



No. FI202405-01

14 May 2024

Subject: Management Discussion and Analysis for the Year Ended March 31, 2024, and clarification of the operating result changed over 20% compared to the same period of last year

To: President of the Stock Exchange of Thailand

Sappe Public Company Limited (the “Company”) would like to clarify the operating results for the year ended March 31, 2024, which changed over 20% compared to the same period of last year, with the following details.

(Unit: Thousand Baht)

Profit & Loss statement	Q1/2024	%	Q1/2023	%	Q4/2023	%	YoY%	QoQ%
Total Revenue	1,904,077	103.7%	1,570,028	103.3%	1,266,024	104.7%	21.3%	50.4%
Revenue from selling goods	1,836,004	100.0%	1,520,252	100.0%	1,208,693	100.0%	20.8%	51.9%
Net gain from foreign exchange	-	0.0%	15,212	1.0%	14,109	1.2%	-100.0%	-100.0%
Others income	68,073	3.7%	34,564	2.3%	43,222	3.6%	97.0%	57.5%
Cost of goods sold	990,642	54.0%	863,837	56.8%	660,594	54.7%	14.7%	50.0%
Gross profit	845,362	46.0%	656,415	43.2%	548,099	45.3%	28.8%	54.2%
SG&A	468,074	25.5%	354,472	23.3%	402,742	33.3%	32.0%	16.2%
Selling expenses	341,946	18.6%	251,155	16.5%	252,810	20.9%	36.1%	35.3%
Administrative expenses	116,749	6.4%	103,318	6.8%	149,932	12.4%	13.0%	-22.1%
Net loss from foreign exchange	9,380	0.5%	-	0.0%	-	0.0%	100.0%	100.0%
EBIT	445,361	24.3%	351,719	23.1%	202,688	16.8%	26.6%	119.7%
Finance costs	(565)	0.0%	(705)	0.0%	(606)	-0.1%	n.a.	n.a.
Reversal of impairment loss (IFRS 9)	(1,028)	-0.1%	(20,145)	-1.3%	3,237	0.3%	n.a.	-131.8%
Loss on disposal of investment in subsidiary	(2,548)	-0.1%	-	0.0%	-	0.0%	-100.0%	-100.0%
Share of profit (loss) of associates and joint venture	2,396	0.1%	(506)	0.0%	750	0.1%	n.a.	219.4%
EBT	443,616	24.2%	330,362	21.7%	206,070	17.0%	34.3%	115.3%
Income tax expense	89,602	4.9%	67,392	4.4%	43,239	3.6%	33.0%	107.2%
Net profit(loss)	354,014	19.3%	262,971	17.3%	162,831	13.5%	34.6%	117.4%
Net profit(loss) of Parent Company	352,347	19.2%	274,790	18.1%	168,017	13.9%	28.2%	109.7%



Overall

In Q1/2024, Sappe Public Company Limited achieved its highest consolidated total revenue from selling goods, amounting to Baht 1,836.0 million. This figure represents a significant increase of 20.8% compared to the same period last year, marking a notable milestone since the company's inception. The remarkable growth can be attributed to the company's strategic expansion of distribution channels in key export markets spanning Asia, Europe, the Middle East, North America, and Thailand.

The cost of goods sold as a percentage of revenue decreased by 2.9 pts. to 54.0% owing to the positive impact of THB depreciation and internal improvements in factory production performance. These factors contributed significantly to the improvement in %COGS.

The selling expenses and administrative expenses (excluding net gain/loss from foreign exchange) reached Baht 458.7 million, marking a substantial increase of 29.4% compared to the same period last year when it stood at Baht 354.6 million. This notable rise was primarily fueled by intensified selling and marketing endeavors aimed at bolstering the expansion of export sales.

The net profit of the parent company for Q1/2024 amounted to Baht 352.3 million, marking a notable increase of 28.2% compared to the same period last year, which stood at Baht 274.8 million.

Revenue from Selling Goods

In Q1 2024, the company achieved record-breaking revenue from selling goods, totaling Baht 1,836.0 million. This figure represents the highest quarterly revenue since the establishment of the company and signifies a remarkable increase of 20.8% compared to the same period last year. The surge in revenue was propelled by growth in both international and domestic markets.

