

Date: May 27, 2024

Subject Management Discussion and Analysis for the three-month period ended March 31, 2024

To Managing Director,
The Stock Exchange of Thailand

Summary of Operating Performance

Income Statement	2022		2023		Q1'2023		Q1'2024	
	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion
Revenue								
Revenue from broiler chicken farming under contract agreements	215.34	94.16%	220.30	91.42%	43.40	83.82%	49.16	93.91%
Revenue from sale of poultry farming byproducts ¹	10.14	4.44%	17.66	7.33%	6.69	12.92%	2.33	4.46%
Other revenues ²	3.22	1.41%	3.03	1.26%	1.69	3.26%	0.85	1.63%
Total revenue	228.70	100.00%	240.99	100.00%	51.78	100.00%	52.35	100.00%
Costs								
Costs and other expenses in chicken farming	175.64	76.80%	170.80	70.88%	40.42	78.07%	40.17	76.73%
Administrative Expenses	20.37	8.90%	28.72	11.92%	6.21	12.00%	7.97	15.22%
Total expenses	196.01	85.70%	199.53	82.80%	46.64	90.08%	48.14	91.95%
Profit (Loss) from operations	32.69	14.30%	41.46	17.20%	5.14	9.92%	4.21	8.05%
Interest Expense	(10.91)	(4.77%)	(11.09)	(4.60%)	(2.73)	(5.28%)	(2.57)	(4.90%)
Profit (Loss) before tax	21.78	9.52%	30.37	12.60%	2.41	4.65%	1.65	3.15%
Tax	0.18	0.08%	0.12	0.05%	0.03	0.05%	0.21	0.39%
Net Profit (Loss) for the year	21.97	9.60%	30.49	12.65%	2.43	4.69%	1.85	3.54%

For the first quarter of 2023 and 2024, the company earned a total revenue of 51.78 million Baht and 52.35 million Baht, respectively. The increase of 0.57 million Baht or 1.11% in the first quarter of 2024 compared to the same period in 2023 was primarily due to revenue generated from broiler and byproduct sales.

The Company's revenue structure for the years 2022 and 2023 as follow:

	2022		2023		Q1'2023		Q1'2024	
	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion
Revenue from broiler chicken farming under contract agreements	215.34	94.16%	220.30	91.42%	43.40	83.82%	49.16	93.91%
Revenue from sale of poultry farming byproducts ¹	10.14	4.44%	17.66	7.33%	6.69	12.92%	2.33	4.46%
Other revenues ²	3.22	1.41%	3.03	1.26%	1.69	3.26%	0.85	1.63%
Total revenue	228.70	100.00%	240.99	100.00%	51.78	100.00%	52.35	100.00%

Note: ¹ Revenue from sale of poultry farming byproducts include sales to related parties. In the year 2022, sales in this category amounted to 7.81 million Baht, representing 77.02% of the total revenue from sale of byproducts. Meanwhile, sales of byproducts to related parties in the third quarter of 2022 and 2023 amounted to 5.24 million Baht and 5.21 million Baht, accounting for 80.33% and 35.11% of total revenue from sale of byproducts respectively. In the first quarter of 2023, revenue from sale of byproducts to related parties amounts to 3.01 million Baht, equivalent to 24.07% of total revenue from byproducts. However, for the first quarter of 2024, the company did not receive any revenue from sales in this category.

² Other revenues include rental income, revenue from sale of assets, and interest income.

Revenue

For the first quarter of 2023 and 2024, the company earned a total revenue of 51.78 million Baht and 52.35 million Baht, respectively. The increase of 0.57 million Baht or 1.11% in the first quarter of 2024 compared to the same period in 2023 was primarily due to revenue generated from broiler and byproduct sales.

Revenue from broiler chicken farming under contract agreements

Revenue from broiler chicken farming under contract agreements comes from raising broiler chicken according to contractual terms, in which revenue is realized upon delivery of chickens under conditions specified in the contracts. Revenue figures shown in the financial statements are in net format, calculated by revenue from the sale of price-guaranteed chickens minus the cost of chicks, chicken feed, transportation of broiler chickens, and any deductions for broiler chicken quality, in accordance with TFRS 15. The details are as follows:

Summary of broiler chicken deliveries during the period

		2022	2023	Q1'2023	Q1'2024
Number of farms*	Farms	8	8	8	8
Number of broiler houses*	Broiler houses	121	121	121	121
Number of generations raised (total)	Generations	39	38	9	8
Cumulative broiler house usage	Times	582	571	135	121
Average number of farming cycles (Total farming cycles/total broiler houses)	Cycles per year	4.81	4.72	4.74*	4.60*

