

9 November 2022

Subject: Management Discussion and Analysis for 3Q22 and the Nine Months ended 30 September 2022

To: President
The Stock Exchange of Thailand

Betagro Public Company Limited and subsidiaries (collectively called the “**Company**”) would like to inform the analysis of operating performance, financial position and financial ratio for 3Q22 and the nine months ended 30 September 2022. The details are as follows:

Summary of Operating Performance for 3Q22 and the Nine Months ended 30 September 2022

Items	3Q2021	3Q2022	Change		9M2021	9M2022	Change	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Total Income	19,898.2	29,690.7	9,792.5	49.2	62,801.3	83,825.3	21,024.0	33.5
Gross Profit	1,899.3	6,258.9	4,359.6	229.5	8,583.1	16,274.6	7,691.5	89.6
Earnings before Interest, Taxes, Depreciation and Amortization ^{/1} (EBITDA)	(48.7)	4,076.6	4,125.3	n.a.	3,521.1	11,058.6	7,537.5	214.1
Profit for the period	(1,253.1)	2,407.2	3,660.3	n.a.	(84.6)	6,299.6	6,384.0	n.a.
Profit attributable to Owner of the Company	(1,091.5)	2,302.8	3,394.3	n.a.	107.8	6,141.8	6,034.0	5,597.4

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

Total Income

The Company's total income was at THB29,690.7 million in 3Q22, an increase of 49.2% from THB19,898.2 million in 3Q21. Meanwhile, total income was at THB83,825.3 million for the nine months ended 30 September 2022, an increase of 33.5% from THB62,801.3 million for the nine months ended 30 September 2021.

Total income growth was attributable to the growth of revenue from sale of goods and rendering of services from all business groups (except other businesses) as follows: (1) the growth in revenue from sale of goods and rendering of services from agro business was mainly due to an increase in prices of feed products following the rising cost of raw materials; (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, following domestic and export market prices as well as sales volume growth; (3) the growth in revenue from sale of goods and rendering services from international business was mainly due to an increase in

prices of feed products following the rising cost of raw materials as well as an increase in livestock prices in Cambodia and Laos; and (4) the growth in revenue from sale of goods and rendering of services from pet business was mainly due to an increase in sales volume and selling prices of pet food that corresponded with an increase in production volume and revenue share from the sales of higher-priced products following the Company's business strategy to shift towards higher profitability products.

Profitability Ratio

Financial Ratio	For third quarter		For the nine months ended 30 September	
	2021	2022	2021	2022
Gross Profit Margin (%) ^{/1}	9.7	21.2	13.8	19.7
EBITDA Margin (%) ^{/2}	(0.2)	13.7	5.6	13.2
Net Profit Margin (%) ^{/3}	(6.3)	8.1	(0.1)	7.5

Remark:

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

/2 Calculated as EBITDA divided by total income

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

Gross profit and gross profit margin

The Company's gross profit was at THB6,258.9 million in 3Q22, an increase of 229.5% from THB1,899.3 million in 3Q21 and the gross profit margin was at 21.2% in 3Q22, up from 9.7% in 3Q21. Meanwhile, gross profit was at THB16,274.6 million for the nine months ended 30 September 2022, an increase of 89.6% from THB8,583.1 million for the nine months ended 30 September 2021 and the gross profit margin was at 19.7% for the nine months ended 30 September 2022, up from 13.8% for the nine months ended 30 September 2021.

The increase in gross profit and gross profit margin was primarily due to an increase in selling prices of products in food and protein business, including pork, chicken, egg, processed food and processed meat products following increases in their market prices. In addition, an increase in gross profit was also due to an increase in revenue from sales of goods and rendering of services which was partly due to an increase in sales volume.

EBITDA and EBITDA Margin

The Company's EBITDA was at THB4,076.6 million in 3Q22, from THB(48.7) million in 3Q21 and EBITDA margin was at 13.7% in 3Q22, up from (0.2)% in 3Q21. Meanwhile, EBITDA was at THB11,058.6 million for the nine months ended 30 September 2022, an increase of 214.1% from THB3,521.1 million for the nine months ended 30 September 2021 and EBITDA margin was at 13.2% for the nine months ended 30 September 2022, up from 5.6% for the nine months ended 30 September 2021.

