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CBG 037/2024

8 November 2024

Subject Management discussions and analysis for 3-month period ended 30 September 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 30 September 2024 in comparison with the corresponding period last year as follows:

### Consolidated financial performance

#### 1. Revenue from sales

Total revenue from sales was THB 5,098 million, up by +8% YoY. Of which, revenue from sales of our branded own products was THB 3,020 million, up by +8% YoY, driven by the strong growth in domestic sales of Carabao Dang energy drinks. This growth is attributed to a continuously increasing market share, supported by the company continued core strategy of maintaining a retail selling price of 10 Baht. Additionally, the company expanded its distribution strategy, broadening its coverage through partnerships with small wholesalers to enhance distribution channels.

Furthermore, revenue from 3<sup>rd</sup> party products for distribution was THB 1,824 million, up by +26% YoY. The increase was mainly due to the distribution of alcohol beverages. Revenue from other product segments was THB 175 million, down by -56% YoY, which was mainly due to significant supplying packaging materials including glass bottles, aluminum cans and various packaging materials, to Carabao beer and Tawandang beer producers in Q3/2023, in preparation for new product launches in Q4/2023.

Revenue from sales by product group Unit: THB million	3Q2023	% to total	2Q2024	% to total	3Q2024	% to total	%YoY	%QoQ
Branded products by own manufacture 1/	2,798	59%	2,900	59%	3,020	59%	+8%	+4%
Branded products by 3rd party's manufacture 2/	61	1%	70	1%	79	2%	+28%	+12%
3rd party's products for distribution	1,450	31%	1,723	35%	1,824	36%	+26%	+6%
Others	398	8%	261	5%	175	3%	(56%)	(33%)
<b>Total</b>	<b>4,707</b>	<b>100%</b>	<b>4,954</b>	<b>100%</b>	<b>5,098</b>	<b>100%</b>	<b>+8%</b>	<b>+3%</b>

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	3Q2023	% to total	2Q2024	% to total	3Q2024	% to total	%YoY	%QoQ
Domestic	3,545	75%	3,499	71%	3,849	75%	+9%	+10%
Overseas	1,162	25%	1,455	29%	1,249	25%	+8%	(14%)
CLMV	953	20%	1,333	27%	1,010	20%	+6%	(24%)
China	38	1%	-	-	-	0%	N.A.	N.A.
UK	48	1%	54	1%	56	1%	+15%	+3%
Others	123	3%	68	1%	183	4%	+48%	+167%
<b>Total</b>	<b>4,707</b>	<b>100%</b>	<b>4,954</b>	<b>100%</b>	<b>5,098</b>	<b>100%</b>	<b>+8%</b>	<b>+2.9%</b>

1.1) Revenue from sales of branded own products amounted to THB 3,020 million, up by +8% YoY. Portions between domestic and overseas were at 59:41.

(1.1.1) Domestic sales were THB 1,771 million, up by +7% 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. The efficiency of comprehensive distributions, consumer communication approaches that emphasizes the strengths of the products and pricing strategies, along with consumer promotions in convenience stores such as Carabaodang 2-bottle offer for 18 Baht, 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 a continuous increase of market share, up by +13% YoY.

(1.1.2) Overseas sales were THB 1,248 million, up by +9% YoY were mainly due to the decrease in overseas sales to the CLMV countries, which significantly contributed to overseas sales, rebounded and grew by +6% YoY. Additionally, other countries, particularly Afghanistan, saw a strong recovery, achieving +100% YoY growth.

1.2) Revenue from sales of 3<sup>rd</sup> party products for distribution amounted to THB 1,824 million, up by +26% 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, along with the strategy of using beer products as a marketing tool, the alcohol beverage segment has grown and strengthened further.



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1.3) Revenue from sales of branded OEM products amounted to THB 79 million, up by +28% 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.

1.4) Revenue from other sales amounted to THB 175 million, down by -56% 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. The decrease was due to Carabao beer and Tawandang beer manufacturers placing large packaging orders in preparation for new product launches in Q4/2023.

