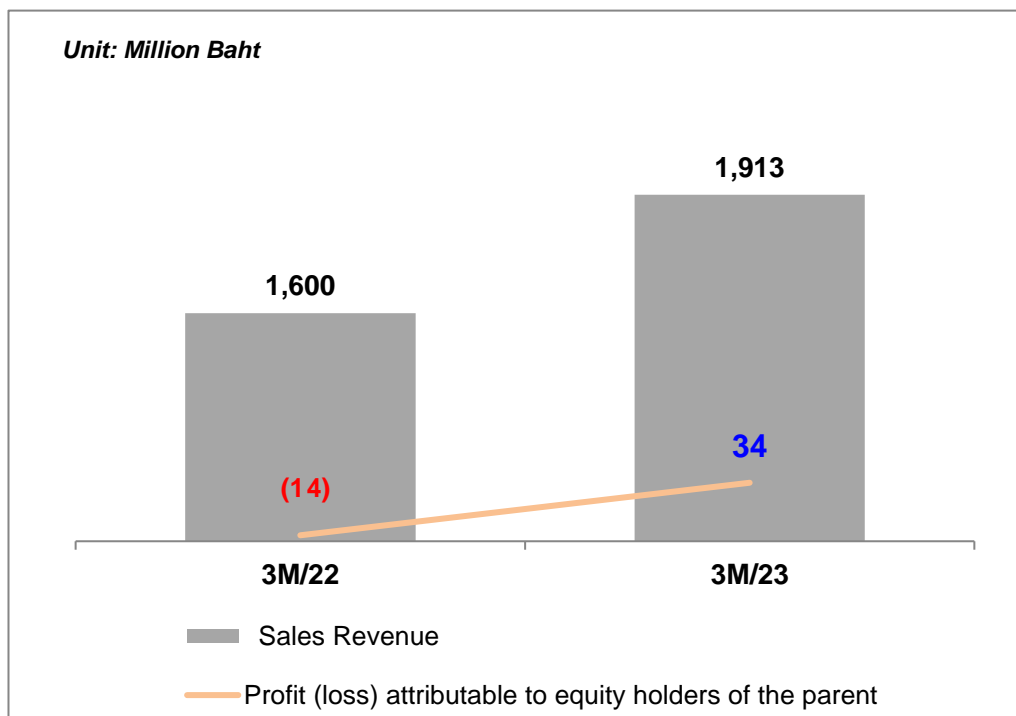


**Malee Group Public Company Limited and Its Subsidiaries  
Management Discussion and Analysis  
For the First Quarter ended 31 March 2023**



