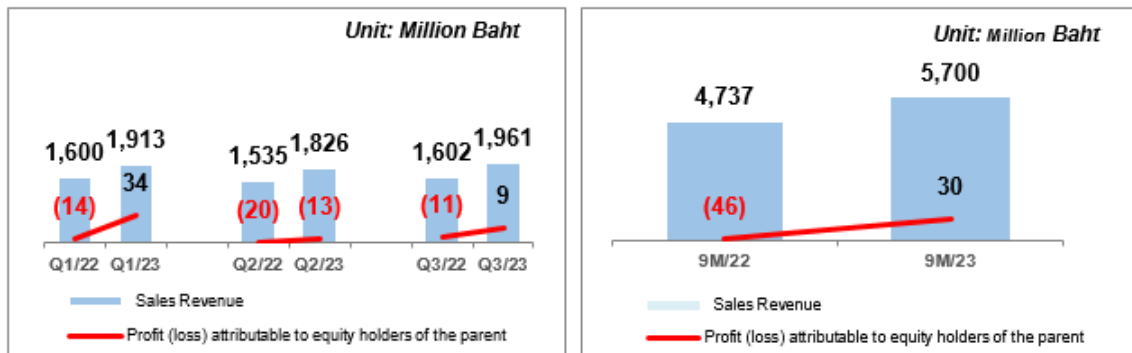


**Malee Group Public Company Limited and Its Subsidiaries**  
**Management Discussion and Analysis**  
**For the Q3/2023 and 9M ended 30 September 2023**



**1. Q3/2023 Highlights**



**Figure 1:** Financial Performance results

- In Q3/2023, the Company and its subsidiaries recorded total sales of Baht 1,961 million, a 22% YoY increase. The main reason for this growth was the increased revenue from all distribution channels. Domestic sales increased by 22% YoY and international sales increased by 24% YoY.
- In Q3/2023, the Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 9 million, a significant improvement from Q3/2022 which had a net loss attributable to major shareholders of Baht 11 million. The company's performance improved by 182% YoY due to increased sales through all channels by 22% and more efficient cost controls on sales and expenses. Even though it has been affected by the increased pricing of main raw materials and the adjusted sugar tax rate, which has been in effect from April 1, 2023 to March 31, 2025 (Phase 3).
- In 9M ended 30 September 2023, the Company and its subsidiaries recorded total sales of Baht 5,700 million, a 20% YoY increase. The main reason for this growth was the increased revenue from all distribution channels. Domestic sales increased by 19% YoY and international sales increased by 23% YoY.
- In 9M ended 30 September 2023, the Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 30 million, a significant improvement from 9M ended 30 September 2022 which had a net loss attributable to major shareholders of Baht 46 million. The company's performance improved by 166% YoY due to increased sales through all channels by 20% and more efficient cost controls on sales and expenses. Even though it has been affected by the increased pricing of main raw materials and the adjusted sugar tax rate, which has been in effect from April 1, 2023 to March 31, 2025 (Phase 3).

In Q3/2023, the Company and its subsidiaries had increased losses from one-time expenses. Allowance for asset impairment (Potentially non-refundable tax) Baht 12.5 million of Monde Malee Beverage Corporation (MMBC) joint venture in the Philippines, which is a non-cash Item, and included in Q3 Net Profit.

In Q3/2023, the Company and its subsidiaries had increased losses from one-time expenses. Allowance for asset impairment (Potentially non-refundable tax) Baht 12.5 million of Monde Malee Beverage Corporation (MMBC) joint venture in the Philippines, which is a non-cash Item, and included in Q3 Net Profit.

- In Q4/2022, the Company acquired 97.73% of Abico Holdings Public Company Limited (ABICO) securities, resulting in a consolidated financial statement from the end of 2022 onwards. The pro forma financial statements for the year 2022 are provided for comparison.

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

At the end of Q3/2023, Moving Annual Total (MAT) of domestic RTD fruit juice market (exclude Food Service Channel) was Baht 10,115 million, an increase of 14% YoY. Compare with the 12-month period until September 2022, the market was valued at Baht 9,261 million. RTD fruit juice market value and growth is as shown in Figure 2.

