

**Malee Group Public Company Limited and Its Subsidiaries
Management Discussion and Analysis
For the year ended 31 December 2023**



1. Year 2023 Highlights

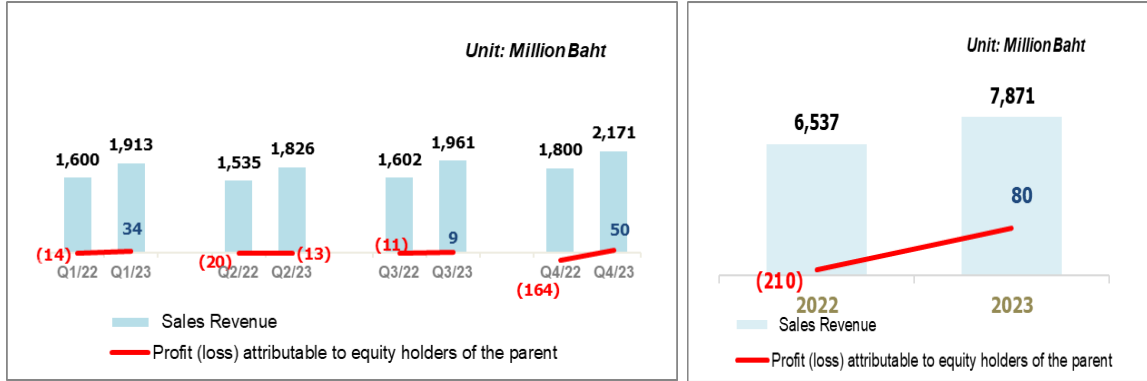


Figure 1: Financial Performance results

- In Q4/2023, the Company and its subsidiaries recorded total sales of Baht 2,171 million, a 21% YoY increase. The main reason for this growth was the increased revenue from all distribution channels. Domestic sales increased by 6% YoY and international sales increased by 55% YoY.
- In Q4/2023, the Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 50 million, a significant improvement from Q4/2022 which had a net loss attributable to major shareholders of Baht 164 million. The company's performance improved by 130% YoY due to increased sales through all channels by 21% and more efficient cost controls on sales and expenses. Even though it has been affected by the increased pricing of main raw materials and the adjusted sugar tax rate, which has been in effect from April 1, 2023 to March 31, 2025 (Phase 3).
- In 2023, the Company and its subsidiaries recorded total sales of Baht 7,871 million, a 20% YoY increase. The main reason for this growth was the increased revenue from all distribution channels. Domestic sales increased by 16% YoY and international sales increased by 32% YoY.
- In 2023, the Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 80 million, a significant improvement from 2022 which had a net loss attributable to major shareholders of Baht 210 million. The company's performance improved by 138% YoY due to increased sales through all channels by 20% and more efficient cost controls on sales and expenses. Even though it has been affected by the increased pricing of main raw materials and the adjusted sugar tax rate, which has been in effect from April 1, 2023 to March 31, 2025 (Phase 3).

▪ 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 2023, Moving Annual Total (MAT) of the domestic RTD fruit juice market was Baht 10,396 million, an increase of 11% YoY. RTD fruit juice market value and growth are shown in Figure 2.

