

Malee Group Public Company Limited and Its Subsidiaries
Management Discussion and Analysis
For the Q2/2022 and H1/2022 ended 30 June 2022



1. Q2/2022 Highlights

Unit: Million Baht

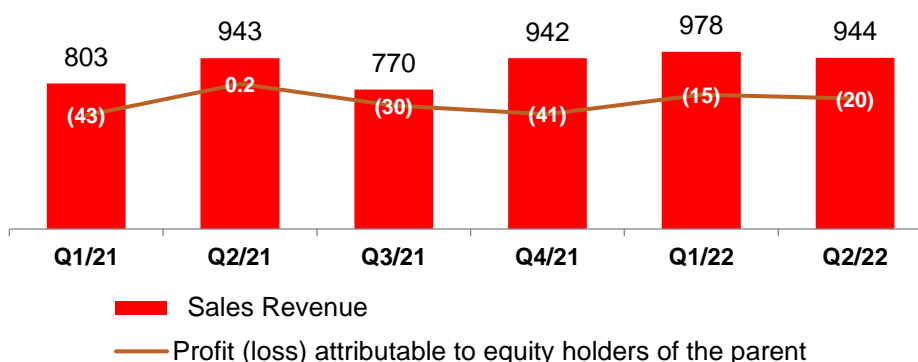


Figure 1: Quarterly results

- In Q2/2022, the Company and its subsidiaries recorded total sales of Baht 944 million, close to the total sales of the same quarter of the previous year. This occurred from a decline Domestic Branded Business sales 3% YoY while Export Branded Business sales increased 4% YoY.
- In H1/2022 ending 30 June 2022, the Company and its subsidiaries recorded total sales of Baht 1,922 million, an increase of 10% YoY. This was mainly contributed by a 9% YoY increase of Domestic Branded Business sales and a 12% YoY increase of Export Branded Business sales.
- The Company and its subsidiaries recorded a net loss of Baht 20 million in Q2/2022 versus net profit of Baht 0.2 million in Q2/2021. The depletion was due to an increase in cost of sales 2% YoY impacted by the rising cost of goods in all items (raw materials, packaging, utilities, transportation costs, impact from increased oil prices) and the professional consulting expenses.
- In H1/2022 ending 30 June 2022, the Company and its subsidiaries recorded a net loss of Baht 34 million, a decrease of 19% YoY. The impact was mainly from the Russia-Ukraine war situation and the COVID-19 pandemic. An effective cost reduction and selling expense cut and control still did not compensate a huge impact of the great increment of the cost of goods.

2. Overview of Domestic Ready-to-Drink Fruit Juice Market

At the end of Q2/2022, Moving Annual Total (MAT) of domestic RTD fruit juice market was Baht 8,910 million, a decrease of 0.4% YoY. RTD fruit juice market value and growth is as shown in Figure 2.

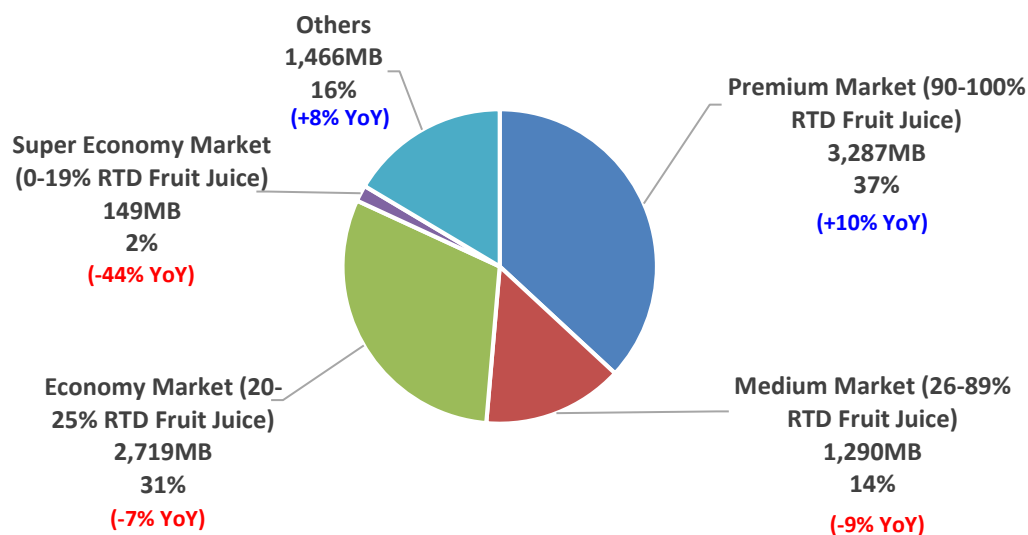


Figure 2: MAT June 2022 RTD Fruit Juice Market Value breakdown by Market Segment (Source: Nielsen)