		2022	2023	Q1'2023	Q1'2024
Average days per farming cycle (excluding farm preparation)	Days	42	45	44	42
Number of chicks	M. chicks	15.20	14.64	3.42	3.07
Number of broiler chickens	M. chickens	14.47	13.79	3.19	2.94
Survival rate	%	95.20%	94.19%	93.14%	95.86%
Total weight of broiler chickens caught	M. grams	39.90	39.39	9.59	8.46
Total weight of chicken feed	M. grams	67.72	66.11	15.45	14.30
Average weight of broiler chicken	Grams	2.76	2.86	3.01	2.87
Feed Conversion Ratio (FCR)	Times	1.70	1.68	1.61	1.69

Note: * Calculated using Last Twelve Months

- Feed Conversion Ratio (FCR) is a performance indicator of animal feed efficiency, representing the rate at which animal feed is converted into animal meat. It is calculated by

Summary of broiler chicken deliveries at the end of the period

		2022	2023	Q1'2023	Q1'2024
Number of generations carried forward	Generations	5	6	4	6
Average age of chickens at the end of the period	Days	24	16	32	24
Number of chicks	M. chicks	2.20	2.07	1.90	2.09
Number of chickens in the farming cycle at the end of the period	M. chickens	2.04	2.02	1.76	2.03
Survival rate at end of period	%	92.73%	97.58%	92.76%	97.15%

For the first quarter of 2023 and 2024, the company generated 43.40 and 49.16 million Baht, respectively, from sales of broiler chickens. This is equivalent to 83.82% and 93.19% of total revenue in each respective year for the corresponding period. This marked an increase from the same quarter of the previous year by 5.76 million Baht, or an increase of 13.28% from the corresponding quarter of the previous year. In the first quarter of 2023, the company raised 3.42 million chicks and delivered 9.59 million broilers, achieving a survival rate of 93.14% and a FCR of 1.61. For the same period in 2024, the number of chicks raised was 3.07 million and 2.94 million broilers were delivered, achieving a survival rate of 95.86% and a FCR of 1.69. The increase in survival rate for the first quarter of 2024 was due to improved efficiency in broiler farming and better quality of chicks. As of March 31, 2024, the company had broilers across 6 farms, with 2.09 million chicks and 2.03 million broilers remaining, resulting in a survival rate of 97.15% at the end of the quarter. Estimated revenue expected to be recognized according to Financial Reporting Standard No.15 for revenue from contracts with customers amounted to 13.42 million Baht.

Revenue from sale of poultry farming byproducts

The company's revenue from byproduct sales consists of income generated by distributing chicken manure and other waste products to farmers and trading partners for use as organic fertilizer for crop cultivation and as a raw material for biogas production. These waste products, a mixture of chicken manure and flooring materials, are generated as a result of the company's normal operations during each farming cycle. The company began emphasizing efficient cost management and creating added value for production towards the end of 2020. In 2021, the company commenced purchases and sales of rice hull chicken manure and sawdust chicken manure at equivalent prices. Hence, this net value is not shown in the financial statements. As such, 2022 marked the first year in which the company officially began generating revenue in this segment.

For the first quarter of 2023 and 2024, the company had revenue from the sale of byproducts amounting to 6.69 million Baht and 2.33 million Baht, representing 12.92% and 4.46% of total revenue, respectively. The decrease in the first quarter of 2024 from the same quarter of the previous year by 4.35 million Baht or 65.08% was attributed to the reduced farming cycles and decreased chicks raised, consequently decreasing the volume of flooring materials used. Selling prices during this period were also unfavorable due to seasonal fluctuations.

Other revenues

For the first quarter of 2023 and 2024, the company had other revenues amounting to 1.69 million Baht and 0.85 million Baht, representing 3.26% and 1.63% of total revenue, respectively. The decrease from the same quarter of the previous year by 0.84 million Baht or 49.54% was primarily due to a decrease in profit from sale of assets.

