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CBG 005/2023

17 February 2023

Subject Management discussions and analysis for the fiscal year ended 31 December 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 the fiscal year ended 31 December 2022 in comparison with the corresponding period last year as follows:

### Consolidated financial performance for the fiscal year of 2022

#### 1. Revenue from sales

Total revenue from sales in 2022 was THB 19,215 million, up by +11% YoY. Of which, revenue from sales of our branded own products was THB 12,591 million, down by -0.2% YoY, mainly from overseas markets. Revenue from 3<sup>rd</sup> party products for distributions was THB 5,350 million, up by +50% 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 807 million, up by +20% YoY, which was mainly derived from producing and selling glass bottles to outside parties.

Revenue from sales by product group Unit: THB million	4Q2021	3Q2022	4Q2022	%YoY	%QoQ	2021	2022	%YoY
Branded products by own manufacture 1/	2,843	3,266	2,756	(3%)	(16%)	12,622	12,591	(0.2%)
Branded products by 3rd party's manufacture 2/	138	132	82	(41%)	(38%)	504	467	(7%)
3rd party's products for distribution	1,166	1,184	1,478	+27%	+25%	3,568	5,350	+50%
Others	234	112	174	(26%)	+55%	670	807	+20%
<b>Total</b>	<b>4,382</b>	<b>4,695</b>	<b>4,490</b>	<b>+2%</b>	<b>(4%)</b>	<b>17,364</b>	<b>19,215</b>	<b>+11%</b>

Note: 1/ Energy Drinks, Sport Drinks, and Functional Drinks

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



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Revenue from sales by geography Unit: THB million	4Q2021	3Q2022	4Q2022	%YoY	%QoQ	2021	2022	%YoY
Domestic	3,077	3,070	3,046	(1%)	(1%)	10,433	12,332	+18%
Overseas	1,305	1,625	1,444	+11%	(11%)	6,931	6,883	(1%)
CLMV	1,116	1,340	1,292	+16%	(4%)	5,660	5,909	+4%
China	13	133	22	+70%	(84%)	731	467	(36%)
ICUK	44	69	56	+28%	(19%)	166	245	+48%
Others	133	82	74	(44%)	(9%)	375	263	(30%)
<b>Total</b>	<b>4,382</b>	<b>4,695</b>	<b>4,490</b>	<b>+2%</b>	<b>(4%)</b>	<b>17,364</b>	<b>19,215</b>	<b>+11%</b>

1.1) Revenue from sales of branded own products amounted to THB 12,591 million, down by -0.2% YoY. Domestic and overseas portions were at the ratio of 47:53

(1.1.1) Domestic sales were THB 5,762 million, up by +1% YoY, driven by an increase in our sales of Carabaodang energy drinks. Furthermore, we started to recognize sales of new products under Kanzou X2 trademark, which is made available in non-carbonated 150 ml filled with liver extract, glucuronolactone and curcumin in response to health-conscious consumers.

(1.1.2) Overseas sales were THB 6,829 million, down by -1% YoY. Of which, our export sales to CLMV grew by +5% YoY, attributed to all major markets i.e., sales in Vietnam that come with more purchase orders increased by +60% YoY, Myanmar, and Cambodia up by +4% and +2% YoY respectively, while other countries declined.

Our overseas sales in the UK market managed under our subsidiary namely Intercarabao Company Limited ("ICUK") grew by +48% 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. And also, ICUK expanded distribution channels to the gas stations in last year.

1.2) Sales of 3rd party products for distribution amounted to THB 5,350 million, up by +50% 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) Sales of branded product by 3rd party's manufacture amounted to THB 467 million, down by -7% YoY. Such increase resulted from drinking water and 3-in-1 that rose by +42% YoY and +7% YoY, respectively, whereas sales of RTD coffee were down by -24% YoY.

1.4) Other sales amounted to THB 807 million, up by +20% YoY, with the vast majority being manufacture and sales of glass bottles under the operations of our subsidiary, namely Asia Pacific Glass Company Limited ("APG"). As a result of our business partner's attempt to expand and launch new products in foreseeable term, APG benefited from an increasing number of purchase orders for glass bottles.



