



No. FI202411-01

14 September 2024

Subject: Management’s Discussion and Analysis (MD&A) for 3Q2024
 To: President of the Stock Exchange of Thailand

Sappe Public Company Limited (the “Company”) would like to clarify the operating results for the quarter ended September 30, 2024, with the following details.

(Unit: Thousand Baht)

Profit & Loss statement	Q3/2024	%	Q3/2023	%	Q2/2024	%	YoY%	QoQ%	9M/2024	%	9M/2023	%	YoY%
Total Revenue	1,643,742	105.0%	1,698,924	101.9%	2,072,336	103.8%	-3.2%	-20.7%	5,610,776	103.9%	4,946,496	102.1%	13.4%
Revenue from selling goods	1,566,196	100.0%	1,666,702	100.0%	1,996,257	100.0%	-6.0%	-21.5%	5,398,457	100.0%	4,843,874	100.0%	11.4%
Net gain from foreign exchange	8,787	0.6%	-	0.0%	11,901	0.6%	100.0%	-26.2%	11,309	0.2%	-	0.0%	100.0%
Others income	68,759	4.4%	32,222	1.9%	64,178	3.2%	113.4%	7.1%	201,010	3.7%	102,622	2.1%	95.9%
Cost of goods sold	846,160	54.0%	897,183	53.8%	1,056,431	52.9%	-5.7%	-19.9%	2,893,232	53.6%	2,680,796	55.3%	7.9%
Gross profit	720,036	46.0%	769,518	46.2%	939,827	47.1%	-6.4%	-23.4%	2,505,225	46.4%	2,163,078	44.7%	15.8%
SG&A	421,999	26.9%	394,854	23.7%	498,925	25.0%	6.9%	-15.4%	1,379,618	25.6%	1,115,906	23.0%	23.6%
Selling expenses	274,173	17.5%	266,744	16.0%	354,948	17.8%	2.8%	-22.8%	971,067	18.0%	733,577	15.1%	32.4%
Administrative expenses	147,826	9.4%	122,531	7.4%	143,976	7.2%	20.6%	2.7%	408,551	7.6%	362,307	7.5%	12.8%
Net loss from foreign exchange	-	0.0%	5,579	0.3%	-	0.0%	n.a.	n.a.	-	0.0%	4,810	0.1%	n.a.
EBIT	375,583	24.0%	406,887	24.4%	516,981	25.9%	-7.7%	-27.4%	1,337,926	24.8%	1,165,006	24.1%	14.8%
Finance costs	(495)	0.0%	(603)	0.0%	(529)	0.0%	n.a.	n.a.	(1,590)	0.0%	(1,947)	0.0%	n.a.
Reversal of impairment loss (TFRS 9)	2,991	0.2%	(344)	0.0%	(254)	0.0%	n.a.	n.a.	1,709	0.0%	(22,977)	-0.5%	n.a.
Loss on disposal of investment in subsidiary	-	0.0%	-	0.0%	-	0.0%	n.a.	n.a.	(2,548)	0.0%	-	0.0%	n.a.
Share of profit (loss) of associates and joint venture	(373)	0.0%	(8,946)	-0.5%	(553)	0.0%	n.a.	n.a.	1,469	0.0%	(20,870)	-0.4%	n.a.
EBT	377,706	24.1%	396,994	23.8%	515,645	25.8%	-4.9%	-26.8%	1,336,966	24.8%	1,119,212	23.1%	19.5%
Income tax expense	72,980	4.7%	83,011	5.0%	104,360	5.2%	-12.1%	-30.1%	266,941	4.9%	231,526	4.8%	15.3%
Net profit(loss)	304,726	19.5%	313,983	18.8%	411,286	20.6%	-2.9%	-25.9%	1,070,025	19.8%	887,685	18.3%	20.5%
Net profit(loss) of Parent Company	300,320	19.2%	319,118	19.1%	410,758	20.6%	-5.9%	-26.9%	1,063,425	19.7%	906,181	18.7%	17.4%



Overall

In Q3/2024, Sappe Public Company Limited, consolidated total revenue from selling goods, amounting to Baht 1,566.2 million. Decrease by 6.0% compared to the same period last year, the slowdown in sales abroad. On the other hand, domestic sales have experienced strong growth, driven by the health-conscious trend, which has directly impacted the Functional Category products, showing continuous growth this year.

The cost of goods sold as a percentage of revenue increased by 0.2 pts. to 54.0% the slowdown in sales, combined with the appreciation of the Thai baht against foreign currencies, has led to a slight increase in the proportion of production costs relative to sales revenue.

The selling expenses and administrative expenses (excluding net gain/loss from foreign exchange) reached Baht 421.9 million, marking a substantial increase of 8.4% compared to the same period last year when they stood at Baht 389.3 million. This increase resulted from the container shortage situation leading to higher logistic costs for the export market. However, this additional cost was recoverable from customers and the company recorded such transactions as other income. The increase was also fueled by intensified selling and marketing endeavors aimed at bolstering the expansion of domestic and export sales.

