

28 February 2023

Subject: Management Discussion and Analysis for Fiscal Year 2022 ended 31 December 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 Fiscal Year 2022 ended 31 December 2022. The details are as follows:

Summary of Operating Performance for Fiscal Year 2022 ended 31 December 2022

Items	2021	2022	Change	
	THB mm	THB mm	THB mm	%
Total Income	86,743.7	113,876.8	27,133.1	31.3
Gross Profit	11,163.7	21,731.3	10,567.6	94.7
Earnings before Interest, Taxes, Depreciation and Amortization ^{/1} (EBITDA)	5,689.5	14,515.7	8,826.2	155.1
Net Profit	1,010.5	7,937.7	6,927.2	685.5

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

Total Income

The Company’s total income was at THB113,876.8 million in 2022, an increase of 31.3% from THB86,743.7 million in 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 from increasing demand; (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	2021	2022
Gross Profit Margin (%) ^{/1}	13.1	19.3
EBITDA Margin (%) ^{/2}	6.6	12.7
Net Profit Margin (%) ^{/3}	1.2	7.0

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 THB21,731.3 million in 2022, an increase of 94.7% from THB11,163.7 million in 2021 and the gross profit margin was at 19.3% in 2022, up from 13.1% in 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 THB14,515.7 million in 2022, an increase of 155.1% from THB5,689.5 million in 2021 and EBITDA margin was at 12.7% in 2022, up from 6.6% in 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 economy of scale following an increase in sales volume.

Net profit and net profit margin

The Company's net profit was at THB7,937.7 million in 2022, an increase of 685.5% from THB1,010.5 million in 2021 and the net profit margin was at 7.0% in 2022, up from 1.2% in 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 economy of scale following an increase in sales volume as mentioned earlier.

Financial Position

Items	As at 31 December 2021	As at 31 December 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	57,475.1	65,234.2	7,759.1	13.5
Total Liabilities	41,952.9	36,569.8	(5,383.1)	(12.8)
Total Shareholders' Equity	15,522.2	28,664.4	13,142.2	84.7

Total Assets

As at 31 December 2022, the Company's total assets were at THB65,234.2 million. Total assets include cash and cash equivalents, receivables, inventories, biological assets, land, building and equipment and right of use assets. Total assets increased from THB57,475.1 million as at 31 December 2021 due to an increase in (1) bank deposit following capital increase from Initial Public Offering and (2) biological assets, in line with an increase in the number of livestock 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 at 31 December 2022, the Company's total liabilities were at THB36,569.8 million. Total liabilities mainly comprise of bank overdrafts and short-term loans from financial institutions, trade accounts payable, lease liabilities and debentures. Total liabilities decreased from THB41,952.9 million as at 31 December 2021, primarily due to debt repayment and redemption of matured debentures.

Total Shareholders' Equity

As at 31 December 2022, the Company's total shareholders' equity was at THB28,664.4 million. Total shareholders' equity increased from THB15,522.2 million as at 31 December 2022, primarily due to the Initial Public Offering (IPO) which was completed in October 2022 as well as an increase in net profit for the year ended 2022.

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

Financial Ratio	As of 31 December	
	2021	2022
Total Liabilities to Equity Ratio (times) ^{/1}	2.70	1.28
Interest bearing debt-to-equity Ratio (times) ^{/2}	1.97	0.83

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 decreased from 2.70x as at 31 December 2021 to 1.28x as at 31 December 2022, primarily due to a decrease in total liabilities and an increase in total shareholders' equity. Meanwhile, interest bearing debt-to-equity ratio decreased from 1.97x as at 31 December 2021 to 0.83x as at 31 December 2022, primarily due to a decrease in interest bearing debt and an increase in total shareholders' equity as mentioned earlier.

The Company's performance continued to grow in 2022 in tandem with strengthened capital structure, following the initial public offering (IPO) and listing on the Stock Exchange of Thailand (SET). As a result, TRIS Rating upgraded the company rating and senior unsecured debenture of the Company in 2022 to "A" from "A-" with a "stable" outlook.

Please be informed accordingly,

Sincerely yours,

(Mrs. Siriwan Intarakumthornchai)
Chief Financial Officer