

14 November 2023

Subject: Management Discussion and Analysis for 3Q23 and the Nine Months ended 30 September 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 3Q23 and the nine months ended 30 September 2023. The details are as follows:

Summary of Operating Performance for 3Q23 and the Nine Months ended 30 September 2023

Items	3Q23	3Q22	Change		9M23	9M22	Change	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Total Income	27,180.1	29,640.4	(2,460.3)	(8.3)	81,707.6	83,581.9	(1,874.3)	(2.2)
Gross Profit	2,210.9	6,046.3	(3,835.4)	(63.4)	8,260.2	16,031.8	(7,771.6)	(48.5)
Earnings before Interest, Taxes, Depreciation and Amortization ^{/1} (EBITDA)	568.7	4,099.3	(3,530.6)	(86.1)	3,297.1	11,080.5	(7,783.4)	(70.2)
Net Profit	(784.1)	2,302.8	(3,086.9)	(134.0)	(741.9)	6,141.8	(6,883.7)	(112.1)

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

Total Income

The Company’s total income was at THB27,180.1 million in 3Q23, a decrease of 8.3% from THB29,640.4 million in 3Q22. This was mainly due to a decrease in revenue from the 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, revenue from agro business in 3Q23 increased from the same period last year due to an increase in prices of feed products following the rising cost of raw materials and the Company’s business strategy to shift towards products with higher selling prices and profit margins such as swine feed. Meanwhile, sales volume of feed products 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

For the nine months ended 30 September 2023, total income was at THB81,707.6 million, a decrease of 2.2% from THB83,581.9 million for the nine months ended 30 September 2022. This was mainly attributable to a decrease in revenue from the food and protein business which was affected from illegal pork smuggling as mentioned earlier.

Profitability Ratio

Financial Ratio	For the third quarter		For the nine months ended 30 September	
	2023	2022	2023	2022
Gross Profit Margin (%) ^{/1}	8.2	20.5	10.2	19.4
EBITDA Margin (%) ^{/2}	2.1	13.8	4.0	13.3
Net Profit Margin (%) ^{/3}	(2.9)	7.8	(0.9)	7.3

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 THB2,210.9 million in 3Q23, a decrease of 63.4% from THB6,046.3 million in 3Q22 and gross profit margin was at 8.2% in 3Q23, down from 20.5% in 3Q22. Meanwhile, gross profit was at THB8,260.2 million for the nine months ended 30 September 2023, a decrease of 48.5% from THB16,031.8 million for the nine months ended 30 September 2022 and the gross profit margin was at 10.2% for the nine months ended 30 September 2023, down from 19.4% for the nine months ended 30 September 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.

EBITDA and EBITDA Margin

The Company's EBITDA was at THB568.7 million in 3Q23, a decrease of 86.1% from THB4,099.3 million in 3Q22 and EBITDA margin was at 2.1% in 3Q23, down from 13.8% in 3Q22. Meanwhile, EBITDA was at THB3,297.1 million for the nine months ended 30 September 2023, a decrease of 70.2% from THB11,080.5 million for the nine months ended 30 September 2022 and EBITDA margin was at 4.0% for the nine months ended 30 September 2023, down from 13.3% for the nine months ended 30 September 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 10.6% for the nine months ended 30 September 2023 which was close to 10.5% for the nine months ended 30 September 2022.

Net profit and net profit margin

The Company recorded a net loss of THB784.1 million and a net profit margin of (2.9%) in 3Q23, compared with a net profit of THB2,302.8 million and a net profit margin of 7.8% in 3Q22. For the nine months ended 30 September 2023, the Company recorded a net loss of THB741.9 million and a net profit margin of (0.9%), compared with a net profit of THB6,141.8 million and a net profit margin of 7.3% for the nine months ended 30 September 2022. The net loss and negative net profit margin were mainly attributable to a decrease in gross profit margin from a significant decrease in domestic pork prices although the Company was able to control expenses efficiently.

Financial Position

Items	As at 30 September 2023	As at 31 December 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	61,783.4	65,234.2	(3,450.8)	(5.3)
Total Liabilities	35,751.8	36,569.8	(818.0)	(2.2)
Total Shareholders' Equity	26,031.6	28,664.4	(2,632.8)	(9.2)

Total Assets

As at 30 September 2023, the Company's total assets were at THB61,783.4 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 redemption of matured debentures.

Total Liabilities

As at 30 September 2023, the Company's total liabilities were at THB35,751.8 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 redemption of matured debentures.

Total Shareholders' Equity

As at 30 September 2023, the Company's total shareholders' equity was at THB26,031.6 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 and a net loss for the nine months ended 30 September 2023.

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

Financial Ratio	As at 30 September 2023	As at 31 December 2022
Total Liabilities to Equity Ratio (times) ^{/1}	1.37	1.28
Interest Bearing Debt to Equity Ratio (times) ^{/2}	0.88	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 increased from 1.28x as at 31 December 2022 to 1.37x as at 30 September 2023. Meanwhile, Interest Bearing Debt to Equity Ratio increased from 0.83x as at 31 December 2022 to 0.88x as at 30 September 2023. The increase in both ratios was primarily due to a decrease in total shareholders' equity as mentioned earlier.

Please be informed accordingly,

Sincerely yours,

(Mrs. Siriwan Intarakumthornchai)
Chief Financial Officer