

27 February 2024

Subject: Management Discussion and Analysis for Fiscal Year 2023 ended 31 December 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 Fiscal Year 2023 ended 31 December 2023. The details are as follows:

Summary of Operating Performance for Fiscal Year 2023 ended 31 December 2023

Items	2023	2022	Change	
	THB mm	THB mm	THB mm	%
Total Income	109,140.4	113,587.6	(4,447.2)	(3.9)
Gross Profit	10,837.6	21,345.2	(10,507.6)	(49.2)
Earnings before Interest, Taxes, Depreciation and Amortization ^{/1} (EBITDA)	4,334.0	14,515.7	(10,181.7)	(70.1)
Net Profit	(1,398.2)	7,937.7	(9,335.9)	(117.7)

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

Total Income

The Company's total income was at THB109,140.4 million in 2023, a decrease of 3.9% from THB113,587.6 million in 2022. 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 2023 increased from the previous 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

Profitability Ratio

Financial Ratio	2023	2022
Gross Profit Margin (%) ^{/1}	10.0	19.0
EBITDA Margin (%) ^{/2}	4.0	12.8
Net Profit Margin (%) ^{/3}	(1.3)	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 THB10,837.6 million in 2023, a decrease of 49.2% from THB21,345.2 million in 2022. Meanwhile, gross profit margin was at 10.0% in 2023, down from 19.0% in 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 THB4,334.0 million in 2023, a decrease of 70.1% from THB14,515.7 million in 2022. Meanwhile, EBITDA margin was at 4.0% in 2023, down from 12.8% in 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 10.7% in 2023 which was close to 10.5% in 2022.

Net profit and net profit margin

The Company recorded a net loss of THB1,398.2 million and a net profit margin of (1.3%) in 2023, compared with a net profit of THB7,937.7 million and a net profit margin of 7.0% in 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 31 December 2023	As at 31 December 2022	Change	
	THB mm	THB mm	THB mm	%
Total Assets	62,501.0	65,234.2	(2,733.2)	(4.2)
Total Liabilities	37,188.6	36,569.8	618.8	1.7
Total Shareholders' Equity	25,312.4	28,664.4	(3,352.0)	(11.7)

Total Assets

As at 31 December 2023, the Company's total assets were at THB62,501.0 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 redemption of matured debentures.

Total Liabilities

As at 31 December 2023, the Company's total liabilities were at THB37,188.6 million. Total liabilities mainly comprise of short-term and long-term loans from financial institutions, trade accounts payable, lease liabilities and debentures. Total liabilities increased from THB36,569.8 million as at 31 December 2022, mainly due to an increase in lease liabilities following the Company's production capacity expansion through more investment in rental farms.

Total Shareholders' Equity

As at 31 December 2023, the Company's total shareholders' equity was at THB25,312.4 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 year 2023.

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

Financial Ratio	As at 31 December 2023	As at 31 December 2022
Total Liabilities to Equity Ratio (times) ^{/1}	1.47	1.28
Interest Bearing Debt to Equity Ratio (times) ^{/2}	0.97	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 increased from 1.28x as at 31 December 2022 to 1.47x as at 31 December 2023. Meanwhile, Interest Bearing Debt to Equity Ratio increased from 0.83x as at 31 December 2022 to 0.97x as at 31 December 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,

(Ms. Dulaya Phuangthong)
Chief Financial Officer