Charoen Pokphand Foods Public Company Limited

Kitchen of the World

Sustainovation Behind Every Bite

Management Discussion and Analysis

Q2/2026

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Charoen Pokphand Foods Public Company Limited (the “Company”) operates an agro-industrial and food business with production bases in 17 countries, primarily using a “Local Production for Local Market” model and distributes food products across more than 50 countries. Under the vision of “Kitchen of the World,” the Company is committed to strengthening food security through sustainable innovation, striving to create products that satisfy consumers in each local market while simultaneously generating shared value in caring for society and the environment, alongside economic growth together with farmers and business partners throughout the supply chain.

Overview of Operating Performance

Unit : THB million	Q2/2025	Q2/2026	Change	6M/2025	6M/2026	Change
Revenue from sale of goods*	147,595	**147,186**	-0.3%	291,770	**283,883**	-3%
Gross profit	29,210	**22,051**	-25%	55,655	**43,340**	-22%
Distribution and administrative expenses	13,042	**12,497**	-4%	25,283	**24,365**	-4%
EBITDA	30,890	**25,062**	-19%	54,437	**43,116**	-21%
Losses on changes in fair value of biological assets	(433)	**(541)**	-25%	(395)	**(11)**	97%
Finance cost	(6,015)	**(5,561)**	-8%	(12,107)	**(11,058)**	-9%
Income tax expense	(2,854)	**(1,358)**	-52%	(6,109)	**(2,796)**	-54%
Share of profit of associates and JV	3,587	**1,218**	-66%	7,030	**2,585**	-63%
Net profit margin for the Company	10,377	**4,076**	-61%	18,926	**8,951**	-53%
EPS (THB/Share)	1.31	**0.50**		2.38	**1.11**	

* *EBITDA= Revenue from Sales of Goods-Cost of Sales of Goods+ Other Income-Selling Expense - Administrative Expense+Gain (Loss) from Foreign Exchange+Depreciation & Amortization+Depreciation of biological asset+Dividend income from associates & joint venture*

Revenue from sale of goods In Q2/2026, the Company recorded sales revenue of THB 147,186 million, which was relatively stable compared with the previous year. The main reason revenue fell short of target was the decline in meat prices across several countries, driven by oversupply conditions and slowing purchasing power, particularly swine prices in Thailand, as well as swine and broiler chicken prices in the Philippines. In addition, sales revenue was affected by the translation of the financial statements of foreign operations into Thai Baht, mainly due to the impact of Vietnam, Turkey, the Philippines, and India currencies. Excluding the impact of foreign currency translation, sales revenue in Q2/2026 increased by 1.3% from the previous year.

Performance by business*

Unit : THB million	Q2/2025	Q2/2026	Change	6M/2025	6M/2026	Change
1. Overseas operations	97,734	98,896	1%	192,308	188,316	-2%
1.1 Vietnam	26,179	28,208	8%	53,803	52,914	-2%
Feed	6,789	7,327		13,136	14,049	
Farm and processing	17,517	18,595		36,418	34,365	
Food	1,873	2,286		4,249	4,500	
1.2 China**	11,496	11,076	-4%	23,026	20,474	-11%
Feed and Animal Health & Nutrition Business	4,715	3,473		9,744	6,441	
Farm and processing	3,437	4,021		6,799	7,023	
Food	3,344	3,582		6,483	7,010	
1.3 Other countries	60,059	59,612	-1%	115,479	114,928	0%
Feed	12,014	13,214		22,383	24,165	
Farm and processing	31,014	27,903		59,593	54,779	
Food	17,031	18,495		33,503	35,984	
2. Thailand Operation	49,861	48,290	-3%	99,462	95,567	-4%
2.1 Domestic	47,670	46,184	-3%	94,998	91,555	-4%
Feed	10,875	11,483		21,342	22,023	
Farm and processing	28,294	25,971		56,956	52,177	
Food	8,501	8,730		16,700	17,355	
2.2 Export	2,191	2,106	-4%	4,464	4,012	-10%
Feed	3	13		9	52	
Farm and processing	735	535		1,364	972	
Food	1,453	1,558		3,091	2,988	
Total Sales Revenue	147,595	147,186	0%	291,770	283,883	-3%

* *Sales revenue by business: Starting from Q1/2026, the basis for classification was changed from "production base" to "country of sale" to reflect actual sales in each area. As a result, exports from Thailand through subsidiaries are recorded as revenue of the "selling country" instead of Thailand, resulting in a lower proportion of revenue from Thailand and a higher proportion of revenue from the selling countries*

** *China's sales revenue not included Taiwan (Republic of China).*

Sales revenue from international operations (67% of total sales revenue)

International operations comprise 13 production base countries, namely Vietnam, China, Russia, the Philippines, Cambodia, the United States, Malaysia, the United Kingdom, India, Turkey, Laos, Belgium, and Sri Lanka. It also includes sales from oversea countries engaged in international food product trading businesses.