3. Results of Operations and Profitability

(Unit : Baht Million)	Q2/2022	Q2/2021	%YoY	H1/2022	H1/2021	%YoY
Revenues from sales and services	944	943	+0%	1,922	1,746	+10%
Cost of goods sold and services	716	700	+2%	1,472	1,338	+10%
Gross profit	228	243	-6%	449	408	+10%
% gross profit	24.1%	25.8%		23.4%	23.4%	
Selling expenses	113	121	-6%	217	217	-0%
% selling expenses to sales	12.0%	12.8%		11.3%	12.4%	
Administrative expenses	128	119	+8%	255	233	+10%
% Administrative expenses to sales	13.6%	12.6%		13.3%	13.3%	
Finance costs	19	15	+25%	37	31	+17%
Share of profit (loss) from investment in subsidiaries and joint ventures	(1.9)	(1.7)	-8%	(1)	(3)	+78%
Tax (income)	5	(2)	+410%	(9)	14	-165%
Net profit (loss) major shareholders equity	(20)	0.2	-9263%	(34)	(43)	+19%
% Net profit (loss)	(2.1%)	0.0%		(1.8%)	(2.4%)	

Q2/2022 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 944 million, close to the total sales in the same quarter of the previous year. Details are as follows:

- Domestic Branded Business sales increased 5% YoY.
- Export Branded Business sales increased 18% YoY.
- Total Contract Manufacturing Business (CMG) sales decreased 17% YoY.

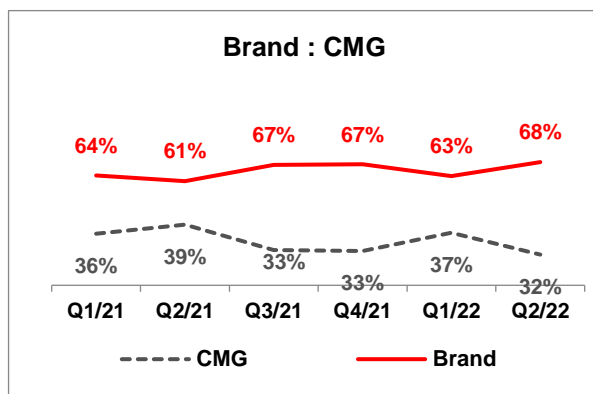
Sales breakdown by business and geography are as follows:

Sales Breakdown by Business:

- Brand: Baht 643 million, expanded 11% YoY.
- CMG: Baht 301 million, diminished 17% YoY.
- Sales ratio of Brand: CMG was 68:32 compared with 61:39 in Q2/2021.

Sales Breakdown by Geography:

- Domestic: Baht 492 million, dropped 3% YoY.
- Export: Baht 452 million, grew 4% YoY.
- Sales ratio of Domestic: Export was 52:48, compared with 54:46 in Q2/2021.



H1/2022 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 1,922 million, an increase of 10% YoY. Details are as follows:

- Domestic Branded Business sales increased 13% YoY.
- Export Branded Business sales increased 20% YoY.
- Total Contract Manufacturing Business (CMG) was close to Q2/2021 performance.

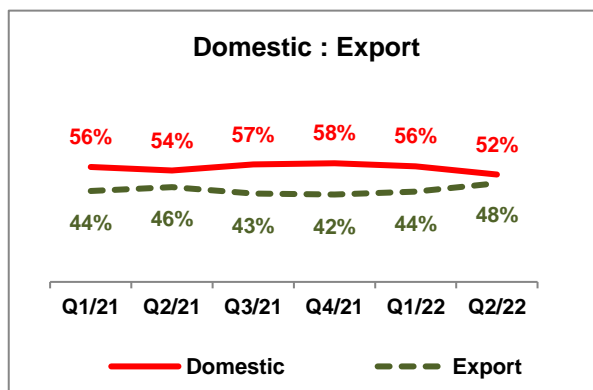
Sales breakdown by business and geography are as follows:

Sales Breakdown by Business:

- Brand: Baht 1,262 million, expanded 16% YoY.
- CMG: Baht 659 million, close to Q2/2021.
- Sales ratio of Brand: CMG was 66:34, compared with 62:38 in Q2/2021.

Sales Breakdown by Geography:

- Domestic: Baht 1,041 million, grew 9% YoY.
- Export: Baht 881 million, grew 12% YoY.
- Sales ratio of Domestic: Export was 54:46, compared with 55:45 in Q2/2021.



Q2/2022 Cost of Goods Sold

The Company and its subsidiaries recorded cost of goods sold of Baht 716 million. The ratio of cost of goods sold to total sales was 75.9%, an increase from 74.2% in Q2/2021, mainly due to the surging cost of goods in all items: raw materials, packaging, utilities, transportation costs, impact from rising oil prices.