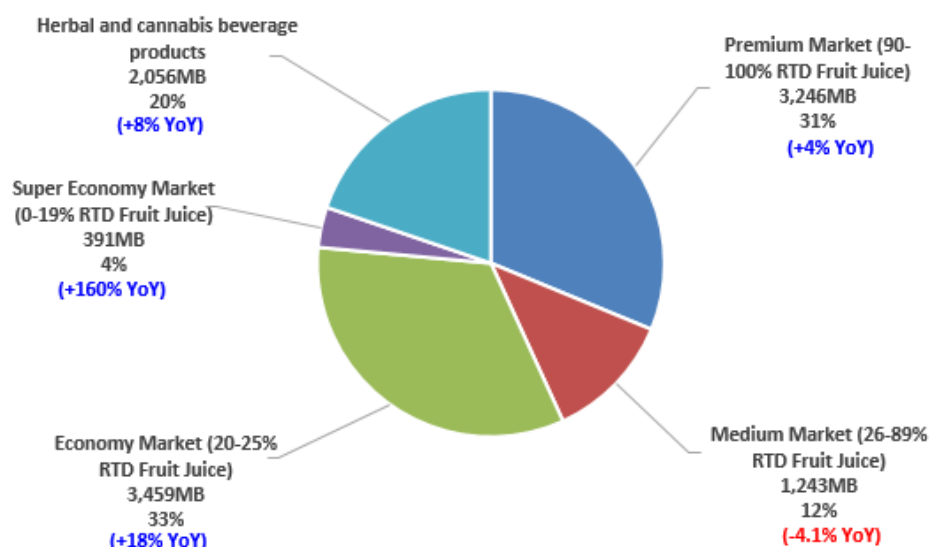


Figure 2: MAT December 2023 RTD Fruit Juice Market Value (excluding Food Service Channel) breakdown by Market Segment (Source: Nielsen)

3. Results of Operations and Profitability

| (Unit: Baht Million) | Q4/2023 | Q4/2022 (Restated) | %YoY | 2023 | 2022 (Restated) | %YoY |
|---|--------------|--------------------|--------------|--------------|-----------------|--------------|
| Revenues from sales and services | 2,171 | 1,800 | +21% | 7,871 | 6,537 | +20% |
| Cost of goods sold and services | 1,782 | 1,543 | +16% | 6,587 | 5,476 | +20% |
| Gross profit | 389 | 257 | +51% | 1,284 | 1,060 | +21% |
| % gross profit | 17.9% | 14.3% | | 16.3% | 16.2% | |
| Selling expenses | 157 | 127 | +24% | 495 | 474 | +4% |
| <i>% selling expenses to sales</i> | <i>7.2%</i> | <i>7.0%</i> | | <i>6.3%</i> | <i>7.2%</i> | |
| Administrative expenses | 167 | 141 | +19% | 644 | 555 | +16% |
| <i>% Administrative expenses to sales</i> | <i>7.7%</i> | <i>7.8%</i> | | <i>8.2%</i> | <i>8.5%</i> | |
| Finance costs | 25 | 21 | +18% | 83 | 85 | -3% |
| Share of profit (loss) from investment in subsidiaries and joint ventures | (0.6) | (1.0) | +38% | (13) | (0) | -3306% |
| Tax (income) | (27) | (87) | +69% | (67) | (113) | +41% |
| Net profit (loss) major shareholders equity | 50 | (164) | +130% | 80 | (210) | +138% |
| % Net profit (loss) major shareholders equity | 2.3% | (9.1%) | | 1.0% | (3.2%) | |

Q4/2023 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 2,171 million, a 21% YoY increase. Details are as follows:

- Domestic Branded Business sales increased 11% YoY.
- International Branded Business sales increased 10% YoY.
- Total Contract Manufacturing Business (CMG) sales increased 28% YoY.

Sales breakdown by business and geography are as follows:

Sales Breakdown by Geography:

- Domestic: Baht 1,347 million, increased 6% YoY.
- International: Baht 824 million, increased 55% YoY.

Sales ratio of Domestic : International was 62:38, compared with 70:30 in Q4/2022.

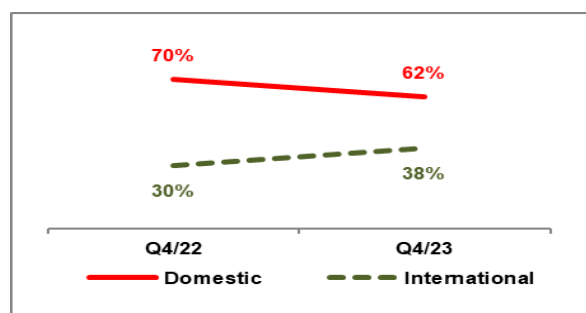


Figure 3: Sales Proportion by Geographic Regions

Q4/2023 Cost of Goods Sold

The Company and its subsidiaries had a total cost of goods sold of Baht 1,782 million, with a cost of goods sold to sales ratio of 82.1%, decreasing from 85.7% in Q4/2022. This decrease was due to the increased sales in the same quarter of the previous year and the efficient control of production costs although the costs of agricultural raw materials, such as coconut water and raw milk, packaging, utilities, and transportation have surged. Additionally, the sugar tax has been adjusted since April 1, 2023.

Q4/2023 Gross Profit

The Company and its subsidiaries recorded a gross profit of Baht 389 million, an increase of 51% YoY, representing an initial profit margin of 17.9%, dropped from 14.3% in Q4/2022. This increase was a result of the increased sales in the same quarter of the previous year and the efficient control of production costs.