The main proportion of international revenue in Q2/2026 came from Vietnam (19%) and China (8%) of total sales revenue (China's sales revenue not included Taiwan (Republic of China)).

Vietnam operations: Sales revenue in Q2/2026 increased by 8% from the previous year. However, excluding the impact of financial statement translation from the depreciation of the Vietnamese Dong, sales revenue of the Vietnam operations in local currency increased by 11% compared to the same period last year. The main factor was the increase in swine sales volume, which benefited from both the demand side and swine price levels conducive to sales, enabling effective expansion of sales volume. Meanwhile, the food business performed well, driven by an increase in sausage sales, resulting from building confidence in product quality and standards.

China operations (China's sales revenue not included Taiwan (Republic of China)): Sales revenue in Q2/2026 decreased by 4% from the same period last year, mainly due to a decline in revenue from CPBIO*, which operates an animal health and nutrition business, as demand decreased due to the slowdown in livestock farming in China.

**CPBIO = A company listed on the Hong Kong Stock Exchange (HKSE) under the code HKSE:3839*

Sales revenue from Thailand operations (33% of total sales revenue)

Sales revenue in Q2/2026 decreased by 3% from the same period last year. The main reason was a decrease of approximately 30% in average market swine prices compared with the same period of the previous year, resulting from an oversupply situation as the supply of swine in the market exceeded consumer demand amid the continued economic slowdown. In addition, swine prices in the previous year were at a high base.

Gross Profit: In Q2/2026, gross profit decreased by 25% from the previous year. The main factors were declines in meat prices in several countries from the high base in the same period of the previous year, particularly in Thailand and the Philippines, due to oversupply and slower purchasing power. In addition, transportation and raw material costs increased due to the conflict in the Middle East, which resulted in higher oil prices.

Selling and Administrative Expenses: In Q2/2026, decreased by 4%, from improved operational efficiency and effective debt monitoring, which resulted in a reversal of allowance for expected credit losses, following debt repayments received during the quarter.

Changes in fair value of biological assets: In Q2/2026, there was a loss of THB 541 million, an increase in loss of 25%, mainly as a result of swine price in Russia and Vietnam at the end of the period being lower than the previous quarter's level.

Share of profit of associates and joint ventures: In Q2/2026, share of profit of associates and joint ventures decreased by 66%, mainly due to losses from the swine business in China through an associate company (in which the Company holds a 35% shareholding), resulting from the decline in swine prices in China compared to the previous year. This was due to oversupply conditions arising from the rapid capacity expansion by major operators in the prior period, combined with slowing purchasing power in line with domestic economic conditions.

