



No. FI202502-01

24 February 2025

Subject: Management's Discussion and Analysis (MD&A) for Y2024  
 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 December 31, 2024, with the following details.

(Unit: Thousand Baht)

Profit & Loss statement	Q4/2024	%	Q4/2023	%	Q3/2024	%	YoY%	QoQ%	2024	%	2023	%	YoY%
<b>Total Revenue</b>	<b>1,442,013</b>	<b>104.7%</b>	<b>1,266,024</b>	<b>104.7%</b>	<b>1,643,742</b>	<b>105.0%</b>	<b>13.9%</b>	<b>-12.3%</b>	<b>7,052,789</b>	<b>104.1%</b>	<b>6,207,710</b>	<b>102.6%</b>	<b>13.6%</b>
Revenue from selling goods	1,376,921	100.0%	1,208,693	100.0%	1,566,196	100.0%	13.9%	-12.1%	6,775,378	100.0%	6,052,568	100.0%	11.9%
Net gain from foreign exchange	7,928	0.6%	14,109	1.2%	8,787	0.6%	-43.8%	-9.8%	19,237	0.3%	9,298	0.2%	106.9%
Others income	57,165	4.2%	43,222	3.6%	68,759	4.4%	32.3%	-16.9%	258,175	3.8%	145,844	2.4%	77.0%
<b>Cost of goods sold</b>	<b>738,534</b>	<b>53.6%</b>	<b>660,594</b>	<b>54.7%</b>	<b>846,160</b>	<b>54.0%</b>	<b>11.8%</b>	<b>-12.7%</b>	<b>3,631,766</b>	<b>53.6%</b>	<b>3,341,390</b>	<b>55.2%</b>	<b>8.7%</b>
<b>Gross profit</b>	<b>638,386</b>	<b>46.4%</b>	<b>548,099</b>	<b>45.3%</b>	<b>720,036</b>	<b>46.0%</b>	<b>16.5%</b>	<b>-11.3%</b>	<b>3,143,611</b>	<b>46.4%</b>	<b>2,711,177</b>	<b>44.8%</b>	<b>16.0%</b>
<b>SG&amp;A</b>	<b>474,511</b>	<b>34.5%</b>	<b>402,742</b>	<b>33.3%</b>	<b>421,999</b>	<b>26.9%</b>	<b>17.8%</b>	<b>12.4%</b>	<b>1,854,129</b>	<b>27.4%</b>	<b>1,498,625</b>	<b>24.8%</b>	<b>23.7%</b>
Selling expenses	326,990	23.7%	252,810	20.9%	274,173	17.5%	29.3%	19.3%	1,298,057	19.2%	986,387	16.3%	31.6%
Administrative expenses	147,520	10.7%	149,932	12.4%	147,826	9.4%	-1.6%	-0.2%	556,072	8.2%	512,238	8.5%	8.6%
Net loss from foreign exchange	-	0.0%	-	0.0%	-	0.0%	n.a.	n.a.	-	0.0%	-	0.0%	n.a.
<b>EBIT</b>	<b>228,969</b>	<b>16.6%</b>	<b>202,688</b>	<b>16.8%</b>	<b>375,583</b>	<b>24.0%</b>	<b>13.0%</b>	<b>-39.0%</b>	<b>1,566,894</b>	<b>23.1%</b>	<b>1,367,694</b>	<b>22.6%</b>	<b>14.6%</b>
Finance costs	(463)	0.0%	(606)	-0.1%	(495)	0.0%	n.a.	n.a.	(2,052)	0.0%	(2,553)	0.0%	n.a.
Reversal of impairment loss (IFRS 9)	990	0.1%	3,237	0.3%	2,991	0.2%	n.a.	n.a.	2,699	0.0%	(19,740)	-0.3%	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	(2,681)	-0.2%	750	0.1%	(373)	0.0%	n.a.	n.a.	(1,211)	0.0%	(20,120)	-0.3%	n.a.
<b>EBT</b>	<b>226,815</b>	<b>16.5%</b>	<b>206,070</b>	<b>17.0%</b>	<b>377,706</b>	<b>24.1%</b>	<b>10.1%</b>	<b>-39.9%</b>	<b>1,563,782</b>	<b>23.1%</b>	<b>1,325,282</b>	<b>21.9%</b>	<b>18.0%</b>
Income tax expense	30,928	2.2%	43,239	3.6%	72,980	4.7%	-28.5%	-57.6%	297,869	4.4%	274,765	4.5%	8.4%
<b>Net profit(loss)</b>	<b>195,888</b>	<b>14.2%</b>	<b>162,831</b>	<b>13.5%</b>	<b>304,726</b>	<b>19.5%</b>	<b>20.3%</b>	<b>-35.7%</b>	<b>1,265,912</b>	<b>18.7%</b>	<b>1,050,517</b>	<b>17.4%</b>	<b>20.5%</b>
<b>Net profit(loss) of Parent Company</b>	<b>189,121</b>	<b>13.7%</b>	<b>168,017</b>	<b>13.9%</b>	<b>300,320</b>	<b>19.2%</b>	<b>12.6%</b>	<b>-37.0%</b>	<b>1,252,546</b>	<b>18.5%</b>	<b>1,074,199</b>	<b>17.7%</b>	<b>16.6%</b>