## 2. Gross profits and gross profits margin

Gross profits in 2022 were THB 5,633 million, down by -9%, which was equivalent to gross profits margin of 29% versus 36% a year ago. Such a decrease resulted from the product mix. Sales of branded own products declined in proportion to which they accounted for 66% of total revenue from sales versus 73% a year ago. Raw materials and packaging materials used for our productions also hiked up in price, especially the market price for aluminum coils throughout the year as well as utility related expenses that also increased.

Gross profits by product group Unit: THB million	4Q2021	3Q2022	4Q2022	%YoY	%QoQ	2021	2022	%YoY
Branded products by own manufacture 1/	1,167	1,206	943	(19%)	(22%)	5,576	4,711	(16%)
Branded products by 3rd party's manufacture 2/	18	15	10	(43%)	(32%)	72	54	(24%)
3rd party's products for distribution	93	92	181	+96%	+97%	260	555	+113%
Others	100	46	56	(44%)	+21%	275	312	+13%
<b>Total</b>	<b>1,378</b>	<b>1,359</b>	<b>1,191</b>	<b>(14%)</b>	<b>(12%)</b>	<b>6,183</b>	<b>5,633</b>	<b>(9%)</b>

Note: 1/ Energy Drinks, Sport Drinks, and Functional Drinks  
2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

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

Selling and administrative expenses in 2022 were THB 3,078 million, up by +5%, representing the SG&A to total revenue from sales ratio of 16% versus 17% a year ago. Mainly increased from selling expenses.

Selling and Administrative expenses Unit: THB million	4Q2021	3Q2022	4Q2022	%YoY	%QoQ	2021	2022	%YoY
Selling expenses	450	557	553	+23%	(1%)	1,863	2,100	+13%
Sponsorship fees	69	66	65	(5%)	(2%)	272	263	(3%)
Selling without sponsorship fees	381	490	487	+28%	(1%)	1,590	1,836	+15%
Administrative expenses	261	258	219	(16%)	(15%)	1,082	979	(10%)
<b>Total SG&amp;A</b>	<b>711</b>	<b>815</b>	<b>772</b>	<b>+9%</b>	<b>(5%)</b>	<b>2,945</b>	<b>3,078</b>	<b>+5%</b>

Selling expenses amounted to THB 2,100 million, up by +13% YoY, that went up alongside the increase in sale revenue representing 11% of total revenue from sales, which the same portion as the corresponding period last year. We entered into a sponsorship contract with Hoang Anh Gia Lai Football Club in Vietnam for 2 seasons. Expenses related thereto shall be realized by straight line method through our financial statements from January 2023 forward.



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Administrative expenses amounted to THB 979 million, down by -10%, representing 5% of total revenue from sales versus 6% a year ago.

**4. Financial expenses**

Financial expenses amounted to THB 115 million, up by +30% YoY, as a result of higher amount of short-term and long-term 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 433 million, down by +16%, representing the effective tax rate of 16% versus 15% a year ago.

**6. Net profits and net profits margin**

Net profits attributed to our shareholders amounted to THB 2,286 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 31 December 2022 in comparison with that as of 31 December 2021**

**Assets**

Total assets as of 31 December 2022 and 31 December 2021 were THB 20,039 million and THB 19,186 million, respectively. An increase of THB 853 million was derived mainly from (1) THB 778 million increase in account receivables and other receivables from higher business volumes in both domestic and overseas markets., (2) THB 381 million increase in inventories from increase in prices for raw materials and packaging materials, and (3) THB 309 million decrease in property, plant and equipment

**Liabilities**

Total liabilities as of 31 December 2022 and 31 December 2022 were THB 9,474 million and THB 9,075 million. That said a respective increase of THB 399 million. Current liabilities were THB 8,187 million, up by THB 2,759 million, whereas non-current liabilities were THB 1,287 million, down by THB 2,360 million. Such an increase in short-term borrowings, THB 706 million, THB 569 million decrease in term loans, THB 179 million increase in lease liabilities and THB 83 million increase in account payables and other payables



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Shareholders' equity

Total shareholders' equity as of 31 December 2022 and 31 December 2021 were THB 10,565 million and THB 10,111 million, respectively. An increase of THB 454 million took into account mainly net profits generated and dividend payments.

Yours sincerely,

*Pongsarn Klongwathanakith*

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(Pongsarn Klongwathanakith)

Chief Financial Officer