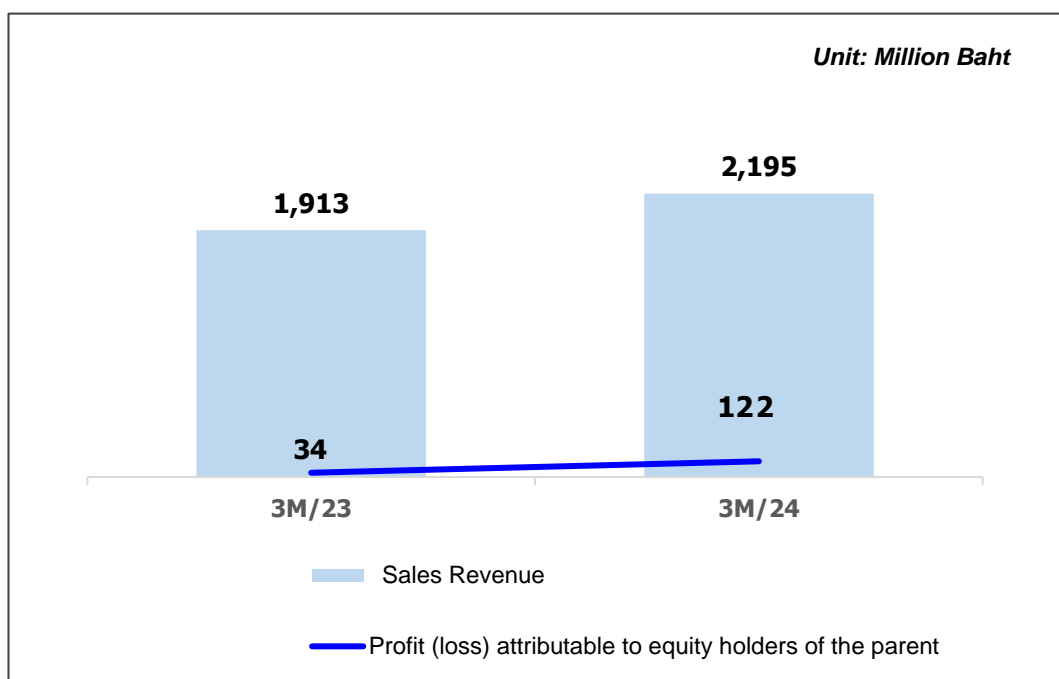


**Malee Group Public Company Limited and Its Subsidiaries  
Management Discussion and Analysis  
For the First Quarter ended 31 March 2024**



**1. Q1/2024 Highlights**



**Figure** : Quarterly results

- In Q1/2024, the Company and its subsidiaries achieved sales of Baht 2,195 million, an increase of 15% YoY mainly due to the international sales channel which increased by 63% YoY.

Branded business in both the domestic and international sales channels grew 8% by an emphasis on specific Focus Hero SKUs, which leveraged Malee brand portfolio growth strategies, together with agile sales and marketing execution. In addition, the sales of contract manufacturing business increased 19% with additional large orders starting from Q3/2023, both from new domestic customers and existing overseas' customers.