Year 2023 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 7,871 million, an increase of 20% YoY. Details are as follows:

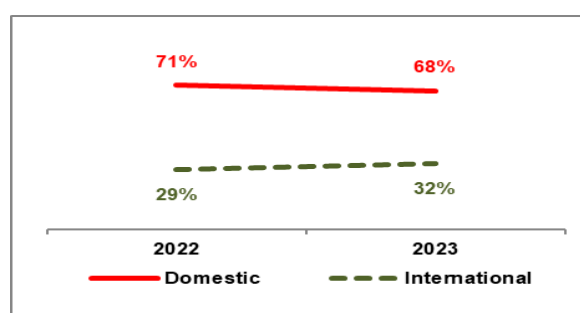
- Domestic Branded Business sales increased 20% YoY.
- International Branded Business sales increased 17% YoY.
- Total Contract Manufacturing Business (CMG) sales increased 22% YoY.

Sales breakdown by business and geography are as follows:

Sales Breakdown by Geography:

- Domestic: Baht 5,346 million, increased 16% YoY.
- International: Baht 2,525 million, increased 32% YoY.

Sales ratio of Domestic : International was 68:32, compared with 71:29 in 2023.



Year 2023 Cost of Goods Sold

The Company and its subsidiaries had a total cost of goods sold of Baht 6,587 million, with a cost of goods sold to sales ratio of 83.7%, close to 83.8% ratio in 2022. This resulted from the efficient control of production costs even though the costs of agricultural raw materials, such as coconut water and raw milk, packaging, utilities, and transportation have increased. Additionally, the sugar tax has been adjusted since April 1, 2023.

Year 2023 Gross Profit

The Company and its subsidiaries recorded a gross profit of Baht 1,284 million, an increase of 21% YoY, representing an initial profit margin of 16.3% close to 16.2% ratio in 2022. This is attributable to the efficient control of production costs.

Q4/2023 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 157 million, representing a sales expense-to-sales ratio of 7.2%, an increase from 7.0% in Q4/2022. This increase was due to increased sales.

Year 2023 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 495 million, representing a sales expense-to-sales ratio of 6.3%, a decrease from 7.2% in the same period of the previous year. This reduction was due to increased sales and improved efficiency in controlling sales expenses.

Q4/2023 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 167 million, representing a management expense-to-sales ratio of 7.7%, a decrease from 7.8% in Q4/2022. This reduction was due to increased sales and improved efficiency in controlling management expenses.

Year 2023 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 644 million, representing a management expense-to-sales ratio of 8.2%, a decrease from 8.5% in the same period of the previous year. This reduction was due to increased sales and improved efficiency in controlling management expenses.

Q4/2023 Financial Costs

The Company and its subsidiaries had financial costs of Baht 25 million in Q4/2023, compared to Baht 21 million in Q4/2022, representing an increase of 18% YoY, due to the increase in interest rates according to the loan agreements with financial institutions.

Year 2023 Financial Costs

The Company and its subsidiaries had financial costs of Baht 83 million in 2023, compared to Baht 85 million in 2022, representing a decrease of 3% YoY. This was from decreased financial institution loans from loan repayments although the interest rate has been increased according to the loan agreement with the financial institution.

Q4/2023 Net Profit (Loss)

The Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 50 million, a significant improvement from Q4/2022 which had a net loss attributable to major shareholders of Baht 164 million. (The company's performance improved by 130% YoY.) The primary reason for this positive change was the increased sales performance across all channels and improved control over product costs and selling expenses. This improvement was achieved even though there were price increases of all items in the cost of goods sold (agricultural raw materials, coconut water, raw milk, packaging materials, public utility, and transportation). Additionally, the increase in the sugar tax rate in Phase 3 since April 1, 2023 contributed to this result.

Year 2023 Net Profit (Loss)

The Company and its subsidiaries reported a net profit attributable to the major shareholders of Baht 80 million in 2023, compared to a net loss attributable to the major shareholders of Baht 210 million in 2022 (The company's performance improved by 138% YoY). The primary reason for this positive change was the increased sales performance across all channels and improved control over product costs and selling expenses. This improvement was achieved even though there were price increases of all items in the cost of goods sold (agricultural raw materials, coconut water, raw milk, packaging materials, public utility, and transportation). Additionally, the increase in the sugar tax rate in Phase 3 since April 1, 2023 contributed to this result.

