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CBG 016/2022

11 August 2022

Subject Management discussions and analysis for 3-month period ended 30 June 2022

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 30 June 2022 in comparison with the corresponding period last year as follows:

Consolidated financial performance

1. Revenue from sales

Total revenue from sales amounted to THB 5,247 million, up by +5% YoY. Of which, revenue from 3rd party products for distribution amounted to THB 1,270 million, up by +59% YoY, as a result of effective coverage through our cash van operations, coupled with continuous improvements in product selection and quality. Other revenue from sales amounted to THB 264 million, up by +123% YoY, which was mainly derived from producing and selling glass bottles to outside parties. Such diversification came into play and offset slowdown in our sales of branded own products.

Revenue from sales by product group Unit: THB million	2Q2021	% to total	1Q2022	% to total	2Q2022	% to total	%YoY	%QoQ
Branded products by own manufacture 1/	3,939	79%	2,988	62%	3,581	68%	(9%)	+20%
Branded products by 3rd party's manufacture 2/	139	3%	121	3%	132	3%	(5%)	+10%
3rd party's products for distribution	799	16%	1,417	30%	1,270	24%	+59%	(10%)
Others	118	2%	257	5%	264	5%	+123%	+3%
Total	4,995	100%	4,783	100%	5,247	100%	+5%	+10%

Note: 1/ Energy Drinks, Zinc-contained 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	2Q2021	% to total	1Q2022	% to total	2Q2022	% to total	%YoY	%QoQ
Domestic	2,473	50%	3,067	64%	3,148	60%	+27%	+3%
Overseas	2,522	50%	1,716	36%	2,099	40%	(17%)	+22%
CLMV	1,942	39%	1,513	32%	1,764	34%	(9%)	+17%
China	489	10%	60	1%	252	5%	(49%)	+317%
UK	32	1%	45	1%	46	1%	+45%	+3%
Others	59	1%	97	2%	37	1%	(37%)	(62%)
Total	4,995	100%	4,783	100%	5,247	100%	+5%	+10%

1.1) Sales of branded own products amounted to THB 3,581 million, down by -9% YoY. Domestic and overseas portions were at the ratio of 42:58, respectively.

(1.1.1) Domestic sales were THB 1,490 million, up by +5% YoY, driven by an increase in our sales of Carabaodang energy drinks amidst the recovery of Thailand's energy drink market due to the lessened impact of the COVID-19 pandemic situation. The volume of Thailand's energy drink market in 2Q/2022 increased by +1% YoY. While sales of Carabaodang energy drinks increased by +8% YoY.

(1.1.2) Overseas sales were THB 2,090 million, down by -17% YoY, provided that our export sales to CLMV and China during the corresponding period a year ago experienced a significant jump in volume and so constituted an incomparably high base from short-term standpoint. However, our export sales continued to expand quarter on quarter since 4Q2021. During 2Q2022, we managed to drive +22% QoQ overall.

Our export sales to the CLMV countries decreased by -9% YoY which mainly comes from a decrease in export sales to Myanmar by -20%YoY, due in large part to such a high base of volume sold to Myanmar during the corresponding period a year ago. Nevertheless, our export sales to Myanmar continued its positive momentum since 4Q2021 with +70% growth QoQ during 2Q2022. On the other hand, as a result of the lessened impact of COVID-19 pandemic situation, our export sales to Cambodia started its recovery, ending up 2Q2022 with +7% growth YoY.

Our overseas sales in the UK market managed under our subsidiary namely Intercarabao Company Limited ("ICUK") grew +45% YoY, thanks in part to the initiatives of new product



launch in the form of both flavor and packaging design for a larger group of target consumers in the country.

- 1.2) Sales of 3rd party products for distribution were THB 1,270 million, up by +59% YoY. Key contributing factors included variety and quality of products we carried in the portfolio as well as effectiveness in managing our fleet of over 300 cash vans to access over 180,000 retailers countrywide.
- 1.3) Sales of branded product by 3rd party's manufacture were THB 132 million, down by -5% YoY. The main cause was a decline in sales of RTD coffee. However, sales of drinking water continued growing and hit a new record high in 2Q/2022.
- 1.4) Other sales were THB 264 million, up by +123% YoY, with the vast majority being manufacture and sales of glass bottles by our subsidiary namely Asia Pacific Glass Company Limited ("APG"). As a result of our business partner's attempt to expand and launch new products in foreseeable term, APG benefited from an increasing number of purchase orders for glass bottles.