## Overall

In 2024, Sappe Public Company Limited, consolidated total revenue from selling goods, amounting all-time high at Baht 6,775 million, increase by 11.9% compared to the previous year. This is because of the growth of export markets in Asia, the Middle East and America regions from our expansion in national Modern Trade chains in particular, and the strong growth of domestic market sales. The new product launches of 26 SKUs in the past 12 months were also our fuel for growth.

The cost of goods sold as a percentage of the revenue from selling goods in 2024 reduced by 1.6 pts. compared with the previous year to 53.6%. The company was able to manage production efficiency better, along with lower packaging prices and Thai Baht depreciation against major foreign currencies, leading to the improving percentage of the costs of goods sold to the sales revenue.

The selling expenses and administrative expenses (excluding net gain/loss from foreign exchange) reached Baht 1,854 million, marking a substantial increase of 23.7% compared to the same period last year where they stood at Baht 1,499 million. This increase resulted from the container shortage situation leading to higher logistic costs for the export market. However, these additional costs were recoverable from customers and the company recorded such transactions as other income. Excluding these international logistics expenses, an increase of sales and marketing activation activities by 13.3% compared with the sales revenue was effectively and well controlled under our budgets as the company's fuel for growth. Hence, the net profit of the parent company for 2024 amounted to Baht 1,252 million, an increase of 16.6% compared to last year, which stood at Baht 1,074 million.

## Revenue from Selling Goods

In 2024, the company recorded its all-time high revenue from selling goods, totaling Baht 6,775 million, grew by 11.9% compared to the previous year, primarily due to both domestic and international sales.

The revenue from selling goods in Q4/2024 was Baht 1,377 million, account for 13.9% growth. However, compared with the previous quarter, the sales dropped by -12.1% mainly due to low season of beverage industry in the quarter.

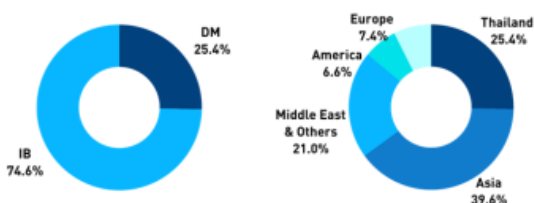
The international sales recorded at Baht 5,404 million, increase by 10.4% YoY compared with the previous year as our new fundamental demand of international markets, thanks to the expansion of our customer bases in Modern Trades channels. The best-selling products consisted of Mogu Mogu, fruit juices with chewy Nata de Coco chunks and Sappe



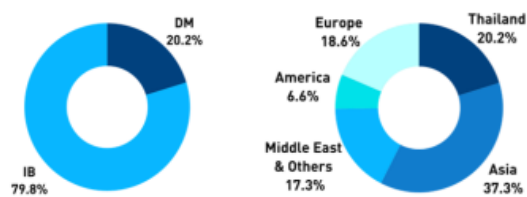
Aloe Vera, fruit juices with chewy Aloe Vera chunks, exported to over 100 countries worldwide, resulting in significant sales growth in the Middle East, Asia and America by +195.8%, +11.5% and +2.5% respectively, with new products launches of 10 SKUs over the past 12 months. Although it is the low season in the last quarter of every year, the company could grow the business in Q4/2024 compared with the previous year, because the sales orders were continuing by the expansion of new distribution channels.

