



No. FI202211-01

09 November 2022

Subject: Report on operating results for the first quarter ended 30 September 2022 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 | Q3/2022 | % | Q3/2021 | % | Q2/2022 | % | YoY% | QoQ% | 9M/2022 | % | 9M/2021 | % | YoY% |
|--|------------------|---------------|------------------|---------------|------------------|---------------|--------------|--------------|------------------|---------------|------------------|---------------|--------------|
| Total Revenue | 1,356,628 | 106.0% | 1,083,863 | 108.4% | 1,334,482 | 107.9% | 25.2% | 1.7% | 3,832,352 | 108.4% | 2,816,997 | 107.3% | 36.0% |
| Revenue from selling goods | 1,279,318 | 100.0% | 1,000,145 | 100.0% | 1,236,378 | 100.0% | 27.9% | 3.5% | 3,534,674 | 100.0% | 2,625,440 | 100.0% | 34.6% |
| Others income | 77,310 | 6.0% | 83,718 | 8.4% | 98,104 | 7.9% | -7.7% | -21.2% | 297,678 | 8.4% | 191,557 | 7.3% | 55.4% |
| Cost of goods sold | 755,582 | 59.1% | 595,583 | 59.5% | 736,410 | 59.6% | 26.9% | 2.6% | 2,090,684 | 59.1% | 1,591,522 | 60.6% | 31.4% |
| Gross profit | 601,046 | 47.0% | 488,280 | 48.8% | 598,072 | 48.4% | 23.1% | 0.5% | 1,741,668 | 49.3% | 1,225,475 | 46.7% | 42.1% |
| SG&A | 376,693 | 29.4% | 305,599 | 30.6% | 386,970 | 31.3% | 23.3% | -2.7% | 1,112,872 | 31.5% | 761,624 | 29.0% | 46.1% |
| Selling expenses | 256,450 | 20.0% | 221,157 | 22.1% | 292,463 | 23.7% | 16.0% | -12.3% | 815,202 | 23.1% | 521,988 | 19.9% | 56.2% |
| Administrative expenses | 95,120 | 7.4% | 81,314 | 8.1% | 87,266 | 7.1% | 17.0% | 9.0% | 266,806 | 7.5% | 231,616 | 8.8% | 15.2% |
| Net loss from foreign exchange | 25,123 | 2.0% | 3,128 | 0.3% | 7,241 | 0.6% | 703.1% | 247.0% | 30,864 | 0.9% | 8,020 | 0.3% | 284.8% |
| EBIT | 224,353 | 17.5% | 182,682 | 18.3% | 211,102 | 17.1% | 22.8% | 6.3% | 628,796 | 17.8% | 463,852 | 17.7% | 35.6% |
| Finance costs | (531) | 0.0% | (528) | -0.1% | (577) | 0.0% | 0.6% | -8.0% | (1,668) | 0.0% | (1,891) | -0.1% | -11.8% |
| Reversal of impairment loss (TFRS 9) | (412) | 0.0% | 8 | 0.0% | (4,385) | -0.4% | -5038.6% | -90.6% | (4,663) | -0.1% | (330) | 0.0% | 1314.6% |
| Share of profit(loss) from investment in association | (472) | 0.0% | (3,610) | -0.4% | 680 | 0.1% | -86.9% | -169.3% | 1,024 | 0.0% | (16,505) | -0.6% | -106.2% |
| EBT | 222,938 | 17.4% | 178,553 | 17.9% | 206,820 | 16.7% | 24.9% | 7.8% | 623,488 | 17.6% | 445,127 | 17.0% | 40.1% |
| Income tax expense | 44,529 | 3.5% | 35,557 | 3.6% | 39,513 | 3.2% | 25.2% | 12.7% | 121,564 | 3.4% | 91,911 | 3.5% | 32.3% |
| Net profit(loss) | 178,409 | 13.9% | 142,995 | 14.3% | 167,308 | 13.5% | 24.8% | 6.6% | 501,923 | 14.2% | 353,215 | 13.5% | 42.1% |
| Net profit(loss) of Parent Company | 178,141 | 13.9% | 142,000 | 14.2% | 167,282 | 13.5% | 25.5% | 6.5% | 498,811 | 14.1% | 355,434 | 13.5% | 40.3% |



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for Q3/2022 was Baht 1,356.6 million, the highest revenue since the company has established or increasing by 25.2% from the same period of last year. The increase was mainly derived from export market in Asia, Europe and Middle East where the company has expanded distribution channels through National chained Modern Trade outlets in several countries.

Cost of goods sold to revenue decreased by 0.4 pts. to 59.1%. Despite the fact that the company gained positive impact from depreciation of THB against USD, this benefit cannot compensate the increase of raw material costs. The major factor improving %COGS was the improvement of factory performance such as the increase of machine utilization rate, the reduction of production loss and well-managed manpower and overhead expenses.

