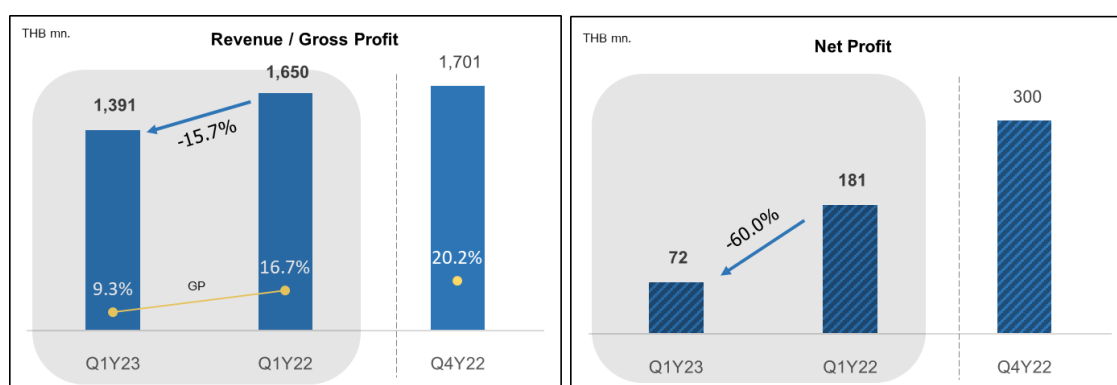


Management Discussion and Analysis

For Q1Y23

Executive Summary

- Revenue from sales of the Company for Q1 2022 and 2023 were THB 1,650 million and THB 1,391 million respectively, representing a decrease of 15.7%. Significant drop was contributed from Pet Food which has been offset partly by increased in Human Food.
- The Q1 2023 gross profit of the Company was THB 130 million, 60.0% decreased YoY (Q1 2022:THB 276 million, Q4 2022:THB 256 million). The Company Q1 2023 gross profit margin was at 9.3% (Q1 2022: 16.7%, Q4 2022: 20.2%), mostly pressured from raw material cost as Human Food sales portion increased, especially Tuna cost. Moreover, despite a decrease in sales, utilities expenses rose YoY.
- The Q1 2023 net profit of the company plummeted by 60% to THB 72 million as a result of a significant drop in sales and a decrease in gross margin. Operating expenses increased due to ongoing marketing expenses last year which could be partially offset by higher gain from exchange rate and lower financial cost. The earnings per share was THB 0.03 per share (Q1 2022: THB 0.11 per share, calculated based on 1,700 million shares at that period).



Business Overview

Asian Alliance International Public Company Limited (the "Company" or "AAI") and its subsidiaries (the "AAI Group") is Thailand's major original equipment manufacturers of pet food and shelf-stable human food. Currently, original equipment manufacture (OEM) business under clients' brands generates the majority of revenue from pet food and human food sales.

Since 2019, AAI Group has been developing its own pet food products for cats and dogs. Currently, the Company has a diverse portfolio of brands that span all market categories, including (1) pet food products aimed for the high-end market, notably "monchou" and "MARIA". (2) Pet food brands aimed for the mainstream market, such as "monchou balanced" and "Hajiko", and (3) Pet food brands aimed at the low-end market, such as "Pro".

Most of sales revenue is generated by exporting products to overseas markets.

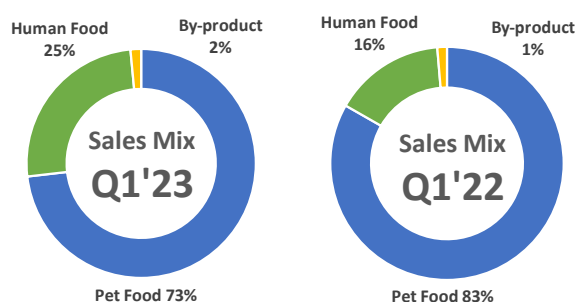
Major Developments

Total sales volumes in Q1 2023 decreased by 17% YOY to 9,594 tons from 11,507 tons in Q1 2022. Pet food volumes decreased by 27% from overwhelm stock in US market as logistic disruption alleviated, shorten production and logistic lead time. The company expect that customers will adjust their stock level during first half of this year, then, the order should climb up as normal in the second half of the year. Human food sales volumes increased due to high demand from middle east even tuna price was quite high.

