

1 November 2022

Subject Management Discussion and Analysis for the six months ended 30 June 2022

Attention President

The Stock Exchange of Thailand

Betagro Public Company Limited and subsidiaries (collectively called the “**Company**”) would like to inform the analysis of financial performance, financial positions and financial ratio for the six months ended 30 June 2022. The details are as follows:

A summary of the key financial information for the six months ended 30 June 2022

Items	For the six months ended 30		Change	
	June			
	2021	2022	THB mm	%
	THB mm	THB mm	THB mm	%
Total Income	42,975.5	54,193.2	11,217.7	26.1
Gross Profit	6,683.8	10,015.8	3,332.0	49.9
Total Segment Operating Profit before Depreciation and Amortization ^{/1}	3,276.8	6,166.0	2,889.2	88.2
Profit for the period	1,168.5	3,892.5	2,724.0	233.1

Remark: /1 Calculated as segment operating profit (loss) adding back depreciation and amortization

Total Income

The Company's total income grew from THB42,975.5 million for the six months ended 30 June 2021 to THB54,193.2 million for the six months ended 30 June 2022, representing an increase of 26.1%

The growth of total income for the six months ended 30 June 2022 was attributable to the growth of the revenue from sale of goods and rendering of services from all business segments (except other businesses) where (1) the increase in revenue from sale of goods and rendering of services from agro business was due mainly due to an increase in prices of feed products that moved in tandem with rising raw material costs (2) the growth in revenue from sales of good and rendering of services from food and protein business was mainly attributable to the rise in prices of pork, chicken, egg, processed food and processed meat products, tracking domestic and export market prices as well as sales volume (3) the growth in revenue from sale of goods and rendering services from international business was the result of increase in prices of feed in line with the rising cost of raw materials for feed products and increase in prices of live animals in Cambodia and Laos and (4) the growth in revenue from sale of goods and rendering of services from the pet business was the result of the rising in sales volume and selling prices of pet food that corresponded with the rise in production output and rise in revenue share from the sales of

higher-priced products that aligned with the Company's business strategy to shift towards businesses with higher profitability, including pet business.

Profitability Ratio

Financial Ratio	For the six months ended 30 June	
	2021	2022
Gross Profit Margin (%) ^{/1}	15.7	18.8
Total Segment Operating Profit before Depreciation and Amortization Margin (%) ^{/2}	7.7	11.6
Net Profit Margin (%) ^{/3}	2.7	7.2

Remark:

^{/1} Calculated as gross profit divided by sum of revenue from sale of goods and revenue from rendering of services

^{/2} Calculated as Total Segment Operating Profit before Depreciation and Amortization divided by sum of revenue from sale of goods and revenue from rendering of services

^{/3} Calculated as profit for the period divided by total income

Gross profit and gross profit margin

The Company's gross profit increased from THB6,683.8 million for the six months ended 30 June 2021 to THB10,015.8 million for the six months ended 30 June 2022, representing an increase of 49.9%. The Company's gross profit margin also increased from 15.7% for the six months ended 30 June 2021 to 18.8% for the six months ended 30 June 2022.

The increase in gross profit and gross profit margin was primarily due to an increase in gross profit margin driven by higher prices of products in food and protein business, including chicken products, eggs, processed meat and processed food, and live animals, in line with increases in their market prices.

Total Segment Operating Profit before Depreciation and Amortization and Total Segment Operating Profit before Depreciation and Amortization margin

The Company's Total Segment Operating Profit before Depreciation and Amortization was THB3,276.8 million and THB6,166.0 million for the six months ended 30 June 2021 and 2022, respectively. Total Segment Operating Profit before Depreciation and Amortization margin was 7.7% and 11.6% for the six months ended 30 June 2021 and 2022, respectively.

Total Segment Operating Profit before Depreciation and Amortization were primarily attributable to agro business and consumer food business, which contributed to 55.0% and 44.8% of the Company's Total Segment Operating Profit before Depreciation and Amortization for the six months ended 30 June 2021 and 2022, respectively.

