

11 August 2023

Subject: Management Discussion and Analysis for 2Q23 and the Six Months ended 30 June 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 2Q23 and the six months ended 30 June 2023. The details are as follows:

**Summary of Operating Performance for 2Q23 and the Six Months ended 30 June 2023**

Items	2Q23	2Q22	Change		6M23	6M22	Change	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Total Income	26,661.8	28,108.0	(1,446.2)	(5.1)	54,621.5	54,090.5	531.0	1.0
Gross Profit	2,777.0	5,487.8	(2,710.8)	(49.4)	6,294.0	10,206.7	(3,912.7)	(38.3)
Earnings before Interest, Taxes, Depreciation and Amortization <sup>/1</sup> (EBITDA)	901.0	3,517.4	(2,616.4)	(74.4)	2,728.1	6,981.2	(4,253.1)	(60.9)
Net Profit	(350.6)	1,868.9	(2,219.5)	(118.8)	42.2	3,838.9	(3,796.7)	(98.9)

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

**Total Income**

The Company’s total income was at THB26,661.8 million in 2Q23, a decrease of 5.1% from THB28,108.0 million in 2Q22. This was mainly due to a decrease in revenue from sale of goods and rendering of services from food and protein business which was affected by a significant decrease in domestic pork prices from illegal pork smuggling although sales volume increased according to the Company’s capacity expansion plan.

However, total income was at THB54,621.5 million for the six months ended 30 June 2023, an increase of 1.0% from THB54,090.5 million for the six months ended 30 June 2022. This was attributable to (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 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 Laos; and (3) the growth in revenue from sale of goods and rendering of services from pet business was due to an increase in selling prices of pet food that corresponded with an increase in revenue share from sales of higher-priced products following the Company’s business strategy to shift towards higher profitability products.

## Profitability Ratio

Financial Ratio	For the second quarter		For the six months ended 30 June	
	2023	2022	2023	2022
Gross Profit Margin (%) <sup>/1</sup>	10.5	19.6	11.6	19.2
EBITDA Margin (%) <sup>/2</sup>	3.4	12.5	5.0	12.9
Net Profit Margin (%) <sup>/3</sup>	(1.3)	6.6	0.1	7.1

**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 THB2,777.0 million in 2Q23, a decrease of 49.4% from THB5,487.8 million in 2Q22 and gross profit margin was at 10.5% in 2Q23, down from 19.6% in 2Q22. Meanwhile, gross profit was at THB6,294.0 million for the six months ended 30 June 2023, a decrease of 38.3% from THB10,206.7 million for the six months ended 30 June 2022 and the gross profit margin was at 11.6% for the six months ended 30 June 2023, down from 19.2% for the six months ended 30 June 2022.

The decrease in gross profit and gross profit margin was primarily due to illegal 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 THB901.0 million in 2Q23, a decrease of 74.4% from THB3,517.4 million in 2Q22 and EBITDA margin was at 3.4% in 2Q23, down from 12.5% in 2Q22. Meanwhile, EBITDA was at THB2,728.1 million for the six months ended 30 June 2023, a decrease of 60.9% from THB6,981.2 million for the six months ended 30 June 2022 and EBITDA margin was at 5.0% for the six months ended 30 June 2023, down from 12.9% for the six months ended 30 June 2022.

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 illegal pork smuggling. However, the Company was able to control expenses efficiently, resulting in SG&A to Sales Ratio at 11.1% for the six months ended 30 June 2023 which was similar to the six months ended 30 June 2022.

### Net profit and net profit margin

The Company recorded a net loss of THB350.6 million in 2Q23, compared with a net profit of THB1,868.9 million in 2Q22. However, the Company recorded a net profit of THB42.2 million for the six months ended 30 June 2023, down from THB3,838.9 million for the six months ended 30 June 2022. Net profit margin was at 0.1% for the six months ended 30 June 2023, down from 7.1% for the six months ended 30 June 2022.

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 efficiently in the situation where production costs were rising.

### Financial Position

Items	As at 30 June 2023	As at 31 December 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	59,150.0	65,234.2	(6,084.2)	(9.3)
Total Liabilities	32,352.5	36,569.8	(4,217.3)	(11.5)
Total Shareholders' Equity	26,797.5	28,664.4	(1,866.9)	(6.5)

#### Total Assets

As at 30 June 2023, the Company's total assets were at THB59,150.0 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 30 June 2023, the Company's total liabilities were at THB32,352.5 million. Total liabilities mainly comprise of 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 30 June 2023, the Company's total shareholders' equity was at THB26,797.5 million. Total shareholders' equity decreased from THB28,664.4 million as at 31 December 2022, primarily due to dividend payment for the year 2022 at the rate of THB1.00 per share, totaling of THB1,934.8 million.

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

Financial Ratio	As at 30 June 2023	As at 31 December 2022
Total Liabilities to Equity Ratio (times) <sup>/1</sup>	1.21	1.28
Interest Bearing Debt to Equity Ratio (times) <sup>/2</sup>	0.77	0.83

Remark:

<sup>/1</sup> Calculated as total liabilities divided by total shareholders' equity

<sup>/2</sup> 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 1.21x as at 30 June 2023, primarily due to a decrease in total liabilities. Meanwhile, Interest Bearing Debt to Equity Ratio decreased from 0.83x as at 31 December 2022 to 0.77x as at 30 June 2023, primarily due to a decrease in interest bearing debt as mentioned earlier.

Please be informed accordingly,

Sincerely yours,

(Mrs. Siriwan Intarakumthornchai)  
Chief Financial Officer