Q2/2022 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 228 million, a decrease of 6% YoY, representing gross profit margin of 24.1%, a decline from 25.8% in Q2/2021, mainly due to cost of goods sold increment.

Q2/2022 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 113 million, a decrease of 6% YoY. The ratio of selling expenses to sales was 12%, a decline from 12.8% in Q2/2021. This was mainly due to efficient selling expenses control.

Q2/2022 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 128 million, an increase of 8% YoY. The ratio of administrative expenses to sales was 13.6%, an increase from 12.6% in Q2/2021, mainly due to professional consulting expenses.

Q2/2022 Finance Costs

The Company and its subsidiaries recorded finance costs in Q2/2022 compared to Q2/2021 of Baht 19 million and Baht 15 million, respectively, an increase of 25% YoY. This resulted from loans and interest rates of financial institution.

Q2/2022 Net Profit (Loss)

The Company and its subsidiaries recorded a net loss of Baht 20 million versus a net profit of Baht 0.2 million in Q2/2021. This was mainly due to the surging cost of goods in all items: raw materials, packaging, utilities, transportation costs impacted

H1/2022 Cost of Goods Sold

The Company and its subsidiaries recorded cost of goods sold of Baht 1,472 million, an increase of 10%. The ratio of cost of goods sold to total sales was 76.6%, the same as in H1/2021, mainly due to efficient cost of goods sold control of the first 6months although the surging cost of goods in all items: raw materials, packaging, utilities, transportation costs, impact from rising oil prices.

H1/2022 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 449 million, an increase of 10% YoY, representing gross profit margin of 23.4%, the same as in H1/2021, mainly due to the increase in sales in proportion to the increase in costs.

H1/2022 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 217 million, the same as H1/2021. The ratio of selling expenses to sales was 11.3%, decreased from 12.4% in H1/2021. This was mainly due to efficient selling expenses control.

H1/2022 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 255 million, an increase of 10%. The ratio of administrative expenses to sales increased to 13.3% which was the same as H1/2021, mainly due to professional consulting expenses.

H1/2022 Finance Costs

The Company and its subsidiaries recorded finance costs in H1/2022 compared to H1/2021 of Baht 37 million and Baht 31 million, respectively, an increase of 17% YoY. This resulted from loans and interest rates of financial institution.

H1/2022 Net Profit (Loss)

The Company and its subsidiaries recorded a net loss of Baht 34 million, 19% decrease compared to a net loss of Baht 43 million in H1/2021. This was mainly due to increased sales and efficiency in cost control. Although the cost of goods has increased in every item: raw materials, packaging,

from rising oil prices, the professional consulting expenses. utilities, transportation costs resulted from rising oil prices.

4. Financial Position of the Company and its Subsidiaries

(Unit: Baht Million)	30 Jun 2022	31 Dec 2021	% Change
Cash and cash equivalents	62	80	(22.4%)
Trade and other receivables	529	632	(16.4%)
Inventories	615	554	11.1%
Other current assets	115	71	60.8%
<i>Total current assets</i>	1,321	1,337	(1.3%)
Property, plant and equipment	1,561	1,582	(1.3%)
Goodwill	57	55	3.7%
Investments in joint venture	17	14	17.5%
Other non-current assets	2,723	1,058	0.6%
Total non-current assets	2,720	2,708	0.5%
Total Assets	4,044	4,046	(0.0%)
Bank overdrafts and short-term loans from financial institutions	1,115	1,128	(1.2%)
Trade and other payables	430	356	20.9%
Advances from customers	23	83	(72.2%)
Current portion of long-term loans from financial institutions	153	22	605.6%
Current portion of liabilities under financial lease agreements	41	41	0.2%
Other current liabilities	336	345	(2.6%)
<i>Total Current Liabilities</i>	2,098	1,974	6.3%
Long-term loans, net of current portion from financial institutions	681	795	(14.4%)
Liabilities under financial lease agreements, net of current portion	232	224	3.3%
Other non-current liabilities	309	296	4.4%
<i>Non-current Liabilities</i>	1,221	1,316	(7.2%)
Total Liabilities	3,320	3,290	0.9%
Authorized share capital	138	138	0.0%
Issued and fully paid-up share capital	138	138	0.0%
Share premium	0	0	-
Retained earnings	217	252	(13.7%)
Other components of equity	264	254	3.9%
Total equity of parent Company's shareholders	619	644	(3.8%)
Non-controlling interests	105	112	(6.2%)
Total Shareholders' Equity	724	756	(4.2%)
Total Liabilities and Shareholders' Equity	4,044	4,046	(0.0%)

Assets

As at 30 June 2022, the Company and its subsidiaries had total assets of Baht 4,044 million, a decrease of 0.03% from Baht 4,046 million as of 31 December 2021. The main factors included a decrease in Trade and other receivables, Cash and cash equivalents and an increase in Inventories.