The net profit of the parent company for Q3/2024 amounted to Baht 300.3 million, a decrease of 5.9% compared to the same period last year, which stood at Baht 319.1 million.

Revenue from Selling Goods

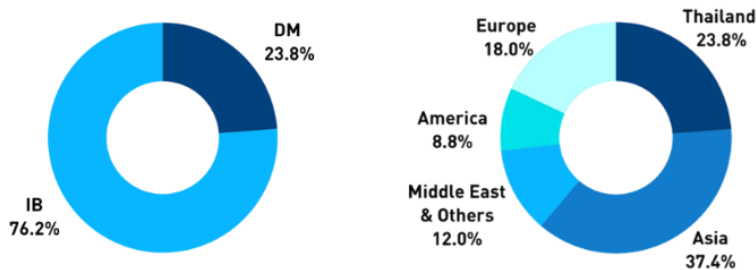
In Q3 2024, the company record revenue from selling goods, totaling Baht 1,566.2 million. decrease of 6.0% compared to the same period last year. primarily due to a decline in revenue from foreign market sales.

International sales, to Baht 1,194 million, decrease by 13.2% YoY. The decline was due to a slowdown in sales in international markets, particularly in European countries. This was caused by lower-than-average temperatures during the summer in key partner countries, which were not as hot compared to the overall weather conditions in the European region. Additionally, factors such as the economic situation, prolonged war conditions, and intense competition in certain countries in Asia and the Middle East contributed to the decline.



Domestic sales also demonstrated a positive trend, reaching Baht 372 million, which represented a 27.7% YoY increase, driven by the popularity of flagship products in the domestic market. Notably, the Sappe Beauti brand, our powdered collagen product, Sappe Beauti Powder Stix, has shown robust sales in the Traditional Trade channel and e-Commerce due to its competitive pricing and the absence of direct competitors in this market segment. Furthermore, our vitamin-infused water brand, Blue (B'lue), continues to enjoy strong popularity In Modern Trade channels. This year, the company plans to launch new products more than 20 SKUs and expects growth in sales.

Revenue from sale of goods in Q3/2024



Cost of Goods Sold

In Q3/2024, the cost of goods sold (COGS) to total revenue from selling goods was 54.0%, marking an increase of 0.2 pts. compared to the same period of last year. The increase in COGS resulted from a decline in sales. Additionally, the appreciation of THB against USD and EUR

Due to the significant increase in sales in international markets recently, and in line with future growth plans, the company has developed a plan to invest in building a new manufacturing facility to enhance production capacity in order to support future sales growth. Currently, the company is in the process of construction, which is progressing according to the planned commercialization expected to begin in Q2/2025

Selling Expenses

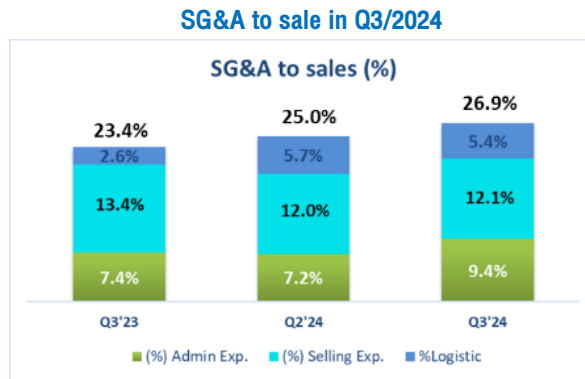
Selling expenses as a percentage of revenue were reported at 17.5%, an increase of 1.5 pts. compared to the same period last year. This rise was primarily due to the container shortage, which led to higher logistics costs in the export market. However, these additional costs were recoverable from customers and were recorded as other income by the company. The increase also reflects heightened marketing investments in both domestic and international markets, aimed at boosting brand awareness, consumer engagement, and expanding the customer base while fostering brand



loyalty. Despite the rise, the percentage of selling expenses to total sales for the full year remained within budget and has been carefully managed.

Administrative Expenses

The Company's administrative expenses for the quarter totaled Baht 147.8 million, representing 9.4% of sales revenue, up from 7.4% in the same quarter last year. This increase was primarily driven by the slowdown in sales, along with higher expenses related to market research.



Share of Profit (Loss) of Associates and Joint Venture.

The Company incurred a total loss of Baht 0.4 million from its associates and joint ventures. This loss stemmed from loss realization in WOPE Co., Ltd. (60% shareholding) amounting to Baht 0.5 million and gain realization in M Intelligence Co., Ltd. (16.2% shareholding), amounting to Baht 0.06 million, Danone-Sappe Beverages Co., Ltd. (25% shareholding) amounting to Baht 0.06 million.

Net Profit (Loss) – Parent Company

The company reported a net profit – parent company in Q3/2024 at Baht 300.3 million, equivalent to 19.2% of the revenue. and reflects a decrease of 5.9% compared with the last year at Baht 319.1 million.

Sincerely Yours,

Sappe Public Company Limited

Ms. Piyajit Ruckariyapong

Chief Executive Officer