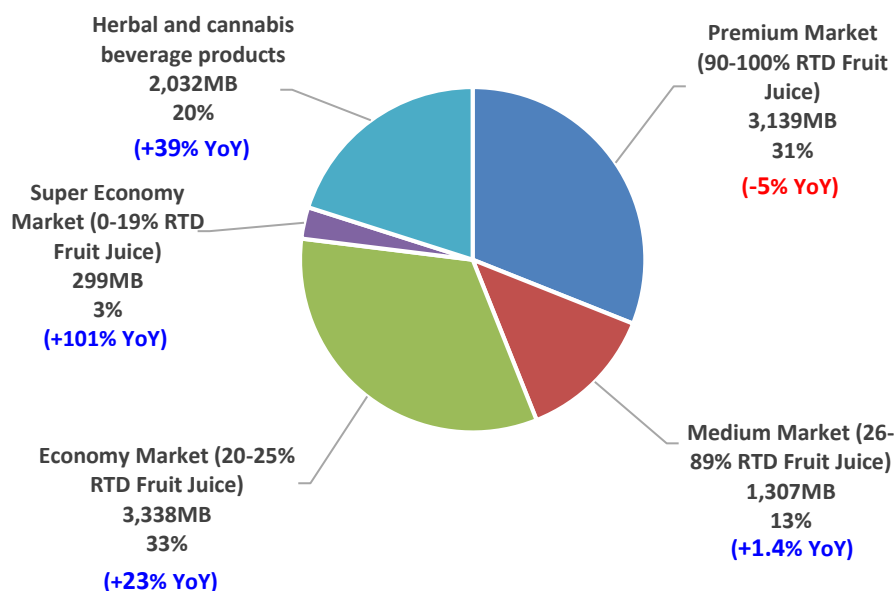


Figure 2: MAT September 2023 RTD Fruit Juice Market Value ( exclude Food Service Channel) breakdown by Market Segment (Source: Nielsen)

## 3. Results of Operations and Profitability

(Unit : Baht Million)	Q3/2023	Q3/2022 (Restated)	%YoY	9M/2023	9M/2022 (Restated)	%YoY
Revenues from sales and services	1,961	1,602	+22%	5,700	4,737	+20%
Cost of goods sold and services	1,668	1,326	+26%	4,805	3,913	+23%
<b>Gross profit</b>	<b>293</b>	<b>275</b>	<b>+6%</b>	<b>895</b>	<b>824</b>	<b>+9%</b>
<i>% gross profit</i>	<i>14.9%</i>	<i>17.2%</i>		<i>15.7%</i>	<i>17.4%</i>	
Selling expenses	111	128	-13%	338	347	-3%
<i>% selling expenses to sales</i>	<i>5.7%</i>	<i>8.0%</i>		<i>5.9%</i>	<i>7.3%</i>	
Administrative expenses	144	133	+8%	477	436	+10%
<i>% Administrative expenses to sales</i>	<i>7.4%</i>	<i>8.3%</i>		<i>8.4%</i>	<i>9.2%</i>	
Finance costs	18	22	-17%	58	64	-9%
Share of profit (loss) from investment in subsidiaries and joint ventures	(12)	1.2	-1127%	(13)	1	-2239%
Tax (income)	(12)	(8)	-54%	(40)	(26)	-56%
<b>Net profit (loss) major shareholders equity</b>	<b>9</b>	<b>(11)</b>	<b>+182%</b>	<b>30</b>	<b>(46)</b>	<b>+166%</b>
<i>% Net profit (loss)</i>	<i>0.5%</i>	<i>(0.7%)</i>		<i>0.5%</i>	<i>(1.0%)</i>	

Q3/2023 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 1,961 million, a 22% YoY increase. Details are as follows:

- Domestic Branded Business sales increased 9% YoY.
- International Branded Business sales increased 6% YoY.
- Total Contract Manufacturing Business (CMG) sales increased 33% YoY.

