



Thai Beverage Public Company Limited

ANNOUNCEMENT

Date: 28 January 2025

To: Singapore Exchange Securities Trading Limited

Subject: 2025 Annual General Meeting of Shareholders – Responses to Substantial and Relevant Questions

We, Thai Beverage Public Company Limited (the “**Company**” and together with our subsidiaries, the “**Group**”), refer to our Invitation to the 2025 Annual General Meeting of Shareholders (the “**2025 AGM**”) dated 10 January 2025 convening the 2025 AGM which will be held on Friday, 31 January 2025 at 10.00 a.m. (Bangkok time) at Plenary Hall, 1st Floor, No. 60 Queen Sirikit National Convention Center, Ratchadaphisek Road, Khlong Toei Sub-district, Khlong Toei District, Bangkok 10110, Thailand.

The Company wishes to update that it has not received any substantial and relevant questions from shareholders as of 4.00 p.m. (Bangkok Time) or 5.00 p.m. (Singapore time) on Wednesday, 22 January 2025, being the deadline for the submission of questions in advance of the 2025 AGM.

The Company would like to thank the Securities Investors Association (Singapore) (“**SIAS**”) for submitting its questions in advance of the 2025 AGM. Please refer to the SIAS website at <https://sias.org.sg/qa-on-annual-reports/>, and the Annex attached for the list of questions received from the SIAS, and the Company’s responses to these questions.

Please be informed accordingly.

Yours faithfully,

Nantika Ninvoraskul
Company Secretary



ANNEX: RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Q1	<p>In his message to shareholders, the chairman outlined strategic initiatives to position the company as a pure-play beverage and food business. These initiatives include increasing the stake in Fraser and Neave, Limited (F&N) from 28.31% to 69.64% via a share swap and privatising Oishi and Sernsuk from the Stock Exchange of Thailand. These actions have solidified the group's status as a leading beverage and food company in Southeast Asia.</p>
	(i) What specific operational synergies and strategic advantages have materialised or are expected following the increase in the company's stake in F&N to 69.64%?
	<p>Response to Q1 (i)</p> <ul style="list-style-type: none">• Strategically, consolidating F&N has strengthened the Group's position as Southeast Asia's largest beverage and food player by revenue and also expanded its regional footprint. By honing its focus on the beverage and food industry while exiting the property business, the Group aims to unlock valuation potential, compete on an equal footing with pure-play peers and drive long-term growth.• The Group expects to expand its revenue streams through the cross-selling of F&N products in ThaiBev's core markets in Thailand by leveraging the Group's established distribution networks. The Group also seeks to enhance cost efficiencies and eliminate redundancies from the rationalization of infrastructure networks, as well as generate greater economies of scale in procurement and supply chain management. The Group is also currently working towards developing an innovation center for non-alcoholic beverages and dairy products, which, when completed, is expected to facilitate knowledge-sharing and quicker product development processes; this will allow the Group to respond nimbly to growing demand for health-conscious offerings.
	(ii) Given that the non-alcoholic beverage (NAB) segment accounts for just over half the revenue of the spirits business but approximately a quarter of the profit, what are the management's key priorities and growth strategies to enhance profitability and market share in the NAB segment?
	<p>Response to Q1 (ii)</p> <ul style="list-style-type: none">• To strengthen profitability and market share in the NAB segment, the Group is focused on driving product innovation and expanding ThaiBev's portfolio with health-conscious offerings that cater to evolving consumer preferences. The Company is leveraging the recent consolidation of F&N to optimize distribution networks and reduce operational costs, as well as improving supply chain efficiency. These efforts are intended to increase product availability, streamline operations, and enhance cost efficiencies across the Group. By aligning these strategies with operational synergies and production efficiencies, the Group aims to improve margins and foster growth in the NAB segment.

(iii) The food business segment reported sales of Baht 22,288 million in FY2024. The number of food outlets has surpassed 800 nationwide. **Does management have an estimate of the group’s market share? How does the board prioritise capital allocation, given that the food segment’s profitability significantly lags behind other segments? Are there specific operational improvements or pricing strategies being pursued to close this gap?**

Response to Q1 (iii)

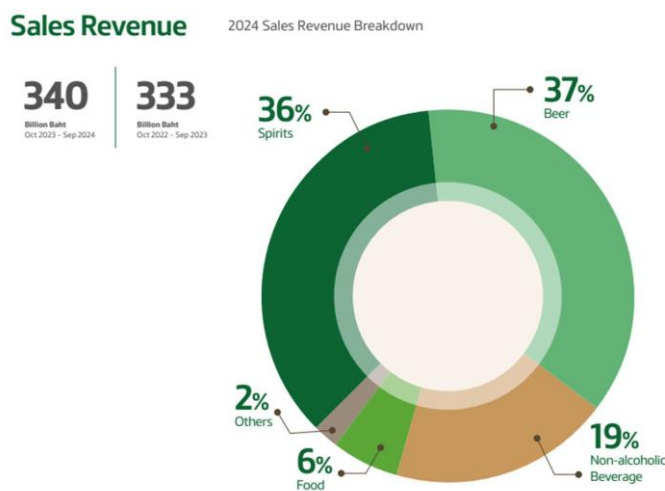
- Estimating market share in the food business is challenging due to the industry’s fragmented nature. Nevertheless, the Group is focused on strengthening its market position, with over 800 outlets and the addition of 40 net new stores in FY2024, strategically located in high-traffic areas to better meet evolving consumer demands.
- In terms of capital allocation, the Board prioritizes operational efficiency and prudent strategic investments. The Group is focusing on smaller-format outlets to manage capital expenditure while leveraging technology and synergies across its operations to optimize supply chain management. These efforts are intended to help mitigate the impact of rising raw material and logistics costs, and contribute to better returns on investment. While mindful of differences in revenue and cost structures across its business segments, the Group remains committed to sustainable growth and enhancing the overall performance of its food business.