2. Gross profits and gross profits margin

Gross profits amounted to THB 1,616 million, down by -15% YoY, which were equivalent to gross profits margin of 31% versus 38% a year ago. Such a decrease resulted from a change in the product mix. Sales of branded own products declined in proportion to which they accounted for 68% of total revenue from sales versus 79% a year ago. Raw materials and packaging materials used for our productions also hiked up in price, especially the market price for aluminum coils which was the main cause of the lower gross profit margin of branded own products in 2Q/2022, which was 38% versus 45% a year ago.

Gross profits by product group	2Q2021	GPM	1Q2022	GPM	2Q2022	GPM	%YoY	%QoQ
Unit: THB million								
Branded products by own manufacture 1/	1,777	45%	1,202	40%	1,360	38%	(23%)	+13%
Branded products by 3rd party's manufacture 2/	21	15%	14	11%	15	12%	(25%)	+13%
3rd party's products for distribution	61	8%	142	10%	140	11%	+131%	(1%)
Others	43	37%	109	42%	101	38%	+133%	(7%)
Total	1,902	38%	1,466	31%	1,616	31%	(15%)	+10%

Note: 1/ Energy Drinks, Zinc-contained Drinks, and Functional Drinks

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



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

SG&A expenses amounted to THB 771 million, up by +0.2% YoY, representing the SG&A to total revenue from sales ratio of 15% same as the corresponding period last year.

Selling and Administrative expenses Unit: THB million	2Q2021	% to sales	1Q2022	% to sales	2Q2022	% to sales	%YoY	%QoQ
Selling expenses	485	10%	475	10%	515	10%	+6%	+8%
Sponsorship fees	63	1%	66	1%	65	1%	+4%	(1%)
Selling without sponsorship fees	422	8%	409	9%	450	9%	+7%	+10%
Administrative expenses	284	6%	251	5%	255	5%	(10%)	+2%
Total SG&A	769	15%	727	15%	771	15%	+0.2%	+6%

Selling expenses amounted to THB 515 million, up by +6% YoY, which were derived mainly from higher transportation expenses and an increase in employees according to company policy. However, it represented 10% of total revenue from sales which was the same portion as the corresponding period last year.

Administrative expenses amounted to THB 255 million, down by -10% YoY, representing 5% of total revenue from sales versus 6% a year ago.

4. Financial expenses

Financial expenses amounted to THB 26 million, up by +23% YoY, due to a higher portion of long-term borrowings in attempts to safeguard against interest rate risks.

5. Corporate income tax expenses

Corporate income tax expenses amounted to THB 164 million, down by -17% YoY, representing the effective tax rate of 18% versus 17% a year ago.

6. Net profits and net profits margin

Net profits attributed to our shareholders amounted to THB 742 million, down by -23% YoY, due mainly to change in product mix and price hikes for raw materials and packaging materials among other factors as described above.



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Consolidated financial position as of 30 June 2022 in comparison with the same as of 31 December 2021

Assets

Total assets as of 30 June 2022 and 31 December 2021 were THB 19,868 million and THB 19,186 million, respectively. An increase of THB 683 million was derived mainly from (1) THB 495 million increase in account receivables and other receivables, (2) THB 260 million increase in inventory, and (3) THB 242 million increase in right-of-use assets. While cash and cash equivalents decreased by THB 213 million, and property, plant and equipment decreased by THB 104 million.

Liabilities

Total liabilities as of 30 June 2022 and 31 December 2021 were THB 9,405 million and THB 9,075 million, respectively. An increase of THB 330 million was mainly due to an increase in account payables and other payables for THB 321 million.

Shareholders' equity

Total shareholders' equity as of 30 June 2022 and 31 December 2021 were THB 10,463 million and THB 10,111 million, respectively. An increase of THB 352 million takes into account mainly the net profits generated in the first half of the year amounted to THB 1,376 million and dividend payment amounted to THB 1,000 million

Yours sincerely,

Pongsarn Klongwathanakith

(Pongsarn Klongwathanakith)

Chief Financial Officer