



No. FI202311-01

13 November 2023

Subject: Management Discussion and Analysis for the Year Ended September 30, 2023, 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 September 30, 2023, which changed over 20% compared to the same period of last year, with the following details.

(Unit: Thousand Baht)

Profit & Loss statement	Q3/2023	%	Q3/2022	%	Q2/2023	%	YoY%	QoQ%	9M/2023	%	9M/2022	%	YoY%
Total Revenue	1,698,924	101.9%	1,356,628	106.0%	1,692,756	102.2%	25.2%	0.4%	4,946,496	102.1%	3,832,352	108.4%	29.1%
Revenue from selling goods	1,666,702	100.0%	1,279,318	100.0%	1,656,920	100.0%	30.3%	0.6%	4,843,874	100.0%	3,534,674	100.0%	37.0%
Others income	32,222	1.9%	77,310	6.0%	35,836	2.2%	-58.3%	-10.1%	102,622	2.1%	297,678	8.4%	-65.5%
Cost of goods sold	897,183	53.8%	755,582	59.1%	919,776	55.5%	18.7%	-2.5%	2,680,796	55.3%	2,090,684	59.1%	28.2%
Gross profit	769,518	46.2%	523,736	40.9%	737,144	44.5%	46.9%	4.4%	2,163,078	44.7%	1,741,668	49.3%	24.2%
SG&A	394,854	23.7%	376,693	29.4%	366,580	22.1%	4.8%	7.7%	1,115,906	23.0%	1,112,872	31.5%	0.3%
Selling expenses	266,744	16.0%	256,450	20.0%	215,678	13.0%	4.0%	23.7%	733,577	15.1%	815,202	23.1%	-10.0%
Administrative expenses	122,531	7.4%	95,120	7.4%	136,458	8.2%	28.8%	-10.2%	362,307	7.5%	266,806	7.5%	35.8%
Net loss from foreign exchange	5,579	0.3%	25,123	2.0%	14,444	0.9%	-77.8%	-61.4%	4,810	0.1%	30,864	0.9%	-84.4%
EBIT	406,887	24.4%	224,353	17.5%	406,400	24.5%	81.4%	0.1%	1,165,006	24.1%	628,796	17.8%	85.3%
Finance costs	(603)	0.0%	(531)	0.0%	(639)	0.0%	13.5%	-5.7%	(1,947)	0.0%	(1,668)	0.0%	16.7%
Reversal of impairment loss (TFRS 9)	(344)	0.0%	(412)	0.0%	(2,489)	-0.2%	-16.6%	-86.2%	(22,977)	-0.5%	(4,663)	-0.1%	392.7%
Share of profit (loss) of associates and joint venture	(8,946)	-0.5%	(472)	0.0%	(11,418)	-0.7%	1797.2%	-21.6%	(20,870)	-0.4%	1,024	0.0%	-2139.0%
EBT	396,994	23.8%	222,938	17.4%	391,854	23.6%	78.1%	1.3%	1,119,212	23.1%	623,488	17.6%	79.5%
Income tax expense	83,011	5.0%	44,529	3.5%	81,123	4.9%	86.4%	2.3%	231,526	4.8%	121,564	3.4%	90.5%
Net profit(loss)	313,983	18.8%	178,409	13.9%	310,731	18.8%	76.0%	1.0%	887,685	18.3%	501,923	14.2%	76.9%
Net profit(loss) of Parent Company	319,118	19.1%	178,141	13.9%	312,272	18.8%	79.1%	2.2%	906,181	18.7%	498,811	14.1%	81.7%



Overall

Regarding the overall performance of Sappe Public Company Limited, consolidated total revenue for Q3/2023 was Baht 1,698.9 million, the highest revenue since the company was established or increasing by 25.2% from the same period of last year. The increase was mainly derived from the export market in Asia, Europe, Middle East, North America, and Thailand where the company has expanded distribution channels through National Modern Trade outlets in several countries and the increase in domestic and export sales from new products launch (14 SKUs) over the past 9 months.

Cost of goods sold to revenue decreased by 5.2 pts. to 53.8%. A positive impact gained from the price of some raw materials that have decreased and the improvement of production performance led to this significant improvement of %COGS.

Selling expenses and Administrative Expenses (excluding Net gain/loss from foreign exchange) were Baht 389.3 million, increasing by 10.7% from the same period of last year at Baht 351.6 million. This significant increase resulted from selling and marketing activities to support the growth of export sales. However, the percentage of these expenses to the revenue from selling goods was at 23.7% decreased from last year at 29.4% due to the improvement of spending's efficiency. In addition, the container shortage crisis has been unraveled leading to lower logistic costs and lower other income from logistic services as a result, net profit of parent company for Q3/2023 was at Baht 319.1 million or increasing by 79.1% from the same period of last year at Baht 178.1 million.