Q2

In January 2025, the U. S. Surgeon General issued an advisory stating that alcohol consumption is the leading preventable cause of cancer, contributing to over 741,000 cancer cases worldwide¹. Studies have found a clear link between alcohol consumption and an increased risk of developing seven types of cancers, with some risks present even at low levels of consumption (less than one drink per day)².

The World Health Organization has also published a statement in December 2022 highlighting that *“When it comes to alcohol consumption, there is no safe amounts that does not affect health”*³.

In FY2024, the group derived 36% of its total revenue from spirits and 37% from beers, with spirits contributing nearly 65% of profit and beers contributing 16%, as reported in its business segment analysis.



(Adapted from company annual report)

¹ <https://www.hhs.gov/surgeongeneral/priorities/alcohol-cancer/index.html>
² <https://www.hhs.gov/sites/default/files/oash-alcohol-cancer-risk.pdf>
³ <https://www.who.int/europe/news-room/04-01-2023-no-level-of-alcohol-consumption-is-safe-for-our-health>

(i) What are the long-term trends in alcohol consumption observed across the group's key markets and what innovative approaches or campaigns have been employed to ensure sustainable consumer acquisition while addressing evolving health concerns and regulatory pressures?

Response to Q2 (i)

- The Group is mindful of a broad shift towards healthier lifestyles and mindful consumption of beverages of all kinds. Generally, there has been a growing preference towards premium products that are viewed as higher quality with a focus on healthy ingredients. The Group prioritizes product innovation and has expanded its NAB and food portfolios to offer more health-conscious options to consumers as well as diversify our portfolio. Examples of such products include the “Oishi Green Tea Hokkaido Corn” in FY2024, a ready-to-drink tea with 0% sugar and powerful natural antioxidants, as well as F&N’s expansion of its dairy portfolio in Thailand, in line with health and wellness trends.
- These initiatives, supported by targeted marketing efforts and a focus on enhancing operational efficiencies, help support sustainable consumer acquisition while adapting to evolving health concerns and regulatory requirements. The Group also leverages traditional and digital platforms, as well as brand collaborations, to connect with younger, health-conscious consumers.

(ii) Are there untapped opportunities in premiumisation, geographic expansion, or alternative formats (e.g., low-alcohol or alcohol-free products)?

Response to Q2 (ii)

- The Group has undertaken strategic initiatives in recent years aimed at tapping opportunities in premiumization and geographic expansion.
- The Group launched PRAKAAN, Thailand’s first premium single malt whisky, in FY2024 underscoring the Group’s focus on addressing the growing demand for high-quality spirits. Similarly, products like Ruang Khao Siam Sapphire and Chang Unpasteurized further solidified the Group’s ongoing commitment to bringing distinctive and elevated offerings in the premium segment to its consumers.
- Additionally, the acquisitions of Larsen Cognac in France and the Cardrona Distillery in New Zealand have broadened the Group’s international reach, diversifying its portfolio and strengthen its presence in premium markets. By leveraging global assets and expanding distribution channels, the Group aims to tap potential growth opportunities in both established and emerging markets.
- The Group continues to expand its NAB portfolio and in FY2024, drove successful brand-building activities for its core brands including the ready-to-drink Oishi Green Tea, Crystal drinking water, est carbonated soft drink, F&N soft drink and dairy products. As mentioned above, an example of Oishi’s new drink “Oishi green Tea Hokkaido Corn” which caters to consumer demand for tasty, refreshing beverages that are also healthy.