Total sales (including intercompany transactions) decreased by 16% to THB 1,399 million in Q1 2023, mainly from pet food which partly offset by 37% increase in human food. Therefore, human food portion increased to 25% compared to 16% of Q1 2022. By-product sales values were at around 2%, increased due to more tuna process.

Sales By Business Segment	Q1Y23	Q1Y22	%Growth	Q4Y22
Volume (Mt)	9,594	11,507	-17%	9,855
Pet Food	6,509	8,878	-27%	7,726
Human Food	2,227	1,847	21%	1,402
By-product	858	781	10%	727
<hr/>				
Revenues (Millions Baht)	1,399	1,675	-16%	1,707
Pet Food	1,024	1,395	-27%	1,440
Human Food	354	258	37%	247
By-product	21	22	-6%	21

Remark: Revenues in the table is included intercompany sales.

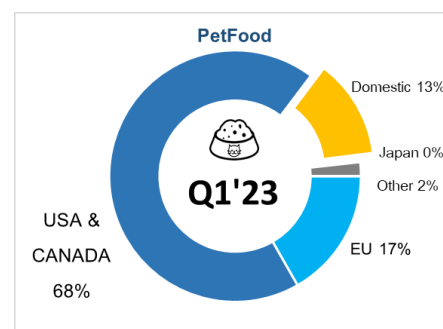


Pet Food

Most of the revenue from pet food sales comes from original equipment manufacture (OEM) under customers' brands, which declined sharply by 28% YoY to THB 984 million. Key market was US and EU still. Owned Brand pet food revenues grew 11% YoY to THB 40 million driven by more aggressive marketing strategy in Thailand since second half last year, along with an expanded channel of distributions, particularly pet shop. However, more channel of distributions is planned to improve to attract more sales revenues in the future. Owned brand growth in Thailand market, at the moment, is the key contributor to the Company to grow owned brand portion to 10% of total product portfolio. The Company was considering a revision of its sales strategy for "monchou" under "Thaiya" in China, now that the Covid-19 situation has improved. The Company anticipates that it will be able to enhance sales and streamline the distribution channels to boost "monchou" sales in China as same as in Thailand.

Pet Food Business Revenues (THB mn.)	Q1Y23	Q1Y22	%Growth
OEM Pet Food	984	1,360	-28%
Brand Pet Food	40	36	11%
By-product (Fishmeal)	21	22	-6%

Remark: Revenues in the table is included intercompany sales.



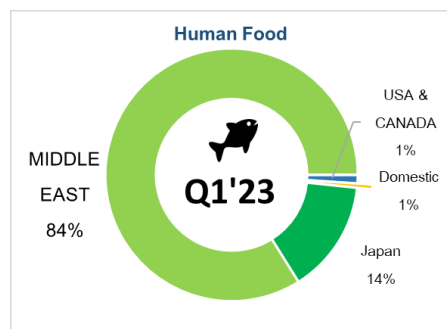
Brand Pet food portion increased to 3.8% of total pet food sales for the quarter.

Dry pet food factory in China, "Thaiya Meisi", was not improved too. Utilization rate was still low and company still making loss due to very strong competition at very high raw material cost. The company are about to evaluate impact as China re-open. However, there should be more opportunity to proceed to OEM for internal brand as the company plan.

The plan to expand the total pet food capacity to 82,000 tons within 2026 still proceed on plan to support the company future growth. The new plant will be construct in late 2023 and new automatic warehouse was

expected to be construct in late Q3, which is a bit delay due to the fact that the design has been adjusted to increase the warehouse capacity to 15,000 palette.

Human Food



Human food, mainly tuna shelf-stable products, sales volume increased rapidly in Q1 2023, from 1,847 tons in Q1 2022 to 2,227 tons. The company select more orders as pet food production dropped sharply. However, gross margin was pressured hardly, even logistic cost was low, due to high tuna price and volatility in exchange rate, US dollar was in weaken trend. The key market was Middle East and Japan still. Sales value increased as high as 37% YoY to THB 354 million, increased at the higher rate compared to volume as tuna prices increased.