Sales breakdown by business and geography are as follows:

Sales Breakdown by Geography:

- Domestic: Baht 1,335 million, increased 22% YoY.
- International: Baht 626 million, increased 24% YoY.

Sales ratio of Domestic : International was 68:32, compared with 69:31 in Q3/2022.

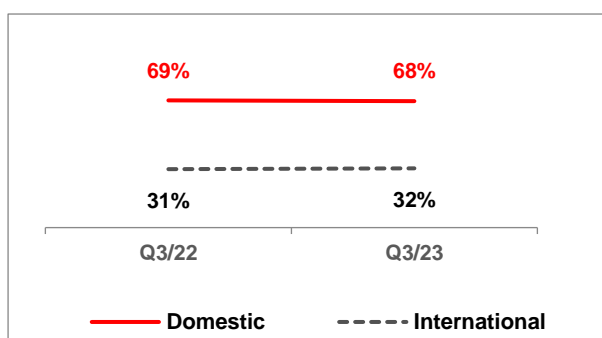


Figure 3: Sales Proportion by Geographic Regions

Q3/2023 Cost of Goods Sold

The Company and its subsidiaries had a total cost of goods sold of Baht 1,668 million, with a cost of goods sold to sales ratio of 85.1%, increasing from 82.8% in Q3/2022. This increase was due to higher costs of raw materials such as agricultural raw materials, coconut water, raw milk, packaging materials, public utility and transportation expenses. Additionally, the sugar tax has been adjusted since April 1, 2023.

Q3/2023 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 293 million, an increase of 6% YoY, representing an initial profit margin of 14.9%, dropped from 17.2% in Q3/2022. This decrease was a result of the increased cost of goods sold.

9M/2023 Sales Revenue

The Company and its subsidiaries recorded sales revenue of Baht 5,700 million, an increase of 20% YoY. Details are as follows:

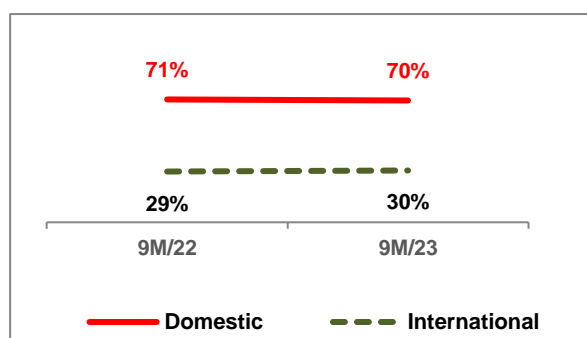
- Domestic Branded Business sales increased 23% YoY.
- International Branded Business sales increased 19% YoY.
- Total Contract Manufacturing Business (CMG) sales increased 19% YoY.

Sales breakdown by business and geography are as follows:

Sales Breakdown by Geography:

- Domestic: Baht 3,999 million, increased 19% YoY.
- International: Baht 1,701 million, increased 23% YoY.

Sales ratio of Domestic : International was 70:30, compared with 71:29 in Q3/2022.

9M/2023 Cost of Goods Sold

The Company and its subsidiaries had a total cost of goods sold of Baht 4,805 million, with a cost of goods sold to sales ratio of 84.3%, an increase from 82.6% in the same period of the previous year. This increase was due to higher costs of raw materials such as agricultural raw materials, coconut water, raw milk, packaging materials, public utility and transportation expenses. Additionally, the sugar tax has been adjusted since April 1, 2023.

9M/2023 Gross Profit

The Company and its subsidiaries recorded gross profit of Baht 895 million, an increase of 9% YoY, representing an initial profit margin of 15.7%, decreased from 17.4% in the same period of the previous year. This decrease was a result of the increased cost of goods sold.

Q3/2023 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 111 million, representing a sales expense-to-sales ratio of 5.7%, a decrease from 8.0% in Q3/2022. This reduction was due to increased sales and improved efficiency in controlling sales expenses.