## 2. Gross profits and gross profits margin

Gross profits were THB 1,431 million, up by +13% YoY, which was equivalent to the gross profits margin of 28% compared to 27% the same period in the previous year while the changing of product mix as well as a higher proportion of revenue from lower margin of 3rd party products for distribution. Mainly caused by the gross profits margin from sales of branded own products have improved when compared to the same period in the previous year. 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 and packaging, particularly cullet prices 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.

Gross profits by product group	3Q2023	GPM	2Q2024	GPM	3Q2024	GPM	%YoY	%QoQ
Unit: THB million								
Branded products by own manufacture 1/	996	36%	1,128	39%	1,202	40%	+21%	+7%
Branded products by 3rd party's manufacture 2/	11	18%	11	15%	15	20%	+36%	+46%
3rd party's products for distribution	145	10%	164	9%	171	9%	+18%	+5%
Others	110	28%	69	27%	43	24%	(61%)	(38%)
<b>Total</b>	<b>1,262</b>	<b>27%</b>	<b>1,372</b>	<b>28%</b>	<b>1,431</b>	<b>28%</b>	<b>+13%</b>	<b>+4%</b>

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

Selling and administrative expenses were THB 576 million, down by -12% YoY, representing 11% of the SG&A to total revenue from sales which gradually decreased compared to 14% 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 -38% 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	3Q2023	2Q2024	% to sales	3Q2024	% to sales	%YoY	%QoQ
Selling expenses	479	360	7%	401	8%	(16%)	+11%
Sponsorship fees	80	49	1%	50	1%	(38%)	+2%
Selling without sponsorship fees	399	311	6%	352	7%	(12%)	+13%
Administrative expenses	177	173	3%	175	3%	(1%)	+1%
<b>Total SG&amp;A</b>	<b>655</b>	<b>533</b>	<b>11%</b>	<b>576</b>	<b>11%</b>	<b>(12%)</b>	<b>+8%</b>

### 4. Financial expenses

Financial expenses were THB 33 million, down by -36% YoY, due to declining financial leverage resulting from loan repayments, facilitated by improved cash collection from trade receivables and more efficient inventory management. As a result, the company's cash flow generation capability improved and more efficient working capital management, despite the trend of rising in line with the Bank of Thailand's policy rate over the recent period.

### 5. Corporate income tax expenses

Corporate income tax expenses were THB 168 million, up by +109% YoY, representing the effective tax rate of 19% versus 13% in the prior year.

### 6. Net profits and net profits margin

Net profits attributed to shareholders were THB 741 million, up by +40% 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.



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Consolidated financial position as of 30 September 2024 in comparison with that as of 31 December 2023

#### Assets

Total assets as of 30 September 2024 and 31 December 2023 were THB 18,639 million and THB 19,544 million, respectively. A decrease of THB 905 million was derived mainly from (1) THB 776 million decrease in account receivables and other receivables, and (3) THB 293 million decrease in property, plant and equipment.

#### Liabilities

Total liabilities as of 30 September 2024 and 31 December 2023 were THB 6,390 million and THB 8,231 million, respectively. Current liabilities were THB 4,854 million (including current liabilities from financial institutions of THB 2,804 million), up by THB 571 million, whereas non-current liabilities were THB 1,536 million (including non-current liabilities from financial institutions of THB 972 million), down by THB 2,412 million. A decrease of THB 1,841 million was derived mainly from (1) THB 579 million decrease in short-term loans from financial institutions, (2) THB 1,005 million decrease in long-term loans from financial institutions and net of current portion, and (3) THB 324 decrease in trade and other payable.

The company still maintains its credit rating of the company's unsubordinated and unsecured debentures at "A" with "Stable" 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 30 September 2024 and 31 December 2023 were THB 12,249 million and THB 11,312 million, respectively. An increase of THB 936 million took into account mainly the net profits generated during the period including the Company paid THB 500 million of dividend from 2023 income and THB 600 million of interim dividend for 2024.

Yours sincerely,

*Pongsarn Klongwathanakith*

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(Pongsarn Klongwathanakith)

Chief Financial Officer