Expenses

Cost structure	Income Statement (Audited)				Income Statement (Reviewed)			
	2022		2023		Q1'2023		Q1'2024	
	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion
Costs and other expenses in chicken farming	175.64	76.80%	170.80	70.88%	40.42	78.07%	40.17	76.73%
Administrative expenses	20.37	8.90%	28.72	11.92%	6.21	12.00%	7.97	15.22%
Total expenses	196.01	85.70%	199.53	82.80%	46.64	90.08%	48.14	91.95%

For the first quarter of 2023 and 2024, the company had total expenses amounting to 46.64 million Baht and 48.14 million Baht, respectively, representing 90.08% and 91.95% of total revenue, respectively. This is equivalent to an increase by 1.50 million Baht or 3.21% in the first quarter of 2024 compared to the same quarter of the previous year. Costs and other expenses related to chicken farming amounted to 40.42 million Baht and 40.17 million Baht for the first quarter of 2023 and 2024, respectively, representing 78.07% and 76.73% of total revenue, respectively. Additionally, administrative expenses amounted to 6.21 million Baht and 7.97 million Baht, respectively, representing 12.00% and 15.22% of total revenue, respectively.

Costs and other expenses in chicken farming

For the first quarter of 2023 and 2024, the company incurred costs and other expenses for raising chickens amounting to 40.42 million Baht and 40.17 million Baht, respectively. These represent 78.07% and 76.73% of total revenue in each respective period. In the first quarter of 2024, the decrease from the corresponding period of the previous year by 0.25 million Baht or 0.63% was mainly attributed to the reduction in electricity and gas costs, as well as a decrease in the cost of flooring materials due to the decrease in the number of farming cycles and the number of chicks raised.

Administrative expenses

For the first quarter of 2023 and 2024, the company's administrative expenses amounted to 6.21 million Baht and 7.97 million Baht, respectively, representing 12.00% and 15.22% of total revenue, respectively. The increase of 1.75 million Baht or 28.20% in the first quarter of 2023 from the corresponding period of the previous year was attributed to the rise in employee compensation and expenses incurred in preparing for listing in the securities market (IPO).

Net profit and Net profit margin

For the first quarters periods of 2023 and 2024, the company recorded net profits of 2.43 million Baht and 1.85 million Baht, respectively, calculated as 4.69% and 3.54% of total revenue, respectively. The decrease in the first quarter of 2024 from the corresponding period of the previous year by 0.58 million Baht or 23.78% was attributed to the reduction in the number of farming cycles and the quantity of chicks, resulting in a decrease in the volume of by-products. Additionally, the decreased price of by-product material compared to the corresponding period and increase in costs for IPO preparation contributed to the decrease in net profits in this period.

Financial Position

	31 December 2022		31 December 2023		Q1'2024	
	M. Baht	Proportion	M. Baht	Proportion	M. Baht	Proportion
Total Current Assets	85.89	11.14%	76.43	10.47%	71.08	9.87%
Total Non-current Assets	685.18	88.86%	653.70	89.53%	649.14	90.13%
Total Assets	771.07	100.00%	730.13	100.00%	720.22	100.00%
Total Current liabilities	93.67	12.15%	84.11	11.52%	81.65	11.34%
Total Non-current Liabilities	251.58	32.63%	190.64	26.11%	181.34	25.18%
Total Liabilities	345.25	44.78%	274.75	37.63%	262.99	36.52%
Shareholders' Equity						
Registered capital	431.00	55.90%	580.00	79.44%	580.00	80.53%
Paid-up capital	431.00	55.90%	431.00	59.03%	431.00	59.84%
Total Shareholders' Equity	425.82	55.22%	455.38	62.37%	457.23	63.48%
Total Liabilities and Shareholders' Equity	771.07	100.00%	730.13	100.00%	720.22	100.00%

Total Assets

As of March 31, 2024, the company had total assets worth 720.22 million Baht. Details are as follows:

Cash and cash equivalents

On March 31, 2024, the company had cash and cash equivalents amounting to 30.66 million Baht, or 4.26% of total assets, which decreased from December 31, 2023 by 16.96 million Baht or 35.61%. This decrease was attributed to a decrease in cash flow from operating activities, such as an increase in cash collateral.

Accounts receivables

As of March 31, 2024, the company had accounts receivable totaling 9.04 million Baht, representing 1.25% of total assets. This is an increase from December 31, 2023 by 16.96 million Baht or 35.61% due to an increase in poultry farming activity between accounting periods.

Other accounts receivables – Net

As of March 31, 2024, the company had other accounts receivable amounting to 4.38 million Baht, equivalent to 0.61% of total assets. This was a decrease from December 31, 2023 by 0.50 million Baht or 10.25% due to a reduction in prepaid expenses.

Accounts receivables not yet invoiced

On March 31, 2024, the company had accounts receivable for which invoices had not yet been issued totaling 21.75 million Baht or 3.02% of total assets, which increased from December 31, 2023 by 3.01 million Baht or 16.03%. This increase was attributed to chickens in the farming cycle and have not yet been delivered in the current period.