Financial Review

Profitability Analysis

STATEMENT OF INCOME	Q1Y23		Q1Y22		Change	THB mn.		
						Q4Y22		
	Mil. THB	% to sales	Mil. THB	% to sales	%	Mil. THB	% to sales	%
Revenue from Sales & Services	1,391	100.0	1,650	100.0	(15.7)	1,701	100.0	(18.2)
Cost of sales & services	(1,261)	(90.7)	(1,374)	(83.3)	(8.2)	(1,358)	(79.8)	(7.1)
Gross Profit	130	9.3	276	16.7	(53.0)	343	20.2	(62.2)
Operating Expenses	(96)	(6.9)	(81)	(4.9)	17.5	(116)	(6.8)	(17.8)
Operating Profit	34	2.4	195	11.8	(82.5)	227	13.3	(85.0)
Other incomes	14	1.0	18	1.1	(21.3)	17	1.0	(16.9)
Gain/(Loss) on FX	27	1.9	8	0.5	246.1	99	5.8	(73.0)
Other expenses	0	0.0	2	0.1	(97.8)	(1)	(0.0)	(105.4)
Financial cost	(4)	(0.3)	(6)	(0.4)	(30.0)	(6)	(0.4)	(32.1)
Profit before tax	71	5.1	216	13.1	(67.3)	336	19.8	(78.9)
Tax expenses (income)	2	0.1	(35)	(2.1)	(104.5)	(36)	(2.1)	(104.4)
Net Profit	72	5.2	181	11.0	(60.0)	300	17.7	(75.9)
EPS.	0.03		0.11			0.14		

Revenue from Sales & Services

The company reported THB 1,391 million in revenue from sales and services in Q1 2023, a 15.7% decrease YoY, mainly from decline in pet food sales which partly offset by increased in human food.

Gross Profit

Gross profit for Q1 2023 was THB 130 million, 53.0% decrease YoY, and represented 9.3% of revenues, compared to 16.7% from the same period last year due to human food portion was higher. There were many factors pressure gross profit during the period. Tuna price in Q1 2023 increased because of lower catch volume. US dollars was very fluctuated and weak compared to the same period last year. Moreover, utilities cost during the period was quite high even sales drop YoY.

Operating expenses

Operating expenses for Q1 2023 were THB 96 million, increased 17.5% YoY. Selling and distribution expenses increased mainly from more activities in advertising and promotion expenses of the company's brands in

order to increase distribution channel of brands. Administrative expenses was still at around the same amount compare to same quarter last year.

The company gained around THB 27 million for exchange rate in Q1 2023 as the company sales US dollars forward contract according to the company hedging policy which partly offset lower gross profit.

Financial cost

The financial cost for Q1 2023 was THB 4 million, decreased YoY due to the Company's prudent management of its cash reserves, which allowed the company to fund its working capital and investments as planned, without resorting to any debt.

Board of Directors resolved to amend proceed of use of cash received from initial public offering (IPO) so that the company could be able to manage cash more efficient with enough cash on hand to invest in the capacity expansion project, including investment in new automatic warehouse, as purpose on IPO plan. The resolution has been reported to the shareholders in the 2023 Annual General Shareholders' Meeting already. Long-term loan of the company has been repay in advance at the end of March and expected that there will be no interest paid at least until the end of this year.

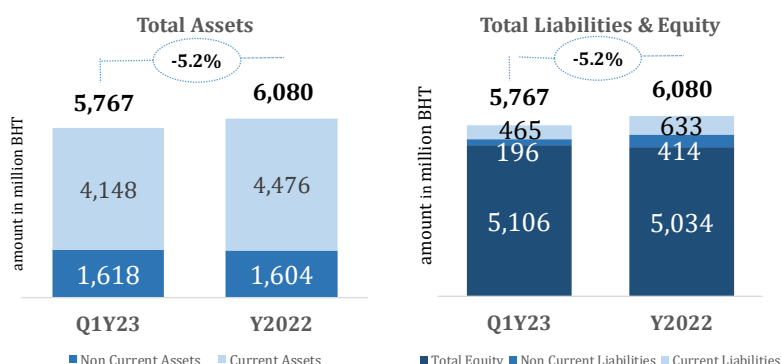
Tax expense (income)

In Q1 2023, THB 1.6 million tax revenue were booked due to THB 11.5 million differ tax assets and THB 9.9 million corporate tax were booked during the period.

Net Profit and Earning per Share

For Q1 2023, net profit of the Company was at THB 72 million, 60.0% decreased YoY, net profit margin was at 5.2% (Q1 2022:11.0%, Q4 2022: 17.7%). Earnings per share for Q1 2023 was THB 0.03.