**1. Q1/2023 Highlights**



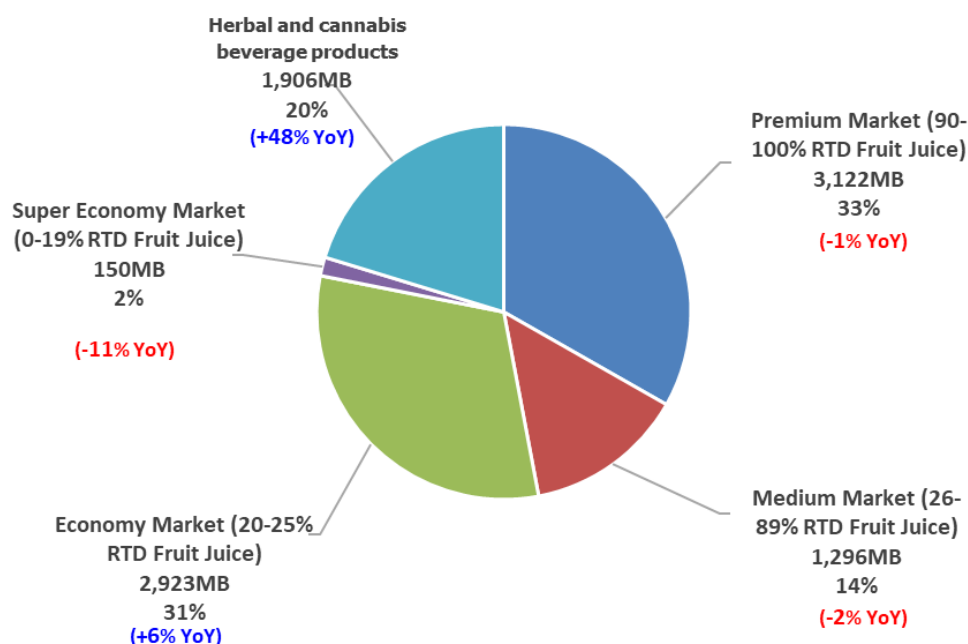
**Figure : Quarterly results**

- For Q1/2023, the Company and its subsidiaries achieved sales of Baht 1,913 million, an increase of 20% YoY. The main reason for the growth was due to an increase in revenue from all channels. Domestic sales increased by 20% YoY and international sales increased by 19% YoY. This was a result of the company's strong emphasis on the growth of focus product SKUs under Malee brand as well as adjustments to sales and marketing strategies.
- For Q1/2023, the Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 34 million, a significant improvement from Q1/2022 which had a net loss attributable to major shareholders of Baht 14 million. The company's performance improved by 334% YoY due to increased sales through all channels by 20% and more efficient cost controls on sales and expenses.

- In Q4/2022, the Company acquired 97.73% of Abico Holdings Public Company Limited (ABICO) securities, resulting in a consolidated financial statement from the end of 2022 onwards. The pro forma financial statements for the year 2022 are provided for comparison.

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

In Q1/2023, Moving Annual Total (MAT) of domestic RTD fruit juice market was Baht 9,398 million, an increase of 8% YoY. RTD fruit juice market value and growth is as shown below.



(Source: Nielsen)

## 3. Results of Operations and Profitability

### Consolidated financial statements

| (Unit : Baht Million)   | Q1/2023 | Q1/2022 (Restated) | %YoY  |
|---|---------|--------------------|-------|
| Revenues from sales and services  | 1,913   | 1,600              | +20%  |
| Cost of goods sold and services   | 1,580   | 1,317              | +20%  |
| Gross profit  | 333     | 284                | +17%  |
| % gross profit  | 17.4%   | 17.7%              |       |
| Selling expenses  | 105     | 105                | +0%   |
| % selling expenses to sales   | 5.5%    | 6.5%               |       |
| Administrative expenses   | 178     | 146                | +21%  |
| % Administrative expenses to sales  | 9.3%    | 9.1%               |       |
| Finance costs   | 21      | 20                 | +5%   |
| Share of profit (loss) from investment in subsidiaries and joint ventures | 0       | 1                  | (87%) |
| Tax (income)  | (20)    | (10)               | (98%) |
| Net profit (loss) attributable to major shareholders                      | 34      | (14)               | +334% |

### Q1/2023 Sales Revenue

The total sales of the Company and its subsidiaries increased by 20% YoY to Baht 1,913 million, driven by the Company's focus on Focused Product SKUs under Malee brand, together with the adjustment of marketing and sales strategies towards prioritization on Focused Product SKUs.

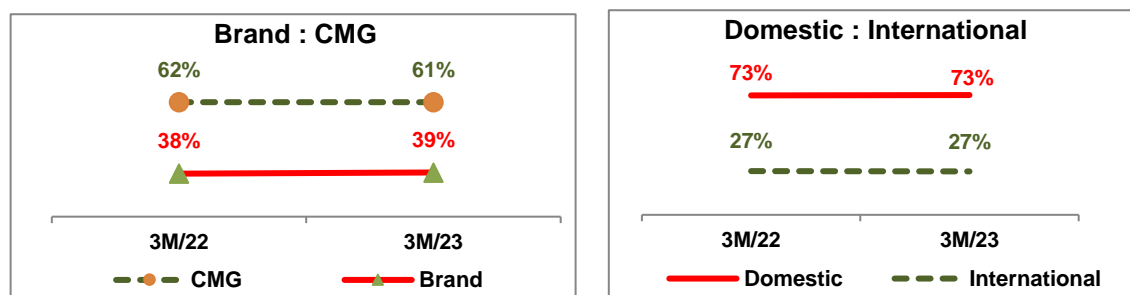
Sales breakdown by business and geography are as follows:

Sales Breakdown by Business:

- Brand: Baht 729 million, increased 23% YoY.
- CMG: Baht 1,160 million, increased 18% YoY.
- Sales ratio of Brand: CMG was 39:61, compared with 38:62 in Q1/2022.