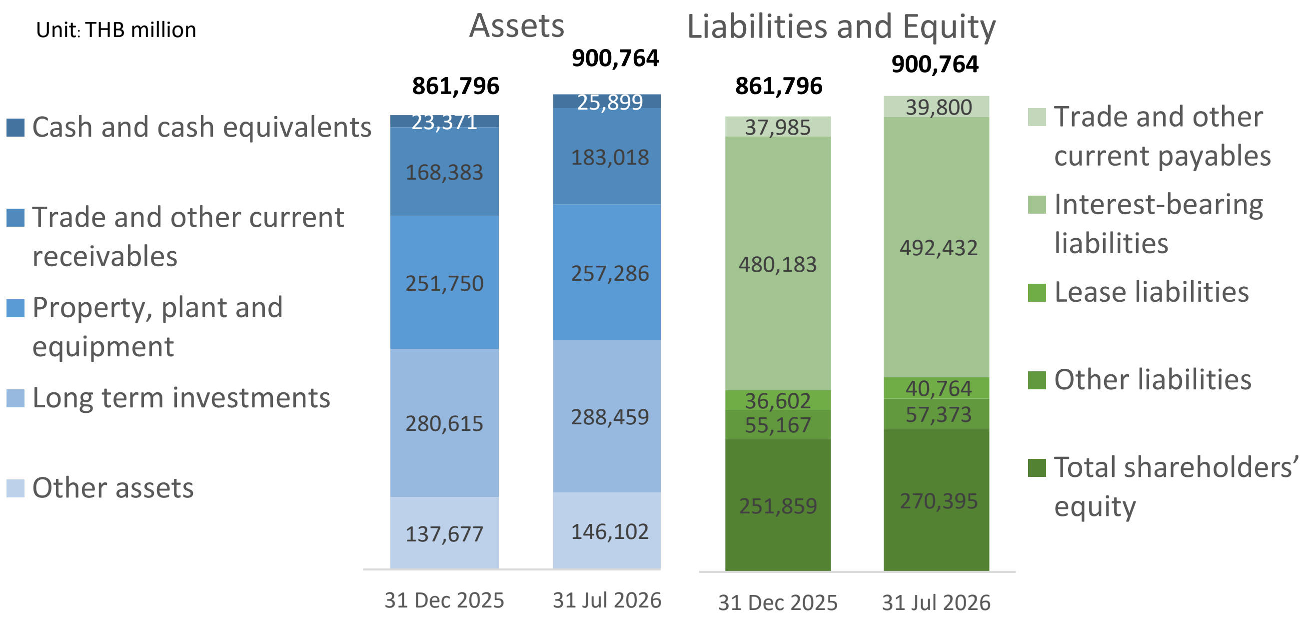
Net profit for the year attributable to equity holders of the Company: In Q2/2026, net profit attributable to the Company was THB 4,076 million, a decrease of 61%. The main reason for lower profitability was due to lower meat selling prices in several countries compared with the previous year, as well as transportation and raw material costs increased due to the conflict in the Middle East, which resulted in higher oil prices.

Summary of operating results for the first 6M/2026 compared to the previous year

For the first 6M/2026, the Company recorded sales revenue of THB 283,883 million, a decrease of 3% from the previous year, partly resulting from the impact of financial statement translation of foreign operations into Thai Baht, mainly due to the depreciation of Vietnam, Turkey, the Philippines, and India currencies. Excluding the impact of exchange rates, sales revenue was relatively flat compare to the previous year, with meat prices in several countries declining according to oversupply conditions and slowing purchasing power, particularly swine prices in Thailand and the Philippines, which decreased from the high base in the previous year. Meanwhile, sales revenue in China decreased due to slower demand for animal health and nutrition products.

Gross profit was THB 43,340 million, a decrease of 22% due to meat selling prices being lower than the previous year and higher transportation and raw material costs due to the conflict in the Middle East, which resulted in higher oil prices. In addition, share of profit from associates and joint ventures decreased by 63% due to losses from the swine business at the associate company in China, resulting in net profit attributable to the Company of THB 8,951 million, a decrease of 53% from the previous year.

Financial Status



As of June 30, 2026, the Company's total assets increased due to investments to expand its business, while the debt level remained within the range under financial covenants, and the Company had sufficient liquidity for its operations.

Assets: As of June 30, 2026 the Company's total assets increased by THB 38,968 million, representing 5% from the end of 2025, mainly resulting from the investment in Muyuan Foods Co., Ltd. and the recognition of increased share of profit from associates and joint ventures, as well as investment in expanding animal farms in the Republic of China (Taiwan). In addition, trade receivables increased by THB 3,918 million from increased sales to customer groups in China, Vietnam, and the United Kingdom. Inventories increased by THB 5,843 million from the import of animal feed raw materials in Thailand and higher raw material prices. Biological assets increased by THB 4,329 million from the increased volume of swine in Vietnam, and property, plant and equipment increased by THB 5,536 million, mainly resulting from increased investment in property, plant and equipment and the impact of financial statement translation.

Liabilities and Shareholders' Equity: As of June 30, 2026, the Company's total liabilities increased by THB 20,432 million, representing 3%, a rate lower than asset growth, mainly as a result of increased short-term loans and debentures, while long-term loans decreased, which was a restructuring of funding sources to reduce the average interest cost. Shareholders' equity increased by THB 18,536 million, representing 7%, from operating profit, resulting in a stronger capital structure for the Company.