International sales soared to Baht 1,524 million, marking a substantial 24.3% YoY increase. This growth was fueled by the expansion of sales channels, 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 the Middle East,

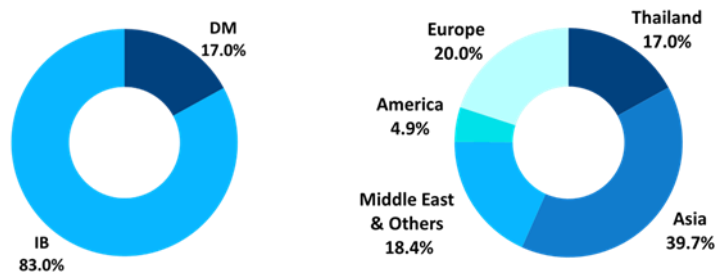


America, Europe and Asia experienced significant growth rates of +107.4%, +43.9%, +17.6%, and 5.9% respectively, compared to the same period of last year.

The company foresees the growth from the increase in demand of both existing consumers through marketing campaigns and new consumers through channel expansion.

Domestic sales also demonstrated a positive trend, reaching Baht 312 million, which represents a 6.1% YoY increase, driven by the popularity of our flagship products in the domestic market. Notably, the Sappe Beauti brand, following a major rebranding after 18 years, launched the campaign "Beautiful for us, no need to be beautiful for anyone," highlighting the issues of Diversity & Equality for women. Our powdered collagen product, Sappe Beauti Powder Stix, has shown robust sales in the Traditional Trade channel due to its competitive pricing and the absence of direct competitors in this market segment. Furthermore, our vitamin-infused water brand, Blue (B'luе), continues to enjoy strong popularity. In addition to traditional retail channels, we have strategically focused on leveraging online and e-commerce platforms to tap into high-growth sales opportunities.

Revenue from sale of goods in Q1/2024



Cost of Goods Sold

In Q1/2024, the cost of goods sold (COGS) to total revenue from selling goods was 54.0%, marking a decrease of 2.9 pts. compared to the same period of last year. This improvement was attributed to the Company's enhanced internal management, particularly in terms of production efficiency. Additionally, the Company benefited from depreciation of THB as well as more efficient management of machinery and human resources. These improvements were in line with a 79% production capacity rate, reflecting enhanced machine and production process efficiency.



Due to the recent significant increase in international sales, the Company is expanding its production capacity. In Q1/2024, the Company completed the installation of a new beverage production line and will commence production to deliver products to consumers in Q2/2024.

Additionally, to support sales growth in 2025, the Company is in the process of purchasing new machinery and initiating construction for a new factory. The expansion project is proceeding according to plan, with commercialization expected during Q1/2025.

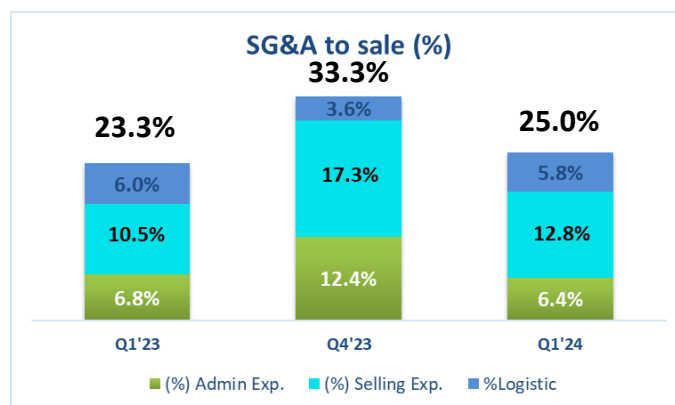
Selling Expenses

Selling expenses to the revenue was reported at 18.6%, 2.1 pts. higher than the same period of last year. This rise can be attributed to increased marketing investments in both domestic and international markets, aimed at enhancing brand awareness, consumer engagement, and expanding our customer base while fostering brand loyalty in export markets. However, % 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 amounted to Baht 116.7 million, representing 6.4% of sales revenue, declining from the same quarter last year at 6.8% as sales growth outweighed the increase in administrative expenses.

SG&A to sale in Q1/2024





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

The Company incurred a total gain of Baht 2.4 million from its associates and joint ventures. This gain stemmed from gain realization in M Intelligence Co., Ltd. (16.2% shareholding), amounting to Baht 2.3 million, WOPE Co., Ltd. (60% shareholding) amounting to Baht 0.6 million and loss realization in Danone-Sappe Beverages Co., Ltd. (25% shareholding) amounting to Baht 0.5 million.

Net Profit (Loss) – Parent Company

The company reported a net profit – parent company in Q1/2024 at Baht 352.3 million, equivalent to 19.2% of the revenue. This marks the highest profit since the establishment of the company and reflects a significant increase of 28.2% compared with the last year at Baht 274.8 million.

Sincerely Yours,

Sappe Public Company Limited

Ms. Piyajit Ruckariyapong

Chief Executive Officer