Selling expenses and Administrative Expenses (excluding Net gain/loss from foreign exchange) was Bath 351.6 million, increasing by 16.2% from the same period of last year at Bath 302.5 million. This significant increase resulted from selling and marketing activities for support the growth of export sales. In addition, container shortage situation has been unraveled leading to lower of other income from logistic service. As a result, net profit – parent company for Q3/2022 was at Baht 178.1 million, the highest profit since the establishment or increasing by 25.5% from the same period of last year at Baht 142.0 million.

Revenue from Selling Goods

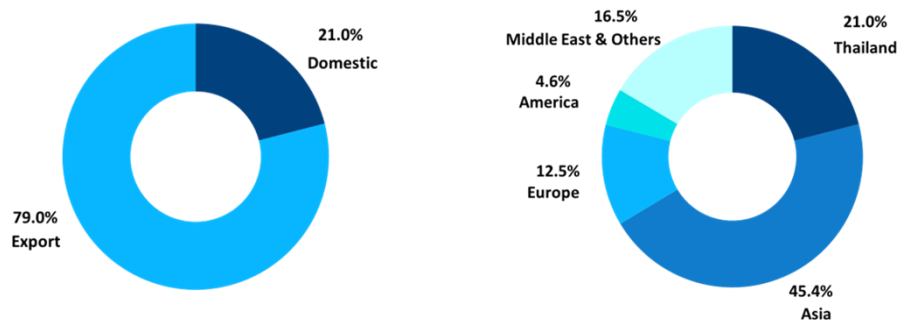
The company reported its revenue from selling goods at Baht 1,279.3 million, also the highest quarterly revenue since the establishment or increasing by 27.9% higher than the same period of last year.

International sales were Baht 1,011.5 million, 47.6% YoY increase, becoming the new baseline of the export sales. The significant growth was contributed by the expansion of sales channels through National chained Modern trade outlets in Europe and the recovery of consumption power in Asia and Middle East. The best-selling products exported over 90 countries worldwide are Mogu Mogu, fruit juices with chewy nata de coco chunks, and Sappe Aloe Vera, fruit juices with chewy Aloe Vera chunks. Comparing to the same period of last year, sales in Europe, Asia and Middle East grew at +134.1%, +38.5% and 49.6% respectively. Despite the low season in the fourth quarter of each year, in Q4/2022, the company will be able to deliver a strong sales growth compared to Q4/2021.



Domestic sales were Baht 267.8 million or 15.0% YoY decrease, resulting from both external & internal factors; unrecovered domestic consumption, limitation of production capacity required to support significant growth in export market, and the adjustment of new product launch plans postponed to the Q4/2022 and Q1/2023. The company continues to focus on online marketing and e-Commerce channels that has been foreseen high potential and opportunities in the future

Revenue from sale of goods in Q3/2022



Cost of Goods Sold

The company recognized the rising cost of raw materials such as sugar, nata de coco chunks, and packaging materials, in particular the increasing cost of PET resin which is in line with the oil price. However, %COGS to revenue in this quarter accounted for 59.1%, 59.5% decrease, comparing to the same quarter of previous year due to:

1. The increase from 69% in Q3/2021 to 79% in this quarter of export sales contribution, due to higher gross margin than domestic sales
2. The increase in sales contributed by the depreciation of THB against USD
3. The increase in capacity utilization rate to support the new base adjustment of the export market that has grown significantly
4. Continuous improvement of production process such as efficient production planning design, human resource management, improving production yield, and reducing loss caused by the production process
5. Investment projects to reduce production costs in various areas, such as installation of solar rooftop to save energy cost, use of machine learning for product quality control, and the replacement of manual processes with automation processes.



Selling Expenses

Selling expenses to the revenue was reported at 20.0%, lower than the same period of last year at 2.1 pts. due to the lower sea freight costs since last quarter which leading to the lower logistic costs and lower other income from logistic service in some of our customers who able to seek sea freight service providers by themselves.

Administrative Expenses

The company reported administrative expenses at Baht 95.1 million or 7.4% of the revenue, slightly decrease from the same period of last year at 8.1% because the growth of revenue was higher than the growth of administrative expenses.

Share of profit (loss) from Investment in Association.

The Company realized a total loss of Baht 0.5 million, resulting from two joint investments in associates, M Intelligence Company Limited (16.2% shareholding) realizing loss of Baht 0.2 million, and Danone-Sappe Beverages Co., Ltd. (25% shareholding), realizing loss of Baht 0.3 million. At the end of the year, the company expects a significant improvement of share of profit from investment in Associate in both JVs compared with last year.

Net Profit (Loss) – Parent Company

The company reported net profit – parent company at Baht 178.1 million, 13.9% of the revenue, the highest profit since the establishment or increasing 25.5% YoY.

Sincerely Yours,

Sappe Public Company Limited

Ms. Piyajit Ruckariyapong

Chief Executive Officer