	<p>(iii) Given the mounting health concerns associated with alcohol consumption, how has the group refined its growth strategies? In the board’s scenario planning, does the group envisage a future where the majority of revenue and profit come from non-alcoholic beverages and food?</p>
	<p>Response to Q2 (iii)</p> <ul style="list-style-type: none"> The Group has strategically evolved its growth approach by further diversifying its portfolio into NAB and food businesses. The consolidation of the F&N portfolio marked a pivotal step in broadening the Group’s reach in Southeast Asia’s NAB and dairy markets while responding to shifting consumer preferences for healthier and premium offerings. This is supported by the Group’s focus on operational efficiencies and efforts to enhance distribution networks. Although the demand for non-alcoholic beverages and food has risen in the wake of people being more health conscious, it is difficult to predict whether majority of the Group’s revenue and profit will one day come from NAB and food as this is dependent on a variety of factors including consumer preferences and market trends and the alcohol beverage continues to remain dominant with established consumer bases and premium offerings.
<p>Q3</p>	<p>As disclosed in the annual report, the audit committee (AC) established the Office of Internal Audit to independently and objectively assess the effectiveness of governance processes, risk management and internal controls across the group.</p> <p>It was further noted that the AC, on 8 August 2024, endorsed the restructuring of the IA function, which included the appointment of Ms. Kwee Imm Debbie Goh as the First Vice President, Group Internal Audit and Ms. Phatcharin Kijcharoenpaisan as the Acting Vice President – Internal Audit.</p>
	<p>(i) What were the strategic objectives and underlying reasons for restructuring the internal audit (IA) function?</p>
	<p>Response to Q3 (i)</p> <ul style="list-style-type: none"> As part of ThaiBev's ongoing succession planning and considering ThaiBev's continued growth and expansion in Thailand and internationally, the key strategic objectives of the revised Internal Audit organisation structure are to enhance and strengthen the internal audit leadership and alignment of audit strategy in the ThaiBev Group. This will ensure better collaboration, risk-focused audit approach and practices, adoption of the globally accepted internal audit standards, and knowledge sharing among the various heads of internal audit in the ThaiBev Group; while preserving the independence of the IA function in its listed and unlisted subsidiaries that have separate internal audit functions reporting to their respective audit committees. Ms. Kwee Imm Debbie Goh, as the First Vice President, Group Internal Audit, is the head of the group internal audit function and also acts as senior adviser to the heads of internal audit of companies in the ThaiBev Group with independent internal audit functions. She continues to be directly responsible for the internal audit function of the International Businesses, which comprises overseas operating entities (i.e., outside of Thailand) under International Beverage Holdings Limited (“IBHL”). The internal audit function of the International Businesses leverages on the internal audit resources of the ThaiBev Group's listed subsidiary in Singapore, F&N. Ms. Phatcharin Kijcharoenpaisan as the Acting Vice President – Internal Audit (now designated as “Vice President – Internal Audit, Thailand”) oversees the internal audit function of the Thailand business, which comprises operating entities in Thailand and would include Oishi and Sermsuk Group with effect from FY2025.

<ul style="list-style-type: none"> Ms. Goh and Ms. Kijcharoenpaisan both report directly to the AC on their respective portfolios as highlighted above; and administratively to the Group CEO. This positioning provides the internal audit function with the organisational authority and status to bring matters directly to senior management and independently escalate matters to the AC, when necessary; without interference.
<p>(ii) What is the current size, composition and expertise of the IA team and how have these changed post-restructuring?</p>
<p>Response to Q3 (ii)</p> <ul style="list-style-type: none"> There has not been any change made to the ThaiBev IA team’s composition and size, post-restructuring. Currently, similar to FY2024, the ThaiBev IA team has an established consolidated headcount of about 120 IA professionals (comprising fieldwork auditors, audit supervisors and managers) led by various appointed IA department heads with specific audit portfolios of operating entities in the audit universe of the ThaiBev Group. With the revised IA organisation structure that took effect from FY2025, the Vice President – Internal Audit, Thailand would be reviewing the current audit team’s expertise and experience to evaluate any gaps that may exist in order to enhance the quality of audits to be performed. The IA team would continue to be given relevant technical training and seminars and encouraged to develop their professional proficiency with internal audit professional certifications. As part of her role and responsibility, the First Vice President, Group Internal Audit will work closely with the Vice President – Internal Audit, Thailand to provide her with advice on the current IA team structure in Thailand and proposed changes (if any) would be discussed with senior management and in consultation with the AC.
<p>In Note 1 (General information), the company provided details of its subsidiaries, associates and joint ventures, totalling 364 entities across several territories such as Cambodia, China, Hong Kong, Indonesia, Malaysia, Singapore, Vietnam and others.</p> <p>(iii) Can the AC confirm that all operating entities in the different territories were included in the internal audit?</p>
<p>Response to Q3 (iii)</p> <ul style="list-style-type: none"> The audit universe includes all operating entities in Thailand and overseas subsidiaries under IBHL, excluding listed and unlisted entities with separate internal audit functions which are reporting directly to their respective audit committees appointed by their Boards. Annual risk-based internal audit plans are developed by the ThaiBev IA function and approved by the AC to ensure that audit activities are aligned with the key risks of the Group identified by the Sustainability and Strategy Group Center.
<p>(iv) What were the scope, key findings, and recommendations of the IA for FY2024?</p>
<p>Response to Q3 (iv)</p> <ul style="list-style-type: none"> In FY2024, ThaiBev IA covered key areas such as Human Capital, Supply Chain, Commercial, Information Technology and Cyber Security that are included in the approved annual audit plans. There were no key audit findings that had a material financial impact on the Group or remained unresolved. Certain operational control lapses were reported and operational efficiency improvement points were accepted and resolved in a timely manner by management.