Sales Breakdown by Geography:

- Domestic: Baht 1,404 million, increased 20% YoY.
- Export: Baht 509 million, increased 19% YoY.
- Sales ratio of Domestic: Export was 73:27, compared with 73:27 in Q1/2022.



### Q1/2023 Cost of Goods Sold

The Company and its subsidiaries had a total cost of sales of Baht 1,580 million, with a cost of goods sold to sales ratio of 82.6%, slightly increased from the same period last year of 82.3%. This was due to significantly higher raw material costs despite the fact that the Company had an increased sales volume and improved efficiency in controlling the cost of goods sold.

### Q1/2023 Gross Profit

The Company and its subsidiaries had a gross profit of Baht 333 million, a 17% YoY increase, equivalent to a gross profit margin of 17.4%, slightly decreased compared to the same period last year of 17.7%. This was due to significantly higher raw material costs despite the fact that the Company had an increased sales volume and improved efficiency in controlling the cost of goods sold.

### Q1/2023 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 105 million, which was the same as the same period of the previous year. The selling expense to sales ratio decreased to 5.5% from 6.5% in Q1/2022, attributed to increased sales and efficient selling expense control.

### Q1/2023 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 178 million, an increase of 21% YoY. The administrative expenses to sales ratio was 9.3%, similar to the same period last year. This was mainly due to the increase in the last one-time professional fee for the shareholding restructuring.

### Q1/2023 Finance Costs

The Company and its subsidiaries recorded finance costs of Baht 21 million and Baht 20 million, respectively, compared to Q1/2022, representing a 5% YoY increase. This was a result of increasing interest rates on loans obtained from financial institutions.

Q1/2023 Net Profit

The Company and its subsidiaries recorded a net profit attributable to major shareholders of Baht 34 million in Q1/2023, compared to a net loss attributable to major shareholders of Baht 14 million in Q1/2022, representing a 334% YoY improvement. This was due to increased sales in all sales channels by 20%, together with efficient control of cost of goods sold and selling expenses.