Asset Management: As of June 30, 2026, the Company had net accounts receivable - trade and others of THB 44,952 million, with an allowance for expected credit losses of only 3% of the total amount. The average collection period was 28 days, close to the previous year's 27 days, remaining within an acceptable range under the Company's credit risk management policy. Net inventories were THB 67,153 million, with an allowance for inventory write-down of only 1% of the total amount. There were no significant indications of impaired inventories.

Liquidity and capital adequacy

The net debt-to-equity ratio under bond covenant was 1.66–1.67 times, below the default threshold of no more than 2.00 times. The total debt-to-equity ratio decreased from 2.42 times as of the end of 2025 to 2.33 times, reflecting a lower debt burden relative to the capital base.

Operating activities generated net cash flow of THB 21,810 million, which was the Company’s main source of funding during the quarter. The cash was used for capital expenditures of THB 5,977 million, mainly investments in Muyuan and capacity expansion, and repayment of liabilities and interest of THB 14,172 million. In terms of the Company’s ability to meet its financial obligations, the current ratio improved to 0.75 times from 0.67 times as of the end of 2025, while the interest coverage ratio improved to 3.28 times from 3.59 times as of the end of 2025.

In summary, the Company had sufficient liquidity to support its operations and maintained the ability to repay its debt and comply with its borrowing covenants as normal.

Debt Obligations and Off-Balance Sheet Management

As of June 30, 2026, the Company had no significant off-balance sheet obligations other than those disclosed in the notes to the financial statements.

Significant Events in Q2/2026

Investment in a new subsidiary in Russia

Charoen Pokphand Foods (Overseas) LLC. ("CPFO"), a subsidiary in which the Company holds a direct and indirect shareholding of 99.99%, has acquired the entire participatory interest in Novomyasovo LLC. ("Novomyasovo") a company incorporated in Russia and owns swine farm and land located in the Novgorodskiy region of Russia. Currently, CPFO Group leases the pig fattening farm from Novomyasovo to operate its business. The acquisition will enhance operational stability, mitigate risks associated with potential non-renewal of the lease, and enable more efficient asset management in alignment with the CPFO Group’s business plans.

The cancellation of repurchased shares by reducing the paid-up capital

The Company completed the cancellation of repurchased shares through a reduction of paid-up capital by canceling 163,901,800 repurchased shares that had not been resold, representing 1.95% of the Company’s total issued and paid-up shares. The Company registered the capital reduction with the Ministry of Commerce on July 3, 2026, resulting in a decrease in the number of the Company's issued and paid-up shares from 8,406,962,585 shares to 8,243,060,785 shares.

Approval of interim dividend payment

At the Board of Directors' meeting held on August 14, 2026, the Board approved the payment of an interim dividend from the Company's operating results for the first six months of 2026 at the rate of THB 0.45 per share. The record date for shareholders entitled to receive the interim dividend is September 1, 2026, and the dividend payment date is September 11, 2026.

Factors affecting future operations or growth

The global and regional economies in 2026 continued to face uncertainty from geopolitical tensions and trade conflicts among major powers, which directly affected the volatility of energy prices, shipping and logistics costs, as well as supply chain risks in sourcing imported production raw materials and packaging materials. In addition, monetary policy directions in major economies and foreign exchange volatility continued to put pressure on the translation of the financial statements of foreign operations into Thai Baht, particularly the depreciation of local currencies in certain countries, such as the Vietnamese Dong.

Regarding the agro-industrial and food industry, the direction of operating results still depends on the speed of adjustment toward equilibrium of swine oversupply obstacles in Thailand, the Philippines, and China, which is expected to gradually recover in line with the phased reduction of production capacity by operators. At the same time, animal disease outbreak situations remain a challenge that requires close management to maintain farming efficiency levels. In addition, the direction of key animal feed raw material prices, such as corn and soybeans, which fluctuate according to global climate conditions, remains another important factor affecting livestock farming costs going forward.

However, the Company has implemented prudent and proactive risk management policies, including enhancing supply chain efficiency and leveraging technology to improve operational efficiency, while accelerating the expansion of high-value product segments, such as food products, as well as developing products that meet the needs of modern consumer behavior, to strengthen the Company and maintain stable long-term growth.