Financial Position



Total Assets

As of March 31st, 2023, the company total assets was at THB 5,767 million, THB 313 million decreased from THB 6,080 million at the end of 2022. The main contributors were THB 151 million and THB 231 million decreased in trade and other receivables and inventory respectively due to lower sales. Cash on hand was increased by THB 108 million. Property, plant, and equipment totaled THB 1,363 million as of March 31st, 2023, slightly increased YoY, owing to investments in pet food equipment.

Total Liabilities

The total liabilities of the Company were THB 661 million as of March 31st, 2023, an decrease of THB 386 million from THB 1,046 million at the end of 2022 due to long-term borrowing paid up in advance using cash received from IPO and THB 100 million lower in Trade payable.

Total Shareholders' equity

As of 31st March 2023, shareholders' equity of the Company raised to THB 5,106 million, THB 72 million increase from THB 5,034 million at the end of last year, which were profit during the period.

Cash Flow

	Unit: Million Baht		
	Q12023	Q12022	Change
Cash flow from operating activities			
Profit before tax	71	216	(145)
Adjustments for:			
Depreciation & Amortisation	48	40	8
Other adjustments	(0)	3	(4)
Loss (gain) on exchange rate	70	(9)	80
Financial cost, net	4	6	(2)
Operating profit before working capital changes	193	256	(63)
Decrease (increase) in operating assets	364	(260)	624
Increase (decrease) in operating liabilities	(101)	10	(110)
Cash from operating activities	456	6	450
Interest net paid	(3)	(5)	3
Income tax net paid	(0)	(0)	(0)
Net cash used in operating activities	454	0	453

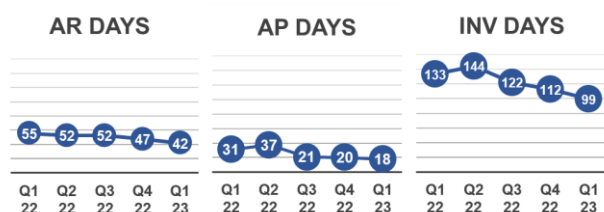
Operating activities

Cash flows from operating activities before changes in operating assets and liabilities for Q1 2022 and 2023 were THB 256 million and THB 193 million respectively. The changes in cash flows were mainly due to the changes in operating profit and unrealized gain or loss on exchange rate during period.

Unit: million Baht	Q1Y23	Y2022	Change
Inventories	1,523	1,754	(231)
Account Recievable	830	981	(151)
Cash & Other current assets	1,796	1,740	55
Account Payable	(269)	(313)	44
Other Payable	(35)	(58)	23
Net Working Capital	3,845	4,105	(260)
Inventory days	99	112	(13)
AR Days	42	47	(6)
AP Days	18	20	(3)

Cash flows used in operating activities from changes in operating assets and liabilities for Q1 2023 were mainly due to decrease in trade and other receivables and inventories which resulted from a decrease in sales orders. As a result, the cash flows from (to) operating activities for the quarter ending March 31st, 2023, were THB 454 million.

As of March 31st, 2023, the accounts receivable day and inventory days were 42 days and 99 days respectively. Accounts receivable days decreased due to sales drop. Inventory days improve as the products were shipped out fluently due to operation improvement and logistic process was back to normal.



	Unit: Million Baht		
	Q12023	Q12022	Change
Cash flow from investing activities			
Purchases of property, plant and equipment	(61)	(120)	59
Proceed of sales equipments and investment property	0	0	0
Net cash used in investing activities	(61)	(120)	59
Cash flow from financing activities			
Bank borrowings raised	-	483	(483)
Repayment of bank borrowings	(270)	(25)	(245)
Repayment of lease liabilities	(14)	(6)	(8)
Dividend paid	-	(320)	320
Net cash from financing activities	(284)	132	(416)
Effect of foreign exchange rate changes	0	(0)	1
Net increase (decrease) in cash and cash equivalents	108	12	97
Cash and cash equivalents at beginning of period	1,508	46	1,462
Cash and cash equivalents at end of period	1,616	57	1,559

Investing activities

Cash flows used for investing activities for Q1 2022 and 2023 were THB 120 million and THB 61 million respectively. For Q1 2023, the Company invested in capacity expansion for pet food products as well as machines and equipment to continuously improve production efficiency to accommodate long term growth of the company.

