

Management Discussion and Analysis

This interim MD&A report has been prepared based on the consolidated of GFPT Public Company Limited (“GFPT” or “the Company”) and its subsidiaries (collectively, “GFPT Group”) for the 1st Quarter 2023 as well as included any significant transactions occurred during the 1st Quarter 2023.

GFPT Group operates fully vertical-integrated chicken production covering feed production, grandparent farm, breeder farm, broiler farm, production and distribution of chicken meat, cooked chicken products, and other chicken-related products under customers’ and the Company’s brand name for both domestic and international markets.

GFPT’s strategy is committed to being a leading poultry business focusing on quality and international food safety standards. Furthermore, GFPT Group maintains its competitive advantage by concentrating on its own farm policy and cost advantage through economies of scale.

A summary of the key operational matters and events for the 1st Quarter 2023

Financial Highlights	1Q 2023		1Q 2022		Change	
	THB million	% Sales	THB million	% Sales	THB million	%
Revenue from Sales	4,541.57	100.00	4,008.51	100.00	533.06	13.30
Gross Profit	471.92	10.39	568.75	14.19	(96.82)	(17.02)
EBITDA	710.53	15.65	835.37	20.84	(124.84)	(14.94)
Net Profit	298.17	6.57	455.74	11.36	(157.57)	(34.57)

GFPT Group had total revenue from sales of THB 4,541.57 million in 1Q2023, representing an increase of THB 533.06 million or 13.30% up from 1Q2022 mainly from higher revenue of farm business which increased by THB 647.33 million or 59.68% up comparing to 1Q2022.

The consolidated gross profit was THB 471.92 million in 1Q2023, decreased by THB 96.82 million or 17.02% down from 1Q2022 from higher feed raw material cost. The consolidated gross profit margin contributed of 10.39% in 1Q2023, decreased from 14.19% in 1Q2022.

The participating profit from associates was THB 107.90 million in 1Q2023, decreased by THB 84.20 million or 43.83% down comparing to 1Q2022. In addition, the consolidated EBITDA in 1Q2023 was THB 710.53 million, decreased by THB 124.84 million or 14.94% down from 1Q2022.

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Finally, consolidated net profit in 1Q2023 accounted for THB 298.17 million or equal to EPS of THB 0.24 per share, or 34.57% down from 1Q2022. For capital structure of the Group, as of March 31, 2023, the consolidated debt to equity ratio was 0.42 time.

Overall Financial Performance and Profitability

Business Segment of GFPT Group	1Q 2023		1Q 2022		Change	
	THB million	%	THB million	%	THB million	%
Food Segment	2,065.42	45.48	2,259.57	56.37	(194.15)	(8.59)
Farm Segment	1,732.06	38.14	1,084.73	27.06	647.33	59.68
Feed Segment	744.09	16.38	664.21	16.57	79.88	12.03
Revenue from Sales	4,541.57	100.00	4,008.51	100.00	533.06	13.30

Revenue from Sales

The consolidated revenue from sales for 1Q2023 were THB 4,541.57 million, increased by THB 533.06 million or 13.30% up from 1Q2022, mostly from higher revenue of farm business which increased by THB 647.33 million or 59.68% up comparing to 1Q2022.

The consolidated revenue from sales in 1Q2023 consisted of food segment represented 45.48%, farm segment represented 38.14%, and feed segment represented 16.38%.

Food Segment

Revenue from food business in 1Q2023