
Income tax expense	31,835	3.3%	22,741	3.0%	24,519	3.2%	40.0%	29.8%	56,354	3.3%	41,186	2.7%	36.8%
Net profit(loss)	125,172	13.0%	81,649	11.2%	85,048	11.0%	53.3%	47.2%	210,220	12.1%	164,650	10.5%	27.7%
Net profit(loss) of Parent Company	126,866	13.2%	82,753	11.4%	86,568	11.2%	53.3%	46.6%	213,434	12.3%	164,764	10.6%	29.5%



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for Q2/2021 was Baht 960.5 million, increasing by 31.9% from the same period of last year. The increase was mainly from the export market where the company foresaw the positive sign of economic recovery after many countries have vaccine against COVID-19, comparing to the same period of last year when it was the early stage of COVID-19 outbreaks. For domestic market, total sales decreased, comparing to the same period of last year since the COVID-19 situation in Thailand has not yet recovered.

Cost of goods sold to total revenue decreased by 6.7 pts. to 55.8% from the increasing machine utilization rate and continued cost-saving projects.

Selling and Administrative expenses were Bath 262.4 million, increasing by 56.2% from the same period of last year at Bath 168.2 million. This significant increase resulted from container shortage situation leading to higher logistic cost in export market. However, this additional cost can be collected from customers and the company recorded those transactions as other income. As a result, net profit in Q2/2021 was at Baht 125.2 million, increasing by 53.3% from the same period of previous year at Baht 81.6 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 891.0 million, 26.5% higher than the same period of last year. Domestic sales were Baht 309.6 million, 3.8% YoY decrease, and international sales were Baht 581.4 million, 52.0% YoY increase.

Domestic sales slightly decreased due to worse COVID-19 outbreak situation in this quarter. However, the company has new product launching plan in this quarter onwards to continue sales growth, including launches of Preaw coffee (Collagen Peptide Type II), Maxtive coffee (Cordyceps), SAPPE x TAKABB supplement (collaborated with a well-known product, 5 TAKABB cough lozenges, from Hatakabb (Sim Tien Hor) Co., Ltd), Kru Pensri Candy (collaborated with, the leader Entertainment and Media industry in Thailand, Workpoint Entertainment Public Co., Ltd.) and B'lue vitamin water (C200% Peach Flavor) with no sugar formula.

The export sales have significant growth rate at 52.0% YoY with the positive sign of economic recovery in many countries, increasing customers purchasing power especially in Middle East, Europe and North America. Although, the container shortage issue since the end of last year have not recovered yet and affected sea freight cost. However, the company has already discussed with business partner to manage this issue situation in long-term.

Cost of Goods Sold

COGS to the total revenue from selling goods in Q2/2021 was at 55.8%, lower than Q2/2020 at 62.5%, due to increasing machine utilization rate from significant export sales increase, depreciation of Thai Baht and the continue cost-saving projects.



Selling Expenses

Selling expenses to the total revenue was reported at 19.0%, higher than the same period of last year at 12.9% due to marketing investment in domestic and international markets and increasing sea freight cost from the container shortage situation.

At present, the company has provided service by sourcing shipping companies to some customers at lower sea freight cost which will be collected from those customers later. This transaction has caused higher selling expense but eventually will be offset with other income from Q1/2021 onwards.

However, excluding sea freight cost mentioned above, % selling expense to total sales was still in the budget and has been carefully managed under unexpected COVID-19 situation.

Administrative Expenses

The company reported administrative expenses at Baht 80.0 million or 8.3% of the total revenue, slightly increasing from the same period of last year at Baht 74.6 million.

Share of profit (loss) from Investment in Association.

The Company realized a total loss of Baht 3.6 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 125.2 million or 13.0% of the total revenue or 53.3% growth YoY.

Please be informed accordingly.

Sincerely Yours,

(Ms.Piyajit Ruckariyapong)

Director and Chief Executive Officer