4. Financial Position of the Company and its Subsidiaries

| (Unit: Baht Million) | 31/12/23 | 31/12/22 | % Change |
|--|-----------------|-----------------|---------------------|
| Cash and cash equivalents | 327 | 98 | 233.4% |
| Trade and other receivables | 1,204 | 1,172 | 2.7% |
| Inventories | 725 | 835 | (13.2%) |
| Other current assets | 89 | 97 | (8.3%) |
| Total current assets | 2,346 | 2,203 | 6.5% |
| Property, plant and equipment | 2,281 | 2,368 | (3.7%) |
| Goodwill | 54 | 56 | (4.0%) |
| Investments in joint venture | 13 | 14 | (10.0%) |
| Biological assets – dairy cow | 54 | 50 | 7.0% |
| Right to claim from the former shareholder | 34 | 35 | (4.0%) |
| Other non-current assets | 756 | 892 | (15.3%) |
| Total non-current assets | 3,191 | 3,416 | (6.6%) |
| Total Assets | 5,537 | 5,619 | (1.46%) |
| Bank overdrafts and short-term loans from financial institutions | 702 | 1,400 | (49.9%) |
| Trade and other payables | 758 | 878 | (13.7%) |
| Advances from customers | 42 | 52 | (18.9%) |
| Current portion of long-term loans from financial institutions | 122 | 46 | 168.2% |
| Current portion of liabilities under financial lease agreements | 48 | 69 | (30.5%) |
| Other current liabilities | 504 | 398 | 26.7% |
| Total Current Liabilities | 2,176 | 2,843 | (23.4%) |
| Long-term loans, net of current portion from financial institutions | 783 | 774 | 1.2% |
| Liabilities under financial lease agreements, net of current portion | 133 | 182 | (26.9%) |
| Other non-current liabilities | 331 | 323 | 2.5% |
| Non-current Liabilities | 1,247 | 1,279 | (2.5%) |
| Total Liabilities | 3,423 | 4,122 | (16.9%) |
| 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 | (381) | (381) | (0.1%) |
| Retained earnings | 255 | 51 | 398.3% |
| Other components of equity | 531 | 529 | 0.5% |
| Equity of Parent Company's S/H | 0 | (452) | 100.0% |
| Total equity of parent Company's shareholders | 2,040 | 1,382 | 47.6% |
| Non-controlling interests of the subsidiaries | 73 | 115 | (36.2%) |
| Total Shareholders' Equity | 2,114 | 1,497 | 41.1% |
| Total Liabilities and Shareholders' Equity | 5,537 | 5,619 | (1.5%) |

Assets

As of December 31, 2023, the Company and its subsidiaries had total assets of Baht 5,537 million, representing a decrease of 1.46% from Baht 5,619 million as of December 31, 2022. The main factors are a decrease in inventories and depreciation of fixed assets.

Liabilities

As of December 31, 2023, the Company and its subsidiaries had total liabilities of Baht 3,423 million, a decrease of 16.9% from Baht 4,122 million as of December 31, 2022. The main factor was a decrease in loans from financial institutions, trade payables, and lease liabilities.

Shareholders' Equity

As of December 31, 2023, the Company and its subsidiaries had total equity attributable to the parent company of Baht 2,040 million, an increase of 47.6% from Baht 1,382 million as of December 31, 2022. The primary reason for this increase was the sale of cross-shareholdings based on the company's restructuring plan and profitable operating results.

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

As of December 31, 2023, the Company and its subsidiaries recorded current ratio of 1.08x, an increase from 0.77x of 31 December 2022.