Inventory

As of March 31, 2024, the company had inventory amounting to 4.34 million Baht or 0.60% of total assets. This is a decrease from December 31, 2023 by 0.03 million Baht or 0.76% and was due to a decrease in medical supplies and biopharmaceuticals for the next generation of farming.

Land, Buildings, and Equipment – Net

As of March 31, 2024, the company had net land, buildings, and equipment amounting to 568.43 million Baht or 78.93% of total assets, which decreased from December 31, 2023 by 8.10 million Baht or 1.40%. This decrease was primarily due to depreciation.

Liabilities and Shareholders' Equity

As of March 31, 2024, the company's liabilities and shareholders' equity amounted to 720.22 million Baht, with details as follows:

Accounts Payables

As of March 31, 2024, the company had accounts payable amounting to 12.71 million Baht, representing 1.77% of liabilities and shareholders' equity, which decreased from December 31, 2023, by 0.70 million Baht or

5.19%. This was due to an increase in the cost of chicks and chicken feed for chickens raised but not yet realized revenue in the accounting period.

Loans from financial institutions

As of March 31, 2024, the company had loans from financial institutions amounting to 221.90 million Baht, equivalent to 30.81% of total liabilities and shareholders' equity. This was a decrease from December 31, 2023 by 15.31 million Baht or 15.87% due to the repayment of debts to financial institutions.

Shareholders' Equity

As of March 31, 2024, the company had shareholders' equity amounting to 457.23 million Baht, representing 63.48% of total liabilities and shareholders' equity, which increased from December 31, 2023 by 1.85 million Baht or 0.41% due to the company's improved operational performance.

Financial Ratios

Financial Ratios	Units	Year 2021	Year 2022	Year 2023	Q1'2024
Current Ratio	Times	0.30	0.92	0.91	0.87
Quick Ratio	Times	0.03	0.35	0.57	0.49
Operating Cash Flow Ratio	Times	0.05	0.54	1.05	0.93*
Accounts Receivable Turnover Ratio	Times	10.82	15.71	-	25.01*
Average Collection Period	Days	34	23	-	15
Inventory Turnover Ratio	Times	23.95	44.54	44.11	39.13*
Average Inventory Period	Days	16	9	9	10
Accounts Payable Turnover Ratio	Times	20.37	13.13	12.54	13.06*
Average Payment Period	Days	18	28	29	28
Cash Cycle	Days	32	4	(20)	(3)
Profitability Ratios					
Gross Profit Margin	%	(16.46)%	18.44%	22.47%	18.29%
EBIT Margin	%	(16.33)%	15.18%	18.82	8.57%
Operating Cash Flow to Operating Profit Ratio	%	(96.74)%	419.86%	225.86%	40.54%
Net Profit Margin	%	(23.30)%	9.60%	12.65%	3.54%
Return on Equity	%	(9.04)%	5.30%	6.92%	6.55%*
Efficiency Ratios					
Return on Assets	%	0.18%	0.28%	0.32%	0.33%*
Return on Fixed Assets	%	2.99%	12.05%	14.24%	14.59%*
Asset Turnover	Times	0.18	0.28	0.32	0.33*
Financial Policy Ratios					
Debt to Equity Ratio	Times	1.10	0.81	0.60	0.58
Interest Coverage Ratio	Times	2.30	7.93	8.65	5.31
Debt Service Coverage Ratio	Times	0.14	0.48	1.00	0.86

Financial Ratios	Units	Year 2021	Year 2022	Year 2023	Q1'2024
Dividend Payout Ratio	%	-	-	-	-

Current Ratio

As of March 31, 2024, the company's current ratio was 0.87 times, which decreased from December 31, 2023 due to a decrease in cash and cash equivalents.

Cash Cycle

As of March 31, 2024, the company had a cash cycle of (3) days, which increased from the previous year due to an increase in accounts receivables, leading to a longer average collection period.

Gross profit margin and Net profit margin

For the first quarter of 2023 and 2024, the company had gross profit margins of 6.85% and 18.29% and net profit margins of 4.69% and 3.54%, respectively. The increase in gross profit margin in the first quarter of 2024 compared to the corresponding period in the previous year was due to better farming cycle efficiency which is reflected in improved survival rates of poultry from the previous period. The decrease in net profit margins in the first quarter of 2024 compared to the corresponding period in the previous year was attributed to the decrease in revenue from byproducts, as a result of reduced farming cycles and chicks raised, and the increase in administrative costs.

Interest Coverage Ratio (ICR)

As of March 31, 2024, the company's ICR was 5.31, which decreased from the previous year due to a decrease in EBITDA.