



- Translation -

CBG 019/2024

16 February 2024

Subject Management discussions and analysis for the fiscal year ended 31 December 2023

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 2023 in comparison with the corresponding period last year as follows:

Consolidated financial performance for the fiscal year of 2023

1. Revenue from sales

Total revenue from sales in 2023 was THB 18,853 million, down by -2% YoY. Of which, revenue from sales of our branded own products was THB 11,196 million, down by -11% YoY but growing by +3% QoQ, mainly from overseas sales especially the CLMV countries, which significant sales growth recovery. Furthermore, revenue from 3rd party products for distribution was THB 6,458 million, up by +21% YoY. The increase was due to the distribution of alcohol beverages, including new products launched in November 2023, Carabao beer and Tawandang beer both of bottles and cans. Revenue from other product segments was THB 967 million, up by +20% YoY, which was mainly derived from producing and supplying the packaging materials including glass bottles, aluminum cans and various packaging materials, to the 3rd parties, specifically Carabao beer and Tawandang beer producers.

Revenue from sales by product group Unit: THB million	4Q2022	3Q2023	4Q2023	%YoY	%QoQ	2022	2023	%YoY
Branded products by own manufacture 1/	2,756	2,798	2,896	+5%	+3%	12,591	11,196	(11%)
Branded products by 3rd party's manufacture 2/	82	61	59	(28%)	(4%)	467	232	(50%)
3rd party's products for distribution	1,478	1,450	2,088	+41%	+44%	5,350	6,458	+21%
Others	174	397	273	+57%	(31%)	807	967	+20%
Total	4,490	4,707	5,316	+18%	+13%	19,215	18,853	(2%)

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

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



- Translation -

Revenue from sales by geography Unit: THB million	4Q2022	3Q2023	4Q2023	%YoY	%QoQ	2022	2023	%YoY
Domestic	3,046	3,545	3,911	+28%	+10%	12,332	13,457	+9%
Overseas	1,444	1,162	1,405	(3%)	+21%	6,883	5,396	(22%)
CLMV	1,292	953	1,201	(7%)	+26%	5,909	4,639	(21%)
China	22	38	-	N.A.	N.A.	467	88	(81%)
UK	45	48	46	+0%	(6%)	193	189	(2%)
Others	85	122	159	+87%	+30%	314	480	+53%
Total	4,490	4,707	5,316	+18%	+13%	19,215	18,853	(2%)

1.1) Revenue from sales of branded own products amounted to THB 11,196 million, down by -11% YoY. Portions between domestic and overseas were at 52:48.

(1.1.1) Domestic sales were THB 5,828 million, up by +1% YoY, driven by an increase in sales of Carabaodang energy drinks. The company continued strategy of maintaining a retail selling price of 10 Baht, contributing to the cost-of-living reduction for the Thai people along with marketing activities under the campaign “Carabao Great Thai Good Career Project” to support job creation and career opportunities for Thai people by collaborating with Thairath TV channel for communications, and continued this campaign in 2024. Furthermore, the company continued to strengthen our distribution channels through existing cash van distribution channel and expanded traditional trade distribution networks countrywide at the district distribution level. The efficiency of comprehensive distributions, pricing strategies, and consumer communication approaches which drove domestic sales of Carabao beverages, resulting in continuous increase of market share and reaching a new high record of 23.6% market share, up by +3% YoY.

(1.1.2) Overseas sales were THB 5,368 million, down by -21% YoY and were due to the impact of economic slowdown in Cambodia and uncertainties of import license permissions in Myanmar. In contrast, overseas sales to CVML grew by +21% QoQ, which significant sales growth recovery along with promotional activities from our distributor. Furthermore, the Central Eastern countries have shown a continuous upward trend in sales.

1.2) Revenue from sales of 3rd party products for distribution amounted to THB 6,458 million, up by +21% YoY. Key contributing factors included the variety and quality of products which resulted in the continuous increase in the products' popularity. Also, the effective distribution coverage in all distribution channels, including distribution through over 300 cash vans to access over the retailers nationwide, and extensive distribution networks nationwide through traditional trade channels at the district distribution



- Translation -

level. Furthermore, sales increased from new products launched in November 2023, Carabao beer and Tawandang beer both of bottles and cans.

1.3) Revenue from sales of branded OEM products amounted to THB 232 million, down by -50% YoY. Such decrease mainly resulted from RTD coffee which had stopped selling since Q1/2023 due to new product development and redesign. In December 2023, the company re-launched the new RTD coffee which is instant coffee drink made from freshly roasted coffee beans with an affordable retail selling price of 15 Baht. Meanwhile, sales of drinking water grew by +21% YoY mainly from the increase in CJ convenience store, which expanded with over 1,200 branches nationwide.

1.4) Revenue from other sales amounted to THB 967 million, up by +20% YoY. Mainly caused by the manufacture and sales of glass bottles, aluminum cans, and various packaging materials to customers under the operations of APG ACM and APM, aligning with sales and new products launched by customers.

2. Gross profits and gross profits margin

Gross profits in 2023 were THB 4,879 million, down by -13% YoY, which was equivalent in gross profits margin of 26% compared to 29% the previous year, resulting from the changing of product mix as well as increased in sugar, glass shards, and utility costs in productions. Also, a higher proportion of revenue from lower margin of 3rd party products for distribution.

Whereas the gross profits margin from sales of branded own products have improved compared to previous quarter due to the gradually decreasing cost of main raw materials and packaging including the increase in production volumes aligned with overseas sales particularly in the CLMV countries, where sales recovered significantly. This resulted in reduced production costs due to economies of scale.