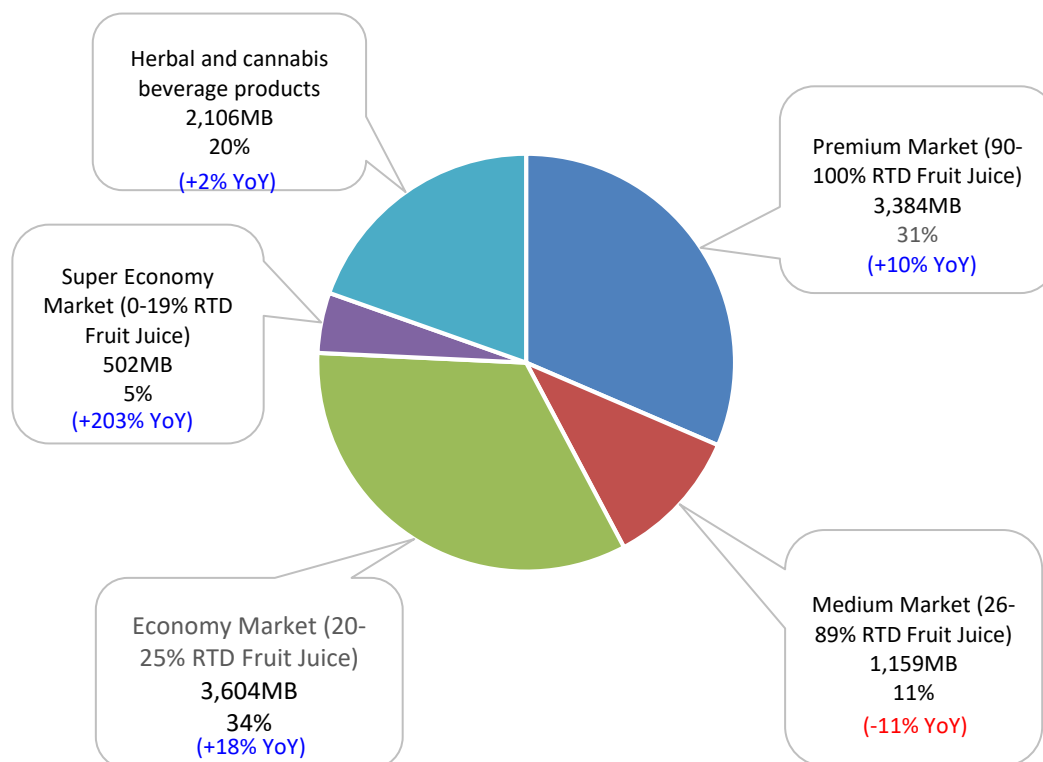
- For Q1/2024, the Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 122 million, an increase of 261% compared to the same quarter of the previous year, which had a net profit attributable to major shareholders of Baht 34 million as a result of increased sales, and more efficient cost control on sales and expenses.

In addition, significant factors driving exponential growth in the Company's net profits in this quarter were as follows:

1. For two consecutive quarters, the Vietnamese subsidiary has transitioned from loss to profit. This shift is attributed to the expansion of its contract manufacturing business among existing customers, with substantial new product orders commencing production since Q3/2023.
2. In Q1/2024, there has been a decline in one-time expense compared to Q1/2023, primarily due to the costs associated with restructuring the company to merge ABICO and Malee.

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

In Q1/2024, Moving Annual Total (MAT) of domestic RTD fruit juice market was Baht 10,755 million, an increase of 11% YoY. RTD fruit juice market value and growth is as shown below.



(Source: Nielsen)

## 3. Results of Operations and Profitability

(Unit: Baht Million)	Q1/2024	Q1/2023 (Restated)	%YoY
Revenues from sales and services	2,195	1,913	+15%
Cost of goods sold and services	1,772	1,586	+12%
Gross profit	424	327	+29%
<i>% gross profit</i>	<i>19.3%</i>	<i>17.1%</i>	
Selling expenses	114	105	+9%
<i>% selling expenses to sales</i>	<i>5.2%</i>	<i>5.5%</i>	
Administrative expenses	148	172	-14%
<i>% Administrative expenses to sales</i>	<i>6.8%</i>	<i>9.0%</i>	
Finance costs	22	21	+2%
Share of profit (loss) from investment in subsidiaries and joint ventures	(0.5)	0.2	-438%
Tax (income)	(18)	(20)	+10%
Net profit (loss) major shareholders equity	122	34	+261%
<i>% Net profit (loss) major shareholders equity</i>	<i>5.6%</i>	<i>1.8%</i>	

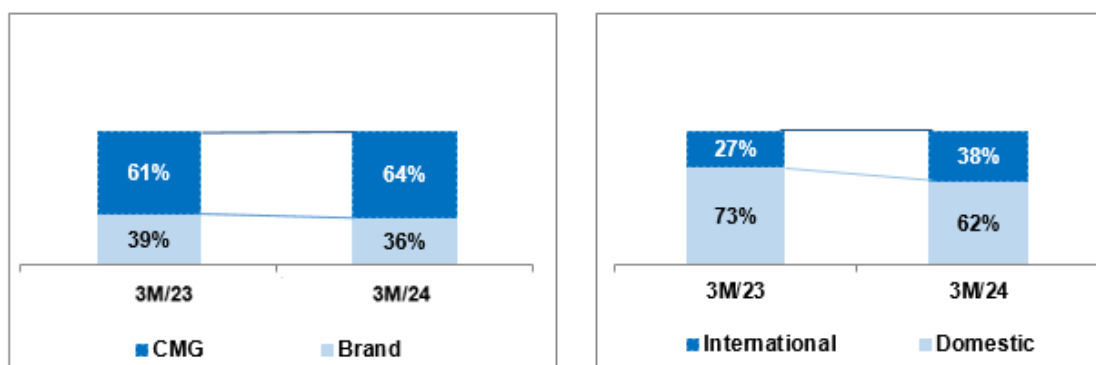
### Q1/2024: Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 2,195 million, a 15% YoY increase. Details are as follows:

- Branded business sales were Baht 789 million, an increase of 8% YoY.
- Contract manufacturing business was Baht 1,380 million, an increase of 19% YoY.
- The sales ratio of Brand : CMG was 36:64, compared with 39:61 in Q1/2023.

### Sales Breakdown by Geography:

- Domestic: Baht 1,366 million, decreased 3% YoY.
- International: Baht 829 million, increased 63% YoY.
- The sales ratio of Domestic : International was 62:38, compared with 73:27 in Q1/2023.



### Q1/2024: Cost of Goods Sold

The Company and its subsidiaries had a total cost of goods sold of Baht 1,772 million, with a cost of goods sold to sales ratio of 80.7%, decreasing from 82.9% in Q1/2023. This decrease was due to increased sales in the same quarter of the previous year and the efficient control of production costs.

### Q1/2024: Gross Profit

The Company and its subsidiaries recorded a gross profit of Baht 424 million, a 29% YoY increase, equivalent to a gross profit margin of 19.3%, an increase compared to the same period last year of 17.1%. This increase was a result of increased sales in the same quarter of the previous year and the efficient control of production costs.

### Q1/2024: Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 114 million, representing a sales expense-to-sales ratio of 5.2%, a decrease from 5.5% in Q1/2023. This decrease was due to an ability to control sales expenses; e.g., trade discounts and marketing expenses as planned.

Q1/2024: Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 148 million, a decrease of 14% YoY, representing a management expense-to-sales ratio of 6.8%, a 9% decrease compared to the same period last year. This reduction was due to improved efficiency in controlling management expense and a decrease of restructuring costs.

Q1/2024: Financial Costs

The Company and its subsidiaries had financial costs of Baht 22 million in Q1/2024, compared to Baht 21 million in Q1/2023, an increase of 2% YoY due to the increase in interest rates according to the loan agreements with financial institutions.

Q1/2024: Net Profit

The Company and its subsidiaries recorded a net profit attributable to major shareholders of Baht 122 million in Q1/2024, compared to a net profit attributable to major shareholders of Baht 34 million in Q1/2023, representing a 261% YoY improvement. The primary reason for this positive change was 15% sales growth in all sales channels and efficient control over sales and expenses as planned.

In addition, significant factors driving exponential growth in the Company's net profits in this quarter were as follows:

1. For two consecutive quarters, the Vietnamese subsidiary has transitioned from loss to profit. This shift is attributed to the expansion of its manufacturing business among existing customers, with substantial orders commencing production since Q3/2023.
2. In Q1/2024, there has been a decline in expense compared to Q1/2023, primarily due to the costs associated with restructuring the company to merge ABICO and Malee.

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

<b>Unit : Million Baht</b>	<b>31/3/2024</b>	<b>31/12/2023</b>	<b>% change</b>
Cash and cash equivalents	252	327	(23.0%)
Trade and other receivables	1,368	1,204	13.6%
Inventories	679	725	(6.3%)
Other current assets	99	89	11.0%
<b>Total current assets</b>	<b>2,399</b>	<b>2,346</b>	<b>2.2%</b>
Property, plant and equipment	2,269	2,281	(0.5%)
Goodwill	56	54	4.7%
Investments in joint venture	13	13	(0.4%)
Biological assets – dairy cow	56	54	3.0%
Right to claim from the former shareholder	35	34	4.7%
Other non-current assets	761	756	0.7%
<b>Total non-current assets</b>	<b>3,190</b>	<b>3,191</b>	<b>(0.0%)</b>
<b>Total Assets</b>	<b>5,588</b>	<b>5,537</b>	<b>0.93%</b>
Bank overdrafts and short-term loans from financial institutions	667	702	(5.0%)
Account payables	810	758	6.9%
Advances received from customers	70	42	65.0%
Current portion of long-term loans from financial institutions	85	122	(30.6%)
Current portion of liabilities under financial lease agreements	47	48	(1.8%)
Other non-current liabilities	425	504	(15.8%)
<b>Total Current Liabilities</b>	<b>2,103</b>	<b>2,176</b>	<b>(3.4%)</b>

<b>Unit : Million Baht</b>	<b>31/3/2024</b>	<b>31/12/2023</b>	<b>% change</b>
Long-term loans, net of current portion from financial institutions	762	783	(2.7%)
Liabilities under financial lease agreements, net of current portion	146	133	10.1%
Other non-current liabilities	328	331	(0.7%)
<b>Total Non-current Liabilities</b>	<b>1,237</b>	<b>1,247</b>	<b>(0.8%)</b>
<b>Total Liabilities</b>	<b>3,340</b>	<b>3,423</b>	<b>(2.4%)</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	(381)	(381)	0.0%
Retained earnings	377	255	47.9%
Other components of equity	537	531	1.1%
Equity attributable to shareholders of the subsidiaries before business combination under common control	2,168	2,040	6.3%
Non-controlling interests of the subsidiaries	81	73	9.7%
<b>Total Shareholders' Equity</b>	<b>2,249</b>	<b>2,114</b>	<b>6.4%</b>
<b>Total Liabilities and S/Hs' Equity</b>	<b>5,588</b>	<b>5,537</b>	<b>0.9%</b>

### **Assets**

As of March 31, 2024, the Company and its subsidiaries had total assets of Baht 5,588 million, an increase of 0.9% from Baht 5,537 million as of December 31, 2023. The main factor was an increase in account receivables.

### **Liabilities**

As of March 31, 2024, the Company and its subsidiaries had total liabilities of Baht 3,340 million, a decrease of 2.4% from Baht 3,423 million as of December 31, 2023. The main factors were a decrease in long-term loans and other current liabilities.

### **Shareholders' Equity**

As of March 31, 2024, the Company and its subsidiaries had a total equity of Baht 2,168 million among the parent company's shareholders, an increase of 6.3% from Baht 2,040 million as of December 31, 2023, mainly due to profitable operating performance.

## **5. Liquidity and Capital Resources**

### **Current Ratio**

As of March 31, 2024, the Company and its subsidiaries recorded a current ratio of 1.14x, which slightly increased compared to 1.08x at the end of 2023.

### **Debt-to-Equity Ratio**

As of March 31, 2024, the Company and its subsidiaries recorded an interest-bearing debt-to-equity ratio of 0.70x, slightly lower than the ratio of 0.79x at the end of 2023.

<b>Consolidated</b>	<b>31/3/2024</b>	<b>31/12/2023</b>
Current Ratio (Times)	1.14	1.08
Interest-bearing Debt to Equity (Times)	0.70	0.79

**Cash Flow**

(Unit: Baht Million)	31/3/2024	31/3/2023 (Restated)	% change
Profit (loss) from operating activities before changes in operating assets and liabilities	242	127	90.4%
Profit (loss) from changes in operating assets and liabilities	(167)	18	(1036.1%)
<b>Net Cash flows from (used in) operating activities</b>	<b>75</b>	<b>145</b>	<b>(48.2%)</b>
Cash paid from business combination	2	2	(5.6%)
Cash paid for increased investments in joint ventures	-	-	-
Cash back from investment in joint ventures	-	-	-
Acquisition of equipment	0	0	65.3%
Cash paid for equipment	(36)	(39)	7.2%
Cash paid for intangible assets	(1)	(1)	11.4%
<b>Net Cash flows from (used in) investing activities</b>	<b>(34)</b>	<b>(37)</b>	<b>7.7%</b>
Increase (decrease) in bank overdraft and short - term loans from financial institutions	0	13	(100.0%)
Cash received from short-term loans from financial institutions	827	684	20.9%
Cash paid for short-term loans from financial institutions	(862)	(716)	(20.4%)
Cash received from long-term loans from financial institutions	0	0	-
Cash paid for long-term loans from financial institutions	(59)	(16)	(276.1%)
Cash paid for principal of the lease liabilities	(13)	(17)	23.1%
<b>Net Cash flows from (used in) financing activities</b>	<b>(107)</b>	<b>(52)</b>	<b>(105.2%)</b>
Exchange differences on translating financial statements	(9)	(1)	(772.2%)
Net increase (decrease) in cash and cash equivalents	(75)	55	(237.1%)
Cash and cash equivalents at beginning of periods	327	98	233.4%
<b>Cash and cash equivalents at end of periods</b>	<b>252</b>	<b>153</b>	<b>64.5%</b>

In Q1/2024, the Company and its subsidiaries recorded ending cash of Baht 252 million, an increase from Baht 99 million in Q1/2023, with details as follows:

- Net cash provided by operating activities was Baht 75 million, consisting of (1) cash received from operating activities before changes in operating assets and liabilities of Baht 242 million; and (2) cash from changes in operating assets and liabilities decreased by Baht 167 million.
- Net cash used in investing activities was Baht 34 million, consisting of (1) cash received from the sale of biological assets (dairy cows) of Baht 2 million; (2) cash paid for the equipment purchase of Baht 36 million; and (3) cash paid for intangible assets of Baht 1 million.
- Net cash used in financing activities was Baht 107 million, consisting of (1) an increase in account overdraft of Baht 827 million; (2) repayment of short-term loans from financial institutions of Baht 862 million; (3) repayment of long-term loans from financial institutions of Baht 59 million; and (4) repayment of the principal of lease liabilities of Baht 13 million.

## 6. Forward Looking

For the year 2024, the Company is continuously focused on driving profitable growth sustainably by trying to grow Malee & Chokchai Farm branded products faster than growth in contract manufacturing sales. Nevertheless, the Company will not limit the sales growth of the contract manufacturing business where opportunity arise, so to help reduce overall production costs, leveraging the available existing production capacity to achieve higher efficiency. The strategies being employed aligns with the direction previously set as follow:

- 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: Maintain and foster the growth of the top 10 customers while maintaining our gross profit margins of these customers.
- Enhance organization efficiency and effectiveness, and evaluate the possibility of raising product prices if deemed necessary.
- Drive end to end 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 goods' inventory.

However, the multifaceted circumstances, including issues such as climate change, drought, geopolitical tensions, inflation rates, currency fluctuations, and political matters, have potential to drive increase in prices of raw materials, energy, and public utilities. Moreover, the potential of upcoming increase in the daily minimum wage to 400 Baht in the latter half of 2024 adds to these upward negative trends. These developments could impact the Company's costs and also influence both domestic and international consumption rates. Additionally, there always remains risk associated with extension of certain contract manufacturing business that represents a significant portion of the Company's revenue.