Debt to Equity Ratio

As of December 31, 2023, the Company and its subsidiaries recorded Interest-bearing debt to equity ratio of 0.79x, decreasing from 1.59x as of 31 December 2022.

| Consolidated | 31/12/23 | 31/12/22 |
|---|-----------------|-----------------|
| Current Ratio (Times) | 1.08 | 0.77 |
| Interest-bearing Debt to Equity (Times) | 0.79 | 1.59 |

Cash Flow

| (Unit: Baht Million) | 2023 | 2022 (Restated) | % change |
|--|--------------|----------------------------|-----------------|
| Profit (loss) from operating activities before changes in operating assets and liabilities | 475 | 319 | 48.8% |
| Profit (loss) from changes in operating assets and liabilities | (44) | (139) | 68.7% |
| Net Cash flows from (used in) operating activities | 431 | 180 | 139.8% |
| Cash received from long-term loans to other businesses | 2 | 0 | - |
| Cash received from sales of dairy biological assets –dairy cow | 6 | 6 | (3.2%) |
| Cash paid to invest in joint venture | (12) | 0 | - |
| Cash received from equipment sales | 24 | 5 | 376.8% |
| Cash paid for equipment | (126) | (75) | (67.7%) |
| Cash paid for intangible assets | (5) | (3) | (54.0%) |
| Net Cash flows from (used in) investing activities | (113) | (68) | (67.0%) |
| Increase (decrease) in bank overdraft and short - term loans from financial institutions | (11) | 21 | (153.3%) |
| Cash received from short-term loans from financial institutions | 1,764 | 3,304 | (46.6%) |
| Cash paid for short-term loans from financial institutions | (2,311) | (3,274) | 29.4% |
| Cash received from long-term loans from financial institutions | 0 | 20 | (100.0%) |
| Cash paid for long-term loans from financial institutions | (54) | (121) | 55.4% |
| Cash paid for principal of the lease liabilities | (70) | (81) | 14.4% |
| Cash received by the subsidiary company from the sale of investments | 597 | 0 | - |
| Paying dividends before consolidating businesses. | 0 | (11) | 100.0% |
| Dividend payments to non-controlling shareholders of subsidiaries without control. | (11) | 0 | - |
| Net Cash flows from (used in) financing activities | (96) | (141) | 32.3% |
| Exchange differences on translating financial statements | 6 | 2 | 264.4% |
| Net increase (decrease) in cash and cash equivalents | 229 | (27) | 933.7% |
| Cash and cash equivalents at beginning of periods | 98 | 126 | (21.9%) |
| Cash and cash equivalents at end of periods | 327 | 98 | 233.4% |

As of December 31, 2023, the Company and its subsidiaries had a net cash of Baht 327 million, an increase of Baht 229 million from December 31, 2022, with details as follows:

- Net cash received from operating activities of Baht 431 million, consisting of (1) cash received from operating activities before changes in operating assets and liabilities of Baht 475 million and (2) cash from changes in operating assets and liabilities decreased by Baht 44 million.
- Net cash used in investing activities of Baht 113 million, including (1) cash received from long-term loans to other businesses of Baht 2 million, (2) cash received from sales of dairy biological assets – dairy cow of Baht 6 million, (3) cash paid to invest in joint venture of Baht 12 million, (4) cash received from equipment sales of Baht 24 million, (5) cash paid for equipment of Baht 126 million, (6) cash paid for intangible assets of Baht 5 million.
- Net cash used in financing activities was Baht 96 million, consisting of (1) decrease in account overdraft of Baht 11 million, (2) cash received from short-term loans from financial institutions of Baht 1,764 million, (3) repayment of short-term loans from financial institutions of Baht 2,311 million, (4) repayment of long-term loans from financial institutions of Baht 54 million, and (5) repayment of principal of lease liabilities of Baht 70 million, (6) cash received from the subsidiary's sale of investment of Baht 597 million, and (7) dividend payment to non-controlling interests of the subsidiary of Baht 11 million.

6. Forward Looking

In 2023, the conflicts and wars in various regions have caused economic and trade fluctuations, leading to significantly higher energy costs. This is a major factor affecting the costs of raw materials and goods in every category, including transportation costs, which have risen sharply. Nevertheless, the company has followed its predetermined direction and strategy, showing continuous improvement despite operating under limited budgets. The Company has efficiently navigated challenges and generated better business performance in both sales and profits. Sales have grown across all channels by 20%, and the Company has achieved a positive profit for the first time in several years, amounting to as high as Baht 80 million.

For the year 2024, the Company is continuously committed to generating sustainable profit growth by accelerating the sales growth of Malee & Chokchai Farm branded products, compared to the growth in contract manufacturing sales. Nevertheless, the Company has not limited the sales growth of the contract manufacturing business to reduce production costs, leveraging greater existing production capacity and efficiency. The strategy being employed aligns with the direction previously set.

- Malee & Chokchai Farm 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 identifying 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.