Gross profits by product group Unit: THB million	4Q2022	3Q2023	4Q2023	%YoY	%QoQ	2022	2023	%YoY
Branded products by own manufacture 1/	943	996	1,087	+15%	+9%	4,711	3,983	(15%)
Branded products by 3rd party's manufacture 2/	10	11	11	+5%	(4%)	54	37	(31%)
3rd party's products for distribution	181	145	172	(5%)	+19%	555	603	+9%
Others	56	110	70	+25%	(36%)	312	256	(18%)
Total	1,191	1,262	1,341	+13%	+6%	5,633	4,879	(13%)

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



- Translation -

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

Selling and administrative expenses in 2023 were THB 2,660 million, down by -14%, representing 14% of the SG&A to total revenue from sales which gradually decreased compared to 16% from the previous year, as a result of the cost planning including marketing, sales promotion, and operational costs, to maximize efficient strategy consistently since the beginning of 2023.

Meanwhile, sponsorship fees were down by -11% YoY and -96% QoQ, resulting from sharing the sponsorship rights of EFL to our beer brewing business partners, with 50% portion of the amount paid by the company to EFL for each season starting from the 2023/2024 season onwards.

Selling and Administrative expenses Unit: THB million	4Q2022	3Q2023	4Q2023	%YoY	%QoQ	2022	2023	%YoY
Selling expenses	553	479	384	(30%)	(20%)	2,100	1,870	(11%)
Sponsorship fees	65	80	3	(96%)	(96%)	263	234	(11%)
Selling without sponsorship fees	487	399	381	(22%)	(4%)	1,836	1,636	(11%)
Administrative expenses	219	177	180	(18%)	+2%	979	790	(19%)
Total SG&A	772	655	564	(27%)	(14%)	3,078	2,660	(14%)

4. Financial expenses

In 2023, financial expenses amounted to THB 183 million, up by +59% YoY, as a result of higher amount of long-term loans and debentures at higher finance costs which was in line with the Bank of Thailand's policy rate.

5. Corporate income tax expenses

In 2023, corporate income tax expenses amounted to THB 337 million, down by -28% YoY, representing the effective tax rate of 15% versus 16% prior year. A result of obtaining tax privileges through investment promotion.

6. Net profits and net profits margin

In 2023, net profits attributed to shareholders amounted to THB 1,924 million, down by -16% YoY, resulting from a decrease in the gross profits margin from sales of branded own products due to a decrease in overseas sales including an increase in main raw materials and utility costs in productions.

Meanwhile, the net profits attributed to shareholders up by +23% QoQ, resulting from the increase of sales, cost reduction, efficient operational costs planning, and sharing EFL fee of the sponsorship rights to our beer brewing business partners for their marketing purposes.



- Translation -

Consolidated financial position as of 31 December 2023 in comparison with that as of 31 December 2022

Assets

Total assets as of 31 December 2023 and 31 December 2022 were THB 19,544 million and THB 20,039 million, respectively. A decrease of THB 495 million was derived mainly from (1) THB 341 million decrease in account receivables and other receivables, (2) THB 422 million decrease in inventories, (3) THB 248 million increase in Cash and cash equivalents, and (4) THB 147 million increase in property, plant and equipment.

Liabilities

Total liabilities as of 31 December 2023 and 31 December 2022 were THB 8,231 million and THB 9,474 million, respectively. Current liabilities were THB 4,283 million (including current liabilities from financial institutions of THB 1,994 million), down by THB 3,904 million, whereas non-current liabilities were THB 3,948 million (including non-current liabilities from financial institutions of THB 3,326 million), up by THB 2,661 million. A decrease of THB 1,243 million was derived mainly from (1) THB 2,293 million decrease in short-term loans from financial institutions, (2) THB 541 million increase in debentures and net of current portion, (3) THB 431 million increase in long-term loans from financial institutions and net of current portion, and (4) THB 193 increase in trade and other payable.

Whereas the company's profitability has decreased when compared to the previous year for the reasons mentioned above. The company still maintains its credit rating of the company's unsubordinated and unsecured debentures at "A" level from TRIS Rating. The ratings reflect the company's ability to maintain its financial ratios and financial leverages. Furthermore, the company maintains a strong position in the domestic energy drink market with well-respected brands including effective coverage through distribution networks nationwide.

Shareholders' equity

Total shareholders' equity as of 31 December 2023 and 31 December 2022 were THB 11,312 million and THB 10,565 million, respectively. An increase of THB 747 million took into account mainly net profits generated and dividend payments.



- Translation -

Our ESG business performance

On February 7, 2024, S&P Global Corporate Sustainability Assessment (S&P CSA), as a provider of financial data and rankings for the global business sustainability, announced the list of companies with the highest scores from sustainability assessments in the top 15% compared to their peers in the same industry globally in “The Sustainability Yearbook 2024”. Carabao Group has been ranked among the top sustainable businesses globally in “The Sustainability Yearbook 2024” in the beverage industry, with consistent management by achieving all dimensions of environmental, social, and governance (ESG) aspects with the vision of “World-Class Product, World-Class Brand”. This is another success for Carabao Group, reflecting the dedication to business growth in line with the sustainability vision of the business, “Creating a society of opportunities for a better life”.

“The Sustainability Yearbook 2024” is a trusted sustainability report among investors worldwide. In 2023, there were over 9,400 companies from 62 business sectors participating in the S&P CSA assessment.

Yours sincerely,

Pongsarn Klongwathanakith

(Pongsarn Klongwathanakith)

Chief Financial Officer