Total Segment Operating Profit before Depreciation and Amortization increased from THB3,276.8 million for the six months ended 30 June 2021 to THB6,166.0 million for the six months ended 30 June 2022, representing an increase of 88.2%. Total Segment Operating Profit before Depreciation and Amortization margin increased from 7.7% for the year ended 30 June 2021 to 11.6% for the year ended 30 June 2022. The increases in Segment Operating Profit before Depreciation and Amortization and Segment Operating Profit before Depreciation and Amortization margin from all business segments (except agro business and other business segments) which was primarily in line with an increase in (1) gross profit and gross profit margin of the food and protein business, as a result of increased selling prices of products such as poultry, eggs, processed food, and processed meat together with an increase in other income due to an adjustment to profit items on changes in fair value of biological assets and fattening swine from international business and (2) a decrease in selling and administrative expenses as a proportion of revenue following an increase in sales volume of pet business. Such increases were partially offset by decreases in gross profit from Segment Operating Profit before Depreciation and Amortization and Segment Operating Profit before Depreciation and Amortization margin from agro business following an increase in price of main raw material, such as, corn, soybean meal.

Profit for the period and net profit margin

The Company's profit for the period increased from THB1,168.5 million for the six months ended 30 June 2021 to THB3,892.5 million for the six months ended 30 June 2022, representing an increase of 233.1%. The increase in profit for the six months ended 30 June 2022 was in line with the increase in Total Segment Operating Profit before Depreciation and Amortization as explained above. The increase was partially offset by an increase in finance costs and income tax expenses. Due to the above factors, the Company's net profit margin increased from 2.7% for the six months ended 30 June 2021 to 7.2% for the six months ended 30 June 2022.

Financial Positions

Items	As of 31 December	As of 30 June 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	57,475.1	58,149.5	674.4	1.2
Total Liabilities	41,952.9	39,390.6	(2,562.3)	(6.1)
Equity	15,522.2	18,758.9	3,236.7	20.9

Total Assets

As of 30 June 2022, the Company's total assets were 58,149.5 million. Total assets include receivables, inventories, biological assets, land, building and equipment and right of use assets.

The Company's total assets slightly increased from THB57,475.1 million as of 31 December 2021 to THB58,149.5 million as of 30 June 2022. The increase in total assets in 2022 was attributable to increases in (a)

accounts receivable, in line with increased revenue from sales in the six months ended 30 June 2022; (b) biological assets, in line with the increase in the number of chickens and pigs following the growth of sales volume together with the increase in the market price of fattening pigs and the cost of raising broilers, in line with the higher costs of raw materials. Such increase was partially offset by a decrease in inventories following a decrease in the value of feed raw materials because at the end of 2021, the Company stocked up feed raw materials as part of the Company's cost management.

Total Liabilities

As of 30 June 2022, the Company's total liabilities were THB39,390.6 million. Total liabilities mainly comprise bank overdrafts, short term loans from financial institutions, trade accounts payable, lease liabilities and debentures.

Total liabilities decreased from THB41,952.9 million as of 31 December 2021 to THB39,390.6 million as of 30 June 2022, primarily due to a decrease in bank overdrafts and short term loans for financial institutions and short term borrowings as the Company repaid borrowings by using cash flow from operating activities.

Equity

As of 30 June 2022, the Company's equity was THB18,758.9 million.

Equity increased from THB15,522.2 million as of 31 December 2021 to THB18,758.9 million as of 30 June 2022, primarily due to total comprehensive income of THB4,001.0 million for the six months ended 30 June 2022 which was set off by the payment of THB750.0 million dividends in the period of six months ended 30 June 2022.

Total Liabilities to Equity Ratio and Interest bearing debt-to-equity Ratio

Financial Ratio	As of 31 December	As of 30 June
	2021	2022
Total Liabilities to Equity Ratio (times) ^{/1}	2.70	2.10
Interest bearing debt-to-equity Ratio (times) ^{/2}	1.97	1.44

Remark:

/1 Calculated as total liabilities divided by total equity

/2 Calculated as interest bearing debt divided by total equity

Total liabilities to equity ratio decreased from 2.70x as of 31 December 2021 to 2.10x as of 30 June 2022, primarily due to a decrease in total liabilities, following the Company's repayment of short-term loans from financial institutions, and short-term borrowings, the increase of equity primarily from total comprehensive income for the aforementioned period.

Interest bearing debt-to-equity ratio decreased from 1.97x as of 31 December 2021 to 1.44x as of 30 June 2022, primarily due to the decrease in interest bearing debts, as a result of the repayment of overdraft loans and short-term borrowings from financial institutions, and short-term loans, and the increase in equity mainly because of the increase in comprehensive income for the aforementioned period.

Please be informed accordingly,

Sincerely yours,

(Mrs. Siriwan Intarakumthornchai)
Chief Financial Officer