The increase in EBITDA and EBITDA margin was attributable to (1) an increase in gross profit and gross profit margin of the food and protein business following an increase in selling prices of products, including pork, chicken, egg, processed food and processed meat products and (2) a decrease in selling and administrative expenses as a proportion of total income due to the benefits from economies of scale following an increase in sales volume.

Profit for the period and net profit margin

The Company's profit for the period was at THB2,407.2 million in 3Q22 from a loss of THB1,253.1 million in 3Q21 and the net profit margin was at 8.1% in 3Q22, up from a loss of 6.3% in 3Q21. Meanwhile, the Company's profit for the period was at THB6,299.6 million for the nine months ended 30 September 2022 from a loss of THB84.6 million for the nine months ended 30 September 2021 and the net profit margin was at 7.5% for the nine months ended 30 September 2022, up from a loss of 0.1% for the nine months ended 30 September 2021.

The increase in profit for the period and net profit margin was mainly attributable to an increase in total income and gross profit margin as well as more efficient cost control due to the benefits from economies of scale following an increase in sales volume as mentioned earlier.

Financial Position

Items	As of 31 December 2021	As of 30 September 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	57,475.1	60,053.0	2,577.9	4.5
Total Liabilities	41,952.9	50,025.1	8,072.2	19.2
Total Shareholders' Equity	15,522.2	10,027.9	(5,494.3)	(35.4)

Total Assets

As of 30 September 2022, the Company's total assets were at THB60,053.0 million. Total assets include receivables, inventories, biological assets, land, building and equipment and right of use assets. Total assets increased from THB57,475.1 million as of 31 December 2021 to THB60,053.0 million as of 30 September 2022 due to an increase in (1) accounts receivable, in line with an increase in revenue from sales in the nine months ended 30 September 2022 and (2) biological assets, in line with an increase in the number of chickens and pigs following the production capacity expansion together with an increase in the cost of raising livestock following the rise in costs of raw materials.

Total Liabilities

As of 30 September 2022, the Company's total liabilities were at THB50,025.1 million. Total liabilities mainly comprise of bank overdrafts and short-term loans from financial institutions, trade accounts payable, lease liabilities and debentures. Total liabilities increased from THB41,952.9 million as of 31 December 2021 to

THB50,025.1 million as of 30 September 2022, primarily due to an increase in other payables from the accrued dividend of THB10,500.0 million.

Total Shareholders' Equity

As of 30 September 2022, the Company's total shareholders' equity was at THB10,027.9 million. Total shareholders' equity decreased from THB15,522.2 million as of 31 December 2021 to THB10,027.9 million as of 30 September 2022, primarily due to dividend payment of THB11,250.0 million in the period of nine months ended 30 September 2022 which was partially offset by profit for the nine months ended 30 September 2022.

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

Financial Ratio	As of 31 December	As of 30 September
	2021	2022
Total Liabilities to Equity Ratio (times) ^{/1}	2.70	4.99
Interest bearing debt-to-equity Ratio (times) ^{/2}	1.97	2.72

Remark:

/1 Calculated as total liabilities divided by total shareholders' equity

/2 Calculated as interest bearing debt divided by total shareholders' equity

Total liabilities to equity ratio increased from 2.70x as of 31 December 2021 to 4.99x as of 30 September 2022, primarily due to an increase in total liabilities and a decrease in total shareholders' equity as mentioned earlier. Meanwhile, interest bearing debt-to-equity ratio increased from 1.97x as of 31 December 2021 to 2.72x as of 30 September 2022, primarily due to a decrease in total shareholders' equity.

However, the Company already completed the Initial Public Offering (IPO) process in October 2022. As a result, as of the date of this document, the Company's total liabilities to equity ratio and interest bearing debt-to-equity ratio significantly decreased from 30 September 2022, which was consistent with the terms of maintaining interest-bearing debt to equity below 2.0 times under the Company's loan facility agreements.

Please be informed accordingly,

Sincerely yours,

(Mrs. Siriwan Intarakumthornchai)
Chief Financial Officer