Liabilities

As at 30 June 2022, the Company and its subsidiaries had total Liabilities of Baht 3,320 million, an increase of 0.9% from Baht 3,290 million as of 31 December 2021. This was mainly due to increase in Trade and other payable.

Shareholders' Equity

As at 30 June 2022, the Company and its subsidiaries had total equity of parent Company's shareholders of Baht 619 million, a decrease of 3.8% from Baht 644 million as of 31 December 2021, mainly due to net loss.

5. Liquidity and Capital Resources**Current Ratio**

As at 30 June 2022, the Company and its subsidiaries recorded current ratio of 0.63x, an increase to 0.68x of 31 December 2021.

Consolidated	30/06/22	31/12/21
Current Ratio (Times)	0.63	0.68
Interest-bearing Debt to Equity (Times)	3.20	3.09

Debt to Equity Ratio

As at 30 June 2022, the Company and its subsidiaries recorded Interest-bearing debt to equity ratio of 3.20x, increasing from 3.09x as of 31 December 2021.

Cash Flow

(Unit: Baht Million)	6M/2022	6M/2021	% change
Profit (loss) from operating activities before changes in operating assets and liabilities	83	71	17.5%
Profit (loss) from changes in operating assets and liabilities	(55)	22	(345.9%)
Net Cash flows from (used in) operating activities	28	93	(69.9%)
Acquisition of equipment	4	3	39.3%
Cash paid for equipment	(23)	(16)	(44.4%)
Cash paid for intangible assets	(1)	(1)	15.1%
Net Cash flows from (used in) investing activities	(20)	(14)	(40.7%)
Increase (decrease) in bank overdraft and short - term loans from financial institutions	(9)	(6)	(41.6%)
Cash received from short-term loans from financial institutions	1,532	0	-
Cash paid for short-term loans from financial institutions	(1,537)	0	-
Cash received from long-term loans from financial institutions	20	0	-
Cash paid for long-term loans from financial institutions	(3)	(6)	48.8%
Cash paid for principal of the lease liabilities	(26)	(33)	22.9%
Net Cash flows from (used in) financing activities	(22)	(46)	52.3%
Exchange differences on translating financial statements	(4)	9	(146.1%)
Net increase (decrease) in cash and cash equivalents	(18)	43	(142.1%)
Cash and cash equivalents at beginning of periods	80	84	(4.0%)
Cash and cash equivalents at end of periods	62	126	(50.7%)

In Q2/2022, the Company and its subsidiaries recorded ending cash of Baht 62 million, a decrease from Baht 64 million in Q2/2021, with details as follows:

- Net cash received from operating activities of Baht 28 million, consisting of (1) cash inflows from operating activities before changes in operating assets and liabilities of Baht 83 million; and (2) cash outflows from changes in operating assets and liabilities of Baht 55 million.
- Net cash flows from investing activities of Baht 20 million, comprising of (1) Acquisition of equipment of Baht 4 million; (2) Cash paid for equipment of Baht 23 million and (3) Cash paid for intangible assets of Baht 1 million.
- Net Cash spent in financing activities of Baht 22 million consisted of (1) repayment to bank overdraft and short-term loans from financial institutions of Baht 9 million; (2) Cash received from short-term loans from financial institutions of Baht 1,532 million; (3) repayment to short-term loans from financial institutions of Baht 1,537 million; (4) Cash received from long-term loans from financial institutions of Baht 20 million; (5) repayment for long-term loans from financial institutions of Baht 3 million; and (6) repayment for principal of the lease liabilities of Baht 26 million.

6. Forward Looking

An ongoing Russia-Ukraine war since Q1/2022 and COVID-19 pandemic have a substantial impact on energy price surge which has been a main factor affecting the global economy and severe inflation. Many countries, as we have seen, raised interest rates sharply. As a result, these factors have led to increased cost of raw materials and every product cost. It also affected extremely high transportation cost, and sudden raw material shortage causing significant consequences to the Company and its subsidiaries sales and expenses.

The Company expected improved performance in Q3/2022 as indicated by slow declining prices of commodity goods, energy, and some raw materials. Greater international travel stimulated domestic economy and consumer spending in lodging, restaurants, and other sectors has gradually returned to normal as evidenced by a major growth in food service sector compared to its performance in the past two years.

Under such unstable circumstances, the Company continues to closely monitor information and situation in order to be able to adapt rapidly, especially in cash flow management. We also focus on efficient raw material management and other factors to assure sufficient, reliable, and appropriate production costs. In addition, cost and expense control, and operation efficiency increment are still our top priority to achieve.