Financing activities

For Q1 2022, cash flows from financing activities of the Company were THB 132 million. During Q1 2023, the company made an early repayment of THB 284 million towards its long-term debt.

Statement of Financial Position		Unit: Million Baht			
	Q1Y23	%	FY22	%	% Chg
Cash and cash equivalent	1,616	28.0	1,508	24.8	7.2
Trade and other receivables	830	14.4	981	16.1	-15.4
Inventories	1,523	26.4	1,754	28.9	-13.2
Other current assets	179	3.1	232	3.8	-22.8
Total current assets	4,148	71.9	4,476	73.6	-7.3
Investments	32	0.6	34	0.6	-5.1
Long term Loan to JV & Association	20	0.3	18	0.3	10.3
Fixed assets	1,365	23.7	1,353	22.3	0.9
Other non current assets	200	3.5	198	3.3	1.0
Total non current assets	1,618	28.1	1,604	26.4	0.9
Total Assets	5,767	100.0	6,080	100.0	-5.2
Trade and other payables	388	6.7	492	8.1	-21.1
Current portion of long-term loans	15	0.3	83	1.4	-82.3
Other current liabilities	62	1.1	58	1.0	6.8
Total current liabilities	465	8.1	633	10.4	-26.5
Long term Loan	0	0.0	200	3.3	-100.0
Other non current liabilities	196	3.4	214	3.5	-8.3
Total non current liabilities	196	3.4	414	6.8	-52.6
Total Liabilities	661	11.5	1,046	17.2	-36.9
Total shareholders' equity	5,106	88.5	5,034	82.8	1.4
Total Liabilities and Equity	5,767	100.0	6,080	100.0	-5.2

Key Financial Ratios							
	Q1Y23	Q1Y22	Q4Y22		Q1Y23	Q1Y22	Q4Y22
Growth Rates				Profitability Ratios			
Sales Growth	-15.7%	46.1%	26.8%	Return on equity*	14.1%	30.5%	16.5%
Net Profit Growth	-60.2%	31.8%	34.8%	Return on assets**	12.5%	16.7%	13.7%
				Total Assets Turnover***	119.0%	135.1%	117.2%
Leverage and Liquidity Ratios				Net Profit margin	5.2%	11.0%	15.9%
Current ratio	8.9	1.6	7.1	Gross profit margin	9.3%	17.3%	20.2%
Quick or acid test ratio	5.3	0.6	3.9	* Using last 4 consecutive quarters net profit divided by end quarter equity			
Debt to equity ratio	0.1	0.8	0.2	** Using last 4 consecutive quarters net profit divided by end quarter total assets			
Net Debt to equity ratio	(0.3)	0.4	(0.3)	** Using last 4 consecutive quarters sales divided by end quarter total assets			

Y2023 Outlook:

Although there has been a sharp decline in pet food sales during the past Q1 2023, the Company is optimistic that it can handle this situation well. Despite the challenges, the Company believe that the brand owners have been able to adjust their stock levels according to shortened lead time with in the 1st half of the year, and expects that this situation will alleviated in the 2nd half. However, such a situation may put pressure on total sales revenues for the year. The new sales forecast for the year would be at around THB 6.6 billion which represents a 7% decreased compared to 2022. Pet food sales would contribute around THB 5.4 billion due to OEM revenue drop from both US and Europe brand. However, domestic own brand sales would be able to growth as plan.

However, the company will proceed on its capacity expansion plan in order to be ready for future growth with both new customers and current one after the situation relief. Branded pet food sales also expect to grow significantly in both Thailand and China, including other opportunity in Asia and Middle east markets.

Human food sales this year expect to increase around 15% to THB 1.2 billion, slightly increased from the original plan. Demand increase as freight cost was lower. Key market was Middle East still. However, gross margin could be possibly low compared to last year pressure from high tuna price since the beginning of the year and very strong competition in the industry.

The Company also expects that its overall gross profit margin will be lower compared to last year due to higher raw material cost, higher utilities, and higher portion of human food sales. Moreover, weaken US dollars also pressure gross profit margin. However, gross profit margin was expected to be higher for the rest of the year compared to Q1, and should be able to climb back at around 14-15% of total revenue from sales and services as pet food sales portion will be improved and cost and exchange rate risk will be well managed as plan.

The financial cost will be low as the company has enough cash to invest in new production lines and 2nd Automatic warehouse as planned in 2023.