**4. Financial Position of the Company and its Subsidiaries**

| Unit : Million Baht  | 31/3/2023    | 31/12/2022   | %<br>change    |
|--|--------------|--------------|----------------|
| Cash and cash equivalents  | 153          | 98           | 56.0%          |
| Trade and other receivables  | 1,320        | 1,172        | 12.6%          |
| Inventories  | 778          | 835          | (6.8%)         |
| Other current assets   | 96           | 97           | (1.5%)         |
| <b>Total current assets</b>  | <b>2,347</b> | <b>2,203</b> | <b>6.5%</b>    |
| Property, plant and equipment  | 2,346        | 2,368        | (0.9%)         |
| Goodwill   | 56           | 56           | (0.8%)         |
| Investments in joint venture   | 15           | 14           | 3.8%           |
| Biological assets – dairy cow  | 51           | 50           | 1.9%           |
| Right to claim from the former shareholder   | 35           | 35           | (0.8%)         |
| Other non-current assets   | 872          | 892          | (2.2%)         |
| <b>Total non-current assets</b>  | <b>3,375</b> | <b>3,416</b> | <b>(1.2%)</b>  |
| <b>Total Assets</b>  | <b>5,722</b> | <b>5,619</b> | <b>1.83%</b>   |
| Bank overdrafts and short-term loans from financial institutions   | 1,380        | 1,400        | (1.4%)         |
| Account payables   | 955          | 878          | 8.7%           |
| Advances received from customers   | 61           | 52           | 17.2%          |
| Current portion of long-term loans from financial institutions   | 397          | 46           | 768.5%         |
| Current portion of liabilities under financial lease agreements  | 73           | 69           | 6.8%           |
| Other non-current liabilities  | 431          | 398          | 8.1%           |
| <b>Total Current Liabilities</b>   | <b>3,297</b> | <b>2,843</b> | <b>16.0%</b>   |
| Long-term loans, net of current portion from financial institutions                                      | 408          | 774          | (47.3%)        |
| Liabilities under financial lease agreements, net of current portion                                     | 168          | 182          | (7.6%)         |
| Other non-current liabilities  | 327          | 323          | 1.4%           |
| <b>Total Non-current Liabilities</b>   | <b>903</b>   | <b>1,279</b> | <b>(29.4%)</b> |
| <b>Total Liabilities</b>   | <b>4,200</b> | <b>4,122</b> | <b>1.9%</b>    |
| Authorized share capital   | 276          | 276          | 0.0%           |
| Issued and fully paid-up share capital   | 273          | 273          | 0.0%           |
| Share premium  | 1,362        | 1,362        | 0.0%           |
| Deficit from business combination under common control   | (355)        | (355)        | 0.0%           |
| Retained earnings  | 85           | 51           | 66.2%          |
| Other components of equity   | 532          | 533          | (0.2%)         |
| Equity of Parent Company's S/H   | (452)        | (452)        | 0.0%           |
| Equity attributable to shareholders of the subsidiaries before business combination under common control | 1,446        | 1,412        | 2.3%           |
| Non-controlling interests of the subsidiaries  | 77           | 85           | (9.7%)         |
| <b>Total Shareholders' Equity</b>  | <b>1,522</b> | <b>1,497</b> | <b>1.7%</b>    |
| <b>Total Liabilities and S/Hs' Equity</b>  | <b>5,722</b> | <b>5,619</b> | <b>1.8%</b>    |

**Assets**

As at March 31, 2023, the Company and its subsidiaries had total assets of Baht 5,722 million, an increase of 1.8% from Baht 5,619 million as of December 31, 2022. The main factors were an increase in cash and cash equivalents, and account receivables.

**Liabilities**

As at March 31, 2023, the Company and its subsidiaries had total Liabilities of Baht 4,200 million, an increase of 1.9% from Baht 4,122 million as of December 31, 2022. The main factors were an increase in account payables, and advance receipts for goods.

**Shareholders' Equity**

As at March 31, 2023, the Company and its subsidiaries had total equity of the parent company's shareholders of Baht 1,446 million, an increase of 2.3% from Baht 1,412 million as of December 31, 2022, mainly due to profitable operating performance.

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

As at March 31, 2023, the Company and its subsidiaries recorded a current ratio of 0.71x, which slightly decreased compared to 0.77x at the end of 2022.

**Debt to Equity Ratio**

As at March 31, 2023, the Company and its subsidiaries recorded an interest-bearing debt to equity ratio of 1.52x, slightly lower than the ratio of 1.59x at the end of 2022.

| <b>Consolidated</b>                     | <b>31/3/2023</b> | <b>31/12/2022</b> |
|---|------------------|-------------------|
| Current Ratio (Times)                   | 0.71             | 0.77              |
| Interest-bearing Debt to Equity (Times) | 1.52             | 1.59              |

