



- Translation -

CBG 026/2022

11 November 2022

Subject Management discussions and analysis for 3-month period ended 30 September 2022

To Directors and Manager

The Stock Exchange of Thailand

We, Carabao Group Public Company Limited, are pleased to submit management discussions and analysis regarding consolidated financial performance and position of the Company and subsidiaries (the "Company" or "CBG") for 3-month period ended 30 September 2022 in comparison with the corresponding period last year as follows:

Consolidated financial performance

1. Revenue from sales

Total revenue from sales amounted to THB 4,695 million, up by +19% YoY. Of which, revenue from sales of our branded OWN products was THB 3,266 million, up by +21% YoY, due to expansions in both domestic and overseas markets. Revenue from 3<sup>rd</sup> party products for distributions was THB 1,184 million, up by +32% YoY, as a combined result of effective coverage through our cash van operations as well as quality and selection of the products. Revenue from other sales was THB 113 million, down by -56% YoY, due mainly to decline in sales of glass bottles i.e. in the form of packaging materials to outside parties.

Revenue from sales by product group Unit: THB million	3Q2021	% to total	2Q2022	% to total	3Q2022	% to total	%YoY	%QoQ
Branded products by own manufacture 1/	2,690	68%	3,581	68%	3,266	70%	+21%	(9%)
Branded products by 3rd party's manufacture 2/	115	3%	132	3%	132	3%	+14%	(0%)
3rd party's products for distribution	897	23%	1,270	24%	1,184	25%	+32%	(7%)
Others	255	6%	265	5%	113	2%	(56%)	(57%)
Total	3,957	100%	5,247	100%	4,695	100%	+19%	(11%)

Note: 1/ Energy Drinks, Zinc-contained Drinks, and Functional Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee



- Translation -

Revenue from sales by geography Unit: THB million	3Q2021	% to total	2Q2022	% to total	3Q2022	% to total	%YoY	%QoQ
Domestic	2,660	67%	3,148	60%	3,071	65%	+15%	(2%)
Overseas	1,297	33%	2,100	40%	1,625	35%	+25%	(23%)
CLMV	1,117	28%	1,764	34%	1,340	29%	+20%	(24%)
China	19	0%	252	5%	133	3%	+592%	(47%)
UK	39	1%	46	1%	57	1%	+46%	+23%
Others	122	3%	38	1%	94	2%	(23%)	+146%
Total	3,957	100%	5,247	100%	4,695	100%	+19%	(11%)

1.1) Revenue from sales of branded OWN products amounted to THB 3,266 million, up by +21% YoY.

Domestic and overseas portions were at the ratio of 50:50, respectively.

(1.1.1) Domestic sales were THB 1,674 million, up by +20% YoY, driven mainly by an increase in our sales of Carabaodang energy drinks amidst the recovery of Thailand's energy drink market with lessened influence of the COVID-19 pandemic situation. During 3Q/2022, the Thailand's energy drink market, volume wise, grew by +12% YoY, whereas our sales of Carabaodang energy drinks increased by +19% YoY. Furthermore, we started to recognize sales of new products under Kanzou X2 trademark, which is made available in non-carbonated 150ml filled with liver extract, glucuronolactone and curcumin in response to health-conscious consumers.

(1.1.2) Overseas sales were THB 1,592 million, up by 23% YoY, driven mainly by CLMV and China markets. Our export sales to CLMV grew by +20% YoY, attributed to all major markets i.e. Cambodia up by +6% YoY, Myanmar up by +55% YoY and Vietnam that came with more purchase orders during the period.

Our overseas sales in the UK market managed under our subsidiary namely Intercarabao Company Limited ("ICUK") grew by +46% YoY, thanks in part to the initiatives of new product launch in the form of both flavor and packaging design for a larger group of target consumers in the country.

1.2) Revenue from 3<sup>rd</sup> party products for distribution amounted to THB 1,184 million, up by +32% YoY. Key contributing factors included variety and quality of products we carried in the portfolio as well as effectiveness in managing our fleet of over 300 cash vans to access over 180,000 retailers countrywide.

1.3) Revenue from sales of branded OEM products amounted to THB 132 million, up by +14% YoY. Such increase resulted from drinking water and 3-in-1 that rose by +50% YoY and +44% YoY, respectively, whereas sales of RTD coffee were down by -3% YoY.



- Translation -

1.4) Revenue from other sales amounted to THB 113 million, down by -56% YoY. It was mainly caused by manufacture and sales of glass bottles by our subsidiary namely Asia Pacific Glass Company Limited (“APG”) that went into a decline in volume during the period.