Domestic sales reached Baht 1,372 million, representing a 18.6% YoY increase compared with last year. The key growth drivers included marketing strategies for Sappe Beauti Drink, Sappe Beauti Powder Stix, and B'lue, which effectively targeted to the right consumers and distribution channels. Additionally, the growth was supported by the coconut water and coconut meat products from All Coco Group. Over the past 12 months, the company has launched 16 new products to strengthen its core brands. Furthermore, the company has prioritized expanding its presence in online and e-commerce channels, recognizing their high growth potential and future opportunities.

Revenue from sale of goods in Q4/2024



Revenue from sale of goods in 2024



### Cost of Goods Sold

The cost of goods sold ratio for 2024 stood at 53.6% of sales revenue, reflecting a 1.6 percentage point decrease compared to the previous year. This improvement was partly driven by external factors, including lower packaging costs and the depreciation of the Thai Baht against foreign currencies over the past year.

On the in-house manufacturing side, the company has consistently focused on enhancing machinery efficiency and workforce productivity over the past four years. Key initiatives include Production & HR Planning, Solar Rooftop, Solar Floating, and the integration of Machine Learning into the Quality Control process. These efforts have resulted in full-year cost savings for 2024, and the company remains committed to ongoing cost-reduction initiatives in the future.



### Selling Expenses

The company’s selling expenses as a percentage of sales revenue stood at 19.2% this year, marking a 2.9 pts. increase from the previous year’s 16.3%. This rise was primarily due to higher export logistics expenses caused by the global container shortage. However, the company was able to pass these additional costs on to international customers, recognized under the company’s other income.

Regarding sales and marketing expenses (excluding international logistics costs), the company effectively managed its budgets to drive brand awareness, expand its consumer base, and enhance engagement and loyalty among target consumers. These efforts accounted for 13.3% of the revenue from selling goods. While contributing to short-term sales growth, these investments also align with the company’s long-term brand-building strategy.

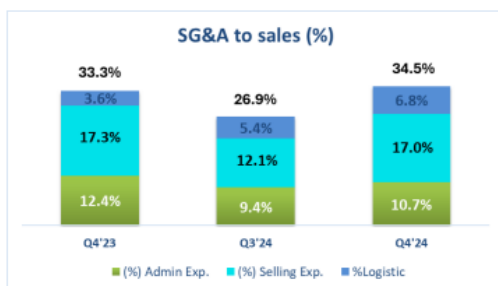
Selling expenses as a percentage of sales revenue in Q4 2024 stood at 23.7%, reflecting a 2.8 pts. increase from 20.9% in the same quarter of the previous year. The main driver of this increase was higher marketing investments, particularly in international markets, aimed at enhancing brand awareness, expanding the consumer base, and strengthening awareness, engagement, and loyalty among overseas consumers.

Despite this increase, the company maintained effective control of overall selling expenses throughout the year, ensuring optimal budget efficiency.

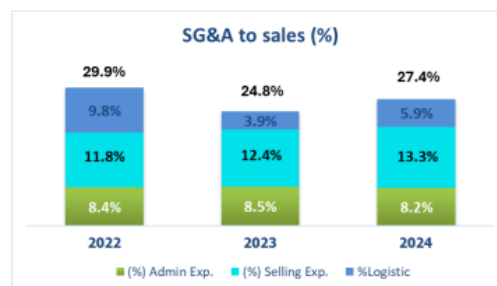
### Administrative Expenses

The company’s administrative expenses for this year amounted to Baht 556 million, account for 8.2% of revenue from selling goods, down from 8.5% in the previous year. This decrease was driven by sales growth outpacing the increase in administrative expenses.

SG&A to sale in Q4/2024



SG&A to sale in 2024





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

The company recognized a share of losses from associates and joint ventures totaling Baht 1.2 million. This included a loss of Baht 0.9 million from its 60.0% stake in WOPE Co., Ltd., a loss of Baht 0.7 million from its 16.2% stake in M-Intelligence Co., Ltd., and a profit of Baht 0.3 million from its 25.0% stake in Danone Sappe Beverages Co., Ltd.

### Net Profit (Loss) – Parent Company

In 2024, the company's net profit attributable to the parent company reached Baht 1,252 million, marking the highest net profit since its establishment. This represented 18.5% of sales revenue, a 16.6% increase from the previous year's Baht 1,074 million.

For Q4 2024, net profit attributable to the parent company was Baht 189 million, or 13.7% of sales revenue, growing 12.6% compared to Baht 168 million in the same quarter of the previous year.

Sincerely Yours,

Sappe Public Company Limited

Ms. Piyajit Ruckariyapong

Chief Executive Officer