Revenue from Selling Goods

The company reported its revenue from selling goods at Baht 1,666.7 million, also the highest quarterly revenue since the establishment (All-Time High) or increasing by 30.3% from the same period of last year. The increase in revenue from selling goods was from both international and domestic markets.

International sales were Baht 1,375.3 million, 36.0% YoY increase, this increasing baseline was contributed by the expansion of sales channels through National Modern trade outlets especially in EU territories.

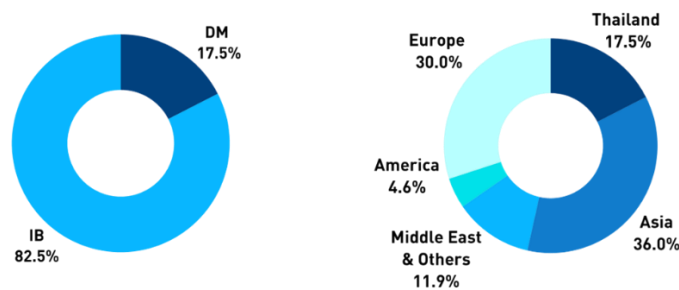
The best-selling products exported over 98 countries worldwide are Mogu Mogu, fruit juices with chewy nata de coco chunks, and Sappe Aloe Vera, fruit juices with chewy Aloe Vera chunks. Compared to the same period of last year,



sales in Europe, America, Middle East and Asia grew at +136.4%, +30.0%, +24.5%, and 3.2% respectively, and new products launched 2 SKUs in Q3'23 and 3 SKUs over the past 9 months.

Domestic sales were Baht 291.4 million or 8.8% YoY increase from 1 SKU new product launched in Q3'23 and 11 SKUs over the past 9 months. Moreover, the company is focusing on the online and e-Commerce channels where high growth of sales opportunities exists.

Revenue from sale of goods in Q3/2023



Cost of Goods Sold

COGS to the total revenue from selling goods in Q3/2023 was at 53.8%, decreased by -5.2 pts., compared to the same quarter of previous year. The Company has improved internal management in terms of production efficiency. In addition, the Company has benefited from some declines in raw material prices, as well as efficient management of machinery and human resources, in line with the 80% production capacity rate due to improved machine and production process efficiency.

Due to a significant increase in sales in the international market in the recent period, production capacity expansion is required. This year, the Company is in the process of procurement, construction and installation of automated warehouses, new production lines and beverage packaging lines. This also includes cost reduction projects such as using machine learning to check product quality, implementing automation processes to replace general labor, and installing floating solar cell etc., to support future sales and net profit growth.

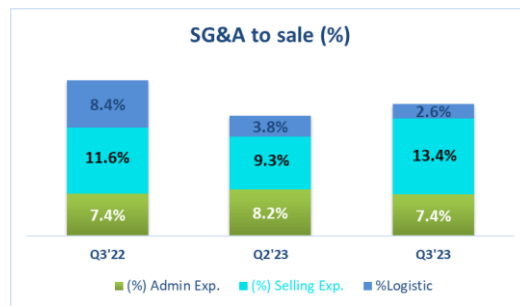


Selling Expenses

Selling expenses to the revenue was reported at 16.0%, lower than the same period of last year at 4.0 pts. due to the lower sea freight costs since Q3/2022 which led to the lower logistic costs, as well as lower logistic service income from customers who were able to seek sea freight service providers by themselves.

Administrative Expenses

The Company's administrative expenses for the quarter amounted to Baht 122.5 million, or 7.4% of sales revenue, same as the same quarter last year at 7.4%



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

The Company realized a total loss of Associates and Joint Venture at Baht 8.9 million. This resulted from loss-realization of Danone-Sappe Beverages Co., Ltd. (25% shareholding), WOPE Co., Ltd (60% shareholding) and M Intelligence Company Limited (16.2% shareholding) at Baht 0.4 million, 4.4 million and 4.1 million, respectively.

Net Profit (Loss) – Parent Company

The company reported net profit – parent company in Q3/2023 at Baht 319.1 million (or 19.1% of the revenue), the highest quarterly profit since the establishment, which increased 79.1% YoY, compared with the last year at Baht 178.1 million.

Sincerely Yours,

Sappe Public Company Limited

Ms. Piyajit Ruckariyapong

Chief Executive Officer