2. Gross profits and gross profits margin

Gross profits amounted to THB 1,360 million, up by +1% YoY, which were equivalent to gross profits margin of 29% versus 34% a year ago, resulting from prices for major raw materials and packaging materials as well as utility related expenses that went up alongside changes in product mix.

Gross profits by product group Unit: THB million	3Q2021	GPM	2Q2022	GPM	3Q2022	GPM	%YoY	%QoQ
Branded products by own manufacture 1/	1,160	43%	1,360	38%	1,206	37%	+4%	(11%)
Branded products by 3rd party's manufacture 2/	18	15%	15	12%	15	11%	(15%)	(2%)
3rd party's products for distribution	65	7%	140	11%	92	8%	+41%	(34%)
Others	106	42%	101	38%	47	41%	(56%)	(54%)
<b>Total</b>	<b>1,349</b>	<b>34%</b>	<b>1,616</b>	<b>31%</b>	<b>1,360</b>	<b>29%</b>	<b>+1%</b>	<b>(16%)</b>

Note: 1/ Energy Drinks, Zinc-contained Drinks, and Functional Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

3. Selling, general and administrative (SG&A) expenses

SG&A expenses amounted to THB 815 million, up by +10% YoY, representing the SG&A to total revenue from sales ratio of 17% versus 19% a year ago.

Selling and Administrative expenses Unit: THB million	3Q2021	% to sales	2Q2022	% to sales	3Q2022	% to sales	%YoY	%QoQ
Selling expenses	454	11%	515	10%	557	12%	+23%	+8%
Sponsorship fees	69	2%	65	1%	66	1%	(4%)	+1%
Selling without sponsorship fees	385	10%	450	9%	490	10%	+27%	+9%
Administrative expenses	285	7%	255	5%	258	5%	(9%)	+1%
<b>Total SG&amp;A</b>	<b>739</b>	<b>19%</b>	<b>771</b>	<b>15%</b>	<b>815</b>	<b>17%</b>	<b>+10%</b>	<b>+6%</b>

Selling expenses amounted to THB 557 million, up by +23% YoY, as we spent more on promotions and marketing activities to support our business plans locally. In addition, it was also attributed to increasing number of



- Translation -

employees and related expenses. In terms of proportion to total revenue from sales, selling expenses represented 12% versus 11% a year ago.

Administrative expenses amounted to THB 258 million, down by -9% YoY, representing 5% of total revenue from sales versus 7% a year ago.

4. Financial expenses

Financial expenses amounted to THB 30 million, up by +33% YoY, as a result of higher amount of short-term borrowings at higher finance costs that went in line with the country's policy rate.

5. Corporate income tax expenses

Corporate income tax expenses amounted to THB 103 million, up by +26% YoY, representing the effective tax rate of 18% versus 12% a year ago.

6. Net profits and net profits margin

Net profits attributed to our shareholders amounted to THB 475 million, down by -21 % YoY, due in large part to prices for raw materials and packaging materials as well as utility related expenses that went up and put pressure on our gross profits margin derived from branded OWN products along with increase in those operating expenses as described above.

Consolidated financial position as of 30 September 2022 in comparison with the same as of 31 December 2021

Assets

Total assets as of 30 September 2022 and 31 December 2021 were THB 19,935 million and THB 19,186 million, respectively. An increase of THB 749 million was derived mainly from (1) THB 871 million increase in account receivables and other receivables from higher business volumes, (2) THB 310 million increase in inventories from increase in prices for raw materials and packaging materials, and (3) THB 212 million increase in right-of-use assets through a contractual arrangement to procure water for our industrial usage purpose. Cash and cash equivalents decreased by THB 404 million mainly from financing activities i.e. dividend payments of THB 1,750 million.

Liabilities

Total liabilities as of 30 September 2022 and 31 December 2021 were THB 9,759 million and THB 9,075 million, respectively. An increase of THB 684 million was mainly due to THB 491 million increase in short-term borrowings, THB 171 million increase in account payables and other payables and also THB 217 million increase in lease liabilities.



- Translation -

Shareholders' equity

Total shareholders' equity as of 30 September 2022 and 31 December 2021 were THB 10,176 million and THB 10,111 million, respectively. An increase of THB 65 million took into account mainly net profits generated and dividend payments in the interim.

Yours sincerely,

**Pongsarn Klongwathanakith**

---

(Pongsarn Klongwathanakith)

Chief Financial Officer