

12 May 2023

Subject: Management Discussion and Analysis for 1Q23 ended 31 March 2023

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 1Q23 ended 31 March 2023. The details are as follows:

**Summary of Operating Performance for 1Q23 ended 31 March 2023**

Items	1Q23	1Q22	Change	
	THB mm	THB mm	THB mm	%
Total Income	27,959.7	25,986.2	1,973.5	7.6
Gross Profit	3,517.0	4,718.9	(1,201.9)	(25.5)
Earnings before Interest, Taxes, Depreciation and Amortization <sup>1</sup> (EBITDA)	1,827.1	3,542.0	(1,714.9)	(48.4)
Net Profit	392.8	1,970.0	(1,577.2)	(80.1)

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

**Total Income**

The Company's total income was at THB27,959.7 million in 1Q23, an increase of 7.6% from THB25,986.2 million in 1Q22 which was attributable to the growth of revenue from sale of goods and rendering of services from all business groups as follows: (1) the growth in revenue from sale of goods and rendering of services from agro business was due to an increase in prices of feed products following the rising cost of raw materials whereas sales volume also increased following demand, which was in line with the Company's capacity expansion at the new feed mill in Nong Bun Mak District, Nakhon Ratchasima Province; (2) the growth in revenue from sales of good and rendering of services from food and protein business was mainly attributable to 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 sales volume of processed food and processed meat products in Cambodia; 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 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	1Q23	1Q22
Gross Profit Margin (%) <sup>/1</sup>	12.7	18.6
EBITDA Margin (%) <sup>/2</sup>	6.5	13.6
Net Profit Margin (%) <sup>/3</sup>	1.4	7.6

**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 THB3,517.0 million in 1Q23, a decrease of 25.5% from THB4,718.9 million in 1Q22 and gross profit margin was at 12.7% in 1Q23, down from 18.6% in 1Q22. The decrease in gross profit and gross profit margin was primarily due to pork smuggling which resulted in a significant decrease in domestic pork prices. Meanwhile, the pig production costs continued to increase from rising feed prices.

## EBITDA and EBITDA Margin

The Company's EBITDA was at THB1,827.1 million in 1Q23, a decrease of 48.4% from THB3,542.0 million in 1Q22 and EBITDA margin was at 6.5% in 1Q23, down from 13.6% in 1Q22. The decrease in EBITDA and EBITDA margin was attributable to a decrease in gross profit and gross profit margin of the food and protein business from pork smuggling. However, the Company was able to control expenses more efficiently, resulting in a decrease in SG&A to Sales Ratio from 11.4% in 1Q22 to 10.7% in 1Q23.

## Net profit and net profit margin

The Company's net profit was at THB392.8 million in 1Q23, a decrease of 80.1% from THB1,970.0 million in 1Q22 and net profit margin was at 1.4% in 1Q23, down from 7.6% in 1Q22. The decrease in net profit and net profit margin was mainly attributable to a decrease in gross profit margin although the Company was able to control expenses more efficiently in the situation where production costs were rising.

## Financial Position

Items	As at 31 March 2023	As at 31 December 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	59,112.4	65,234.2	(6,121.8)	(9.4)
Total Liabilities	30,056.4	36,569.8	(6,513.4)	(17.8)
Total Shareholders' Equity	29,056.0	28,664.4	391.6	1.4

### **Total Assets**

As at 31 March 2023, the Company's total assets were at THB59,112.4 million. Total assets include cash and cash equivalents, receivables, inventories, biological assets, land, building and equipment and right of use assets. Total assets decreased from THB65,234.2 million as at 31 December 2022 following a decrease in cash and bank deposits due to repayment of loans from financial institutions and redemption of matured debentures.

### **Total Liabilities**

As at 31 March 2023, the Company's total liabilities were at THB30,056.4 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 THB36,569.8 million as at 31 December 2022, primarily due to repayment of loans from financial institutions and redemption of matured debentures.

### **Total Shareholders' Equity**

As at 31 March 2023, the Company's total shareholders' equity was at THB29,056.0 million. Total shareholders' equity increased from THB28,664.4 million as at 31 December 2022, primarily due to an increase in net profit in 1Q23.

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

<b>Financial Ratio</b>	<b>As at 31 March 2023</b>	<b>As at 31 December 2022</b>
Total Liabilities to Equity Ratio (times) <sup>/1</sup>	1.03	1.28
Interest Bearing Debt to Equity Ratio (times) <sup>/2</sup>	0.63	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 1.28x as at 31 December 2022 to 1.03x as at 31 March 2023, primarily due to a decrease in total liabilities and an increase in total shareholders' equity. Meanwhile, Interest Bearing Debt to Equity Ratio decreased from 0.83x as at 31 December 2022 to 0.63x as at 31 March 2023, primarily due to a decrease in interest bearing debt and an increase in total shareholders' equity as mentioned earlier.

Please be informed accordingly,

Sincerely yours,

(Mrs. Siriwan Intarakumthornchai)  
Chief Financial Officer