**Cash Flow**

| (Unit: Baht Million)   | <b>31/3/2023</b> | <b>31/3/2022<br/>(Restated)</b> | <b>% change</b> |
|--|------------------|---------------------------------|-----------------|
| Profit (loss) from operating activities before changes in operating assets and liabilities | 127              | 120                             | 6.1%            |
| Profit (loss) from changes in operating assets and liabilities                             | 18               | (98)                            | 118.2%          |
| <b>Net Cash flows from (used in) operating activities</b>                                  | <b>145</b>       | <b>22</b>                       | <b>568.7%</b>   |
| Cash paid from business combination  | 2                | 2                               | 35.0%           |
| Cash paid for increased investments in joint ventures                                      | -                | -                               | -               |
| Cash back from investment in joint ventures  | -                | -                               | -               |
| Acquisition of equipment   | 0                | 0                               | 63.5%           |
| Cash paid for equipment  | (39)             | (13)                            | (208.1%)        |
| Cash paid for intangible assets  | (1)              | (0)                             | (128.8%)        |
| <b>Net Cash flows from (used in) investing activities</b>                                  | <b>(37)</b>      | <b>(11)</b>                     | <b>(236.6%)</b> |
| Increase (decrease) in bank overdraft and short - term loans from financial institutions   | 13               | (28)                            | 146.5%          |
| Cash received from short-term loans from financial institutions                            | 684              | 836                             | (18.1%)         |
| Cash paid for short-term loans from financial institutions                                 | (716)            | (805)                           | 11.0%           |
| Cash received from long-term loans from financial institutions                             | 0                | 20                              | (100.0%)        |
| Cash paid for long-term loans from financial institutions                                  | (16)             | (38)                            | 58.9%           |
| Cash paid for principal of the lease liabilities   | (17)             | (20)                            | 12.2%           |
| <b>Net Cash flows from (used in) financing activities</b>                                  | <b>(52)</b>      | <b>(35)</b>                     | <b>(50.5%)</b>  |
| Exchange differences on translating financial statements                                   | (1)              | 1                               | (205.2%)        |
| Net increase (decrease) in cash and cash equivalents                                       | 55               | (23)                            | 338.7%          |
| Cash and cash equivalents at beginning of periods  | 98               | 126                             | (21.9%)         |
| <b>Cash and cash equivalents at end of periods</b>   | <b>153</b>       | <b>103</b>                      | <b>49.2%</b>    |

In Q1/2023, the Company and its subsidiaries recorded ending cash of Baht 153 million, an increase from Baht 103 million in Q1/2022, with details as follows:

- Net cash provided by operating activities was Baht 145 million, consisting of (1) cash received from operating activities before changes in operating assets and liabilities of Baht 127 million and (2) cash received from changes in operating assets and liabilities of Baht 18 million.
- Net cash used in investing activities was Baht 37 million, consisting of (1) cash received from the sale of biological assets – dairy cows of Baht 2 million and (2) cash paid for the equipment purchase of Baht 39 million.
- Net cash used in financing activities was Baht 52 million, consisting of (1) increase in account overdraft of Baht 13 million, (2) cash received from short-term loans from financial institutions of Baht 684 million, (3) repayment of short-term loans from financial institutions of Baht 716 million, (4) repayment of long-term loans from financial institutions of Baht 16 million, and (5) repayment of principal of lease liabilities of Baht 17 million.

## 6. Forward-Looking

In Q1/2023, the living condition has started returning to normalcy similar to pre COVID-19 pandemic. Versus last year, there's a rise in both domestic and international travel, boosting a greater number of foreign tourists, stimulated domestic economic and financial growth. Increased spending has allowed lodging, restaurants, retails, and other sectors to perform better than they have in the past three years, which has also helped boosted sales for Malee Group of companies (both branded and CMG).

The Company is emphasizing on boosting sales of Malee-branded focus product SKUs and consistently adapting its sales and marketing strategies to enhance and sustain higher gross profit margin.

The cost of raw materials while higher than last year has started to stabilize after previous hikes. Nevertheless, the Company has already raised prices of Malee-branded products in August 2022 and will continue focusing on enhancing production efficiency and cost management. This has helped Q1/2023 gross profit margin to rise to 17.4%, which is higher than Year 2022 margin of 16.5%.

In addition, the Company aims to achieve sustainable profit growth by doubling the sales growth of Malee-branded products compared to the growth of contract manufacturing sales. The strategies to be implemented include:

- Malee branded products: Concentrate on increasing sales volume in the target market by implementing marketing and sales strategies based on the 4 pillars of commerce: Mental Availability, Physical Availability, Relevant Portfolio, and Improved Customer Preference.
- Contract manufacturing: Increase main customer base and aim to maintain a gross profit margin that is at least equivalent to previous level.
- Enhance organization efficiency and effectiveness, and evaluate the possibility of raising product prices if deemed necessary.
- Drive cost-saving efforts throughout the year by improving production efficiency and identify ways to manufacture existing products with the same quality but at a reduced cost.
- Decrease the number of days of raw material and finished product inventory.