Q3/2023 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 144 million, representing a management expense-to-sales ratio of 7.4%, a decrease from 8.3% in Q3/2022. This reduction was due to increased sales and improved efficiency in controlling management expenses.

Q3/2023 Financial Costs

The Company and its subsidiaries had financial costs of Baht 18 million in Q3/2023, compared to Baht 22 million in Q3/2022, representing a decrease of 17% YoY. This reduction was due to a decrease in interest expenses from the repayment of loans borrowed from financial institutions.

Q3/2023 Net Profit (Loss)

The Company and its subsidiaries reported a net profit attributable to major shareholders of Baht 9 million, a significant improvement from Q3/2022 which had a net loss attributable to major shareholders of Baht 11 million. The company's performance improved by 182% YoY. The primary reason for this positive change was the increased sales performance across all channels and improved control over product costs and selling expenses. This improvement was achieved even though there were price increase of all items in the cost of goods sold (agricultural raw materials, coconut water, raw milk, packaging materials, public utility, and transportation). Additionally, the increase in the sugar tax rate in Phase 3 since April 1, 2023 contributed to this result.

In Q3/2023, the Company and its subsidiaries had increased losses from one-time expenses. Allowance for asset impairment (Potentially non-refundable tax) Baht 12.5 million of Monde Malee Beverage Corporation (MMBC) joint venture in the Philippines, which is a non-cash Item, and included in Q3 Net Profit.

9M/2023 Selling Expenses

The Company and its subsidiaries recorded selling expenses of Baht 338 million, representing a sales expense-to-sales ratio of 5.9%, a decrease from 7.3% in the same period of the previous year. This reduction was due to increased sales and improved efficiency in controlling sales expenses.

9M/2023 Administrative Expenses

The Company and its subsidiaries recorded administrative expenses of Baht 477 million, representing a management expense-to-sales ratio of 8.4%, a decrease from 9.2% in the same period of the previous year. This reduction was due to increased sales and improved efficiency in controlling management expenses, despite the increase in consulting fees related to the adjustment of the business structure in Q1/2023, which was a one-time expense.

9M/2023 Financial Costs

The Company and its subsidiaries had financial costs of Baht 58 million for 9M/2023, compared to Baht 64 million for 9M/2022, representing a decrease of 9% YoY. This reduction was due to a decrease in interest expenses from the repayment of loans borrowed from financial institutions.

9M/2023 Net Profit (Loss)

The Company and its subsidiaries reported a net profit attributable to the major shareholders of Baht 30 million in 9M/2023, compared to a net loss attributable to the major shareholders of Baht 46 million in 9M/2022 (a 166% YoY improvement). The primary reason for this positive change was the increased sales performance across all channels and improved control over product costs and selling expenses. This improvement was achieved even though there were price increase of all items in the cost of goods sold (agricultural raw materials, coconut water, raw milk, packaging materials, public utility, and transportation). Additionally, the increase in the sugar tax rate in Phase 3 since April 1, 2023 contributed to this result.

In Q3/2023, the Company and its subsidiaries had increased losses from one-time expenses. Allowance for asset impairment (Potentially non-refundable tax) Baht 12.5 million of Monde Malee Beverage Corporation (MMBC) joint venture in the Philippines, which is a non-cash Item, and included in Q3 Net Profit.

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

<b>(Unit: Baht Million)</b>	<b>30/9/23</b>	<b>31/12/22</b>	<b>% Change</b>
Cash and cash equivalents	148	98	50.8%
Trade and other receivables	1,199	1,172	2.3%
Inventories	803	835	(3.8%)
Other current assets	127	97	31.1%
<b>Total current assets</b>	<b>2,278</b>	<b>2,203</b>	<b>3.4%</b>
Property, plant and equipment	2,292	2,368	(3.2%)
Goodwill	58	56	2.4%
Investments in joint venture	15	14	3.0%
Biological assets – dairy cow	54	50	8.0%
Right to claim from the former shareholder	36	35	2.4%
Other non-current assets	807	892	(9.6%)
<b>Total non-current assets</b>	<b>3,261</b>	<b>3,416</b>	<b>(4.5%)</b>
<b>Total Assets</b>	<b>5,539</b>	<b>5,619</b>	<b>(1.42%)</b>
Bank overdrafts and short-term loans from financial institutions	943	1,400	(32.6%)
Trade and other payables	843	878	(4.0%)
Advances from customers	58	52	10.6%
Current portion of long-term loans from financial institutions	570	46	1148.5%
Current portion of liabilities under financial lease agreements	57	69	(17.5%)
Other current liabilities	387	398	(2.9%)
<b>Total Current Liabilities</b>	<b>2,858</b>	<b>2,843</b>	<b>0.5%</b>
Long-term loans, net of current portion from financial institutions	205	774	(73.6%)
Liabilities under financial lease agreements, net of current portion	131	182	(28.2%)
Other non-current liabilities	340	323	5.5%
<b>Non-current Liabilities</b>	<b>675</b>	<b>1,279</b>	<b>(47.2%)</b>
<b>Total Liabilities</b>	<b>3,533</b>	<b>4,122</b>	<b>(14.3%)</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	(355)	(355)	0.0%
Retained earnings	184	51	259.3%
Other components of equity	536	533	0.5%
Equity of Parent Company's S/H	(67)	(452)	85.1%
<b>Equity attributable to shareholders of the subsidiaries before business combination under common control</b>	<b>1,933</b>	<b>1,412</b>	<b>36.8%</b>
Non-controlling interests of the subsidiaries	73	85	(13.6%)
<b>Total Shareholders' Equity</b>	<b>2,006</b>	<b>1,497</b>	<b>34.0%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>5,539</b>	<b>5,619</b>	<b>(1.4%)</b>

#### Assets

As of September 30, 2023, the Company and its subsidiaries had total assets of Baht 5,539 million, representing an increase of 1.42% from Baht 5,619 million as of December 31, 2022. Primarily driven by the depreciation of fixed assets.

#### Liabilities

As of September 30, 2023, the Company and its subsidiaries had total liabilities of Baht 3,533 million, a decrease of 14.3% from Baht 4,122 million as of December 31, 2022. The main factors contributing to this reduction were a decrease in short-term borrowings from financial institutions.

**Shareholders' Equity**

As of September 30, 2023, the Company and its subsidiaries had total equity attributable to the parent company of Baht 1,933 million, an increase of 36.8% from Baht 1,412 million as of December 31, 2022. The primary reason for this increase was the sale of shares based on the company's restructuring plan and profitable operating results.

**5. Liquidity and Capital Resources****Current Ratio**

As of September 30, 2023, the Company and its subsidiaries recorded current ratio of 0.80x, an increase from 0.77x of 31 December 2022.

**Debt to Equity Ratio**

As of September 30, 2023, the Company and its subsidiaries recorded Interest-bearing debt to equity ratio of 0.90x, decreasing from 1.59x as of 31 December 2022.

<b>Consolidated</b>	<b>30/09/23</b>	<b>31/12/22</b>
Current Ratio (Times)	0.80	0.77
Interest-bearing Debt to Equity (Times)	0.90	1.59

**Cash Flow**

<b>(Unit: Baht Million)</b>	<b>9M/2023</b>	<b>9M/2022 (Restated)</b>	<b>% change</b>
Profit (loss) from operating activities before changes in operating assets and liabilities	327	263	24.4%
Profit (loss) from changes in operating assets and liabilities	(135)	(164)	17.7%
<b>Net Cash flows from (used in) operating activities</b>	<b>192</b>	<b>98</b>	<b>94.7%</b>
Cash received from long-term loans to other businesses	1	0	-
Cash received from sales of dairy biological assets –dairy cow	4	5	(9.5%)
Cash paid to invest in joint venture	(12)	0	-
Cash received from equipment sales	25	5	391.0%
Cash paid for equipment	(103)	(63)	(62.8%)
Cash paid for intangible assets	(2)	(3)	35.7%
<b>Net Cash flows from (used in) investing activities</b>	<b>(88)</b>	<b>(57)</b>	<b>(54.9%)</b>
Increase (decrease) in bank overdraft and short - term loans from financial institutions	(11)	3	(421.6%)
Cash received from short-term loans from financial institutions	1,866	2,518	(25.9%)
Cash paid for short-term loans from financial institutions	(2,311)	(2,482)	6.9%
Cash received from long-term loans from financial institutions	0	20	(100.0%)
Cash paid for long-term loans from financial institutions	(45)	(103)	55.8%
Cash paid for principal of the lease liabilities	(53)	(56)	4.6%
Cash received by the subsidiary company from the sale of investments	507	0	-
Paying dividends before consolidating businesses.	0	(11)	100.0%
Dividend payments to non-controlling shareholders of subsidiaries without control.	(1)	0	-
<b>Net Cash flows from (used in) financing activities</b>	<b>(49)</b>	<b>(110)</b>	<b>55.4%</b>
Exchange differences on translating financial statements	(5)	(12)	61.1%
Net increase (decrease) in cash and cash equivalents	50	(81)	161.5%
Cash and cash equivalents at beginning of periods	98	126	(21.9%)
<b>Cash and cash equivalents at end of periods</b>	<b>148</b>	<b>45</b>	<b>231.9%</b>

In Q3/2023, the Company and its subsidiaries had a net cash of Baht 148 million, an increase of Baht 103 million from Q3/2022, with details as follows:

- Net cash received from operating activities of Baht 192 million, consisting of (1) cash received from operating activities before changes in operating assets and liabilities of Baht 327 million and (2) cash from changes in operating assets and liabilities decreased by Baht 135 million.
- Net cash used in investing activities of Baht 88 million, including (1) cash received from long-term loans to other businesses of Baht 1 million, (2) cash received from sales of dairy biological assets – dairy cow of Baht 4 million, (3) cash paid to invest in joint venture of Baht 12 million, (4) cash received from equipment sales of Baht 25 million, (5) cash paid for equipment of Baht 103 million, (6) cash paid for intangible assets of Baht 2 million.
- Net cash used in financing activities was Baht 49 million, consisting of (1) decrease in account overdraft of Baht 11 million, (2) cash received from short-term loans from financial institutions of Baht 1,866 million, (3) repayment of short-term loans from financial institutions of Baht 2,311 million, (4) repayment of long-term loans from financial institutions of Baht 45 million, and (5) repayment of principal of lease liabilities of Baht 53 million, (6) cash received from the subsidiary's sale of investment of Baht 507 million, and (7) dividend payment to non-controlling interests of the subsidiary of Baht 1 million.

## 6. Forward Looking

As previously informed, in 2023, the Company aims to generate sustainable growth by accelerating the sales growth of Malee & Chokchai Farm products, targeting a two-fold increase compared to the growth in contract manufacturing sales. Nevertheless, the Company has not limited the sales growth of the contract manufacturing business to reduce production costs, leveraging greater existing production capacity and efficiency. The strategy being employed aligns with the direction previously set.

- 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: Increase main customer base and aim to maintain a gross profit margin that is at least equivalent to previous level.
- Enhance organization efficiency and effectiveness, and evaluate the possibility of raising product prices if deemed necessary.
- Drive 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 product inventory.

In the past three quarters of 2023, the Company has been following the above outlined direction and strategy and has achieved continuous improvement and efficiency. Despite budget constraints, the Company has seen significantly improved sales and profits. The operational performance has turned positive after several consecutive years of negative outcome. Additionally, Malee & Chokchai Farm products have experienced a sales growth trend surpassing that of contract manufacturing sales.

Nevertheless, the costs associated with all raw materials remain elevated. In the third quarter of 2023, certain crucial raw materials, such as coconut water and raw milk, continue to face shortages that originated in the second quarter of 2023. The Company is actively engaged in securing an adequate supply of raw materials to fulfill customer demand in the fourth quarter of 2023 and throughout 2024.