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CBG 025/2024

10 May 2024

Subject Management discussions and analysis for 3-month period ended 31 March 2024

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 3-month period ended 31 March 2024 in comparison with the corresponding period last year as follows:

Consolidated financial performance

1. Revenue from sales

Total revenue from sales was THB 4,935 million, up by +20% YoY. Of which, revenue from sales of our branded own products was THB 2,838 million, up by +14% YoY both domestic and overseas sales, especially the CLMV countries, which significant sales growth recovery. Furthermore, revenue from 3rd party products for distribution was THB 1,823 million, up by +24% YoY. The increase was mainly due to the distribution of alcohol beverages. Revenue from other product segments was THB 202 million, up by +65% 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 and Carabao beer and Tawandang beer producers.

Revenue from sales by product group Unit: THB million	1Q2023	% to total	4Q2023	% to total	1Q2024	% to total	%YoY	%QoQ
Branded products by own manufacture 1/	2,485	60%	2,896	54%	2,838	58%	+14%	(2%)
Branded products by 3rd party's manufacture 2/	48	1%	59	1%	72	1%	+52%	+22%
3rd party's products for distribution	1,468	36%	2,088	39%	1,823	37%	+24%	(13%)
Others	123	3%	273	5%	202	4%	+65%	(26%)
Total	4,124	100%	5,316	100%	4,935	100%	+20%	(7%)

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

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



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Revenue from sales by geography Unit: THB million	1Q2023	% to total	4Q2023	% to total	1Q2024	% to total	%YoY	%QoQ
Domestic	2,799	68%	3,911	74%	3,414	69%	+22%	(13%)
Overseas	1,325	32%	1,405	26%	1,521	31%	+15%	+8%
CLMV	1,194	29%	1,201	23%	1,364	28%	+14%	+14%
China	9	0%	-	-	-	0%	N.A.	N.A.
UK	39	1%	46	1%	53	1%	+34%	+15%
Others	83	2%	159	3%	104	2%	+25%	(34%)
Total	4,124	100%	5,316	100%	4,935	100%	+20%	(7%)

1.1) Revenue from sales of branded own products amounted to THB 2,838 million, up by +14% YoY. Portions between domestic and overseas were at 46:54.

(1.1.1) Domestic sales were THB 1,318 million, up by +13% YoY, driven by an increase in sales of Carabaodang energy drinks. The company continued core 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 for the 3rd consecutive year. 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, consumer communication approaches that emphasizes the strengths of the products and pricing strategies, while the main competitors have increased their selling prices to 12 baht along with introducing new products including Carabao beer and Tawandang beer, this has had a positive impact on the brand recognition of "Carabaodang" being widely known and accessible to young adults and working-age consumers. This has helped to increase awareness and drove domestic sales of Carabao beverages, resulting in continuous increase of market share, up by +10% YoY.

(1.1.2) Overseas sales were THB 1,520 million, up by +15% YoY and were mainly due to overseas sales to CLMV which significant sales growth recovery. The company collaborated with local partners and conducted promotional activities in Cambodia, Myanmar, and Vietnam in various effective and efficient activities, such as organizing promotional campaigns, supporting boxing events, organizing concerts, and giving away product samples. Furthermore, overseas sales to Vietnam have shown a continuous upward trend in sales after collaborating with new local



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partners who could comprehensively distribute our products to cover the area and understand the market. The company expects Vietnam to be a significant opportunity for increasing sales.

- 1.2) Revenue from sales of 3rd party products for distribution amounted to THB 1,823 million, up by +24% YoY. Key contributing factors included the variety and quality of products which resulted in the continuous increase in the alcohol 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 level along with the strategy of using beer products as a marketing tool, the alcohol beverage segment has grown and strengthened further.
- 1.3) Revenue from sales of branded OEM products amounted to THB 72 million, up by +52% YoY. Such increase 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 +26% 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 202 million, up by +65% 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 were THB 1,321 million, up by +30% YoY, which was equivalent in gross profits margin of 27% compared to 25% the same period in the previous year. Mainly caused by the gross profits margin from sales of branded own products have both YoY and QoQ improved. Whereas the gradual increase in sugar prices, which is a key raw material according to market conditions, the company has been able to effectively manage other raw materials to reduce costs. Additionally, energy costs used in the production process have decreased compared to the same period in the previous year. Also, the increase in production volumes aligned with both domestic and overseas sales particularly in the CLMV countries, where sales recovered significantly. This resulted in reduced production costs due to economies of scale. Meanwhile, product mix has not YoY and QoQ changed.



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Gross profits by product group Unit: THB million	1Q2023	GPM	4Q2023	GPM	1Q2024	GPM	%YoY	%QoQ
Branded products by own manufacture 1/	837	34%	1,087	38%	1,103	39%	+32%	+1%
Branded products by 3rd party's manufacture 2/	6	13%	11	18%	12	17%	+95%	+10%
3rd party's products for distribution	141	10%	172	8%	168	9%	+19%	(3%)
Others	33	27%	70	26%	38	19%	+14%	(46%)
Total	1,017	25%	1,341	25%	1,321	27%	+30%	(1%)

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

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

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

Selling and administrative expenses were THB 575 million, down by -21%, representing 12% 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 core strategy consistently.

Meanwhile, sponsorship fees were down by -36% YoY, 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	1Q2023	% to sales	4Q2023	% to sales	1Q2024	% to sales	%YoY	%QoQ
Selling expenses	513	12%	384	7%	362	7%	(29%)	(6%)
Sponsorship fees	75	2%	3	0%	48	1%	(36%)	+1597%
Selling without sponsorship fees	438	11%	381	7%	314	6%	(28%)	(18%)
Administrative expenses	215	5%	180	3%	213	4%	(1%)	+18%
Total SG&A	729	18%	564	11%	575	12%	(21%)	+2%

4. Financial expenses

Financial expenses were THB 45 million, up by +26% 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

Corporate income tax expenses were THB 123 million, up by +102% YoY, representing the effective tax rate of 17% versus 19% in the prior year.



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6. Net profits and net profits margin

Net profits attributed to shareholders were THB 628 million, up by +138% YoY, resulting from the increase of sales, cost reduction, efficient operational expenses for the reasons mentioned above, and sharing EFL fee of the sponsorship rights to our beer brewing business partners for their marketing purposes.

Consolidated financial position as of 31 March 2024 in comparison with that as of 31 December 2023

Assets

Total assets as of 31 March 2024 and 31 December 2023 were THB 18,625 million and THB 19,544 million, respectively. A decrease of THB 919 million was derived mainly from (1) THB 454 million decrease in account receivables and other receivables, (2) THB 396 million decrease in Cash and cash equivalents, and (3) THB 70 million decrease in property, plant and equipment.

Liabilities

Total liabilities as of 31 March 2024 and 31 December 2023 were THB 6,667 million and THB 8,231 million, respectively. Current liabilities were THB 3,253 million (including current liabilities from financial institutions of THB 1,180 million), down by THB 1,030 million, whereas non-current liabilities were THB 3,414 million (including non-current liabilities from financial institutions of THB 2,805 million), down by THB 534 million. A decrease of THB 1,564 million was derived mainly from (1) THB 795 million decrease in short-term loans from financial institutions, (2) THB 555 million decrease in long-term loans from financial institutions and net of current portion, and (3) THB 330 decrease in trade and other payable.

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 March 2024 and 31 December 2023 were THB 11,958 million and THB 11,312 million, respectively. An increase of THB 645 million took into account mainly the net profits generated during the period.



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Yours sincerely,

Pongsarn Klongwathanakith

(Pongsarn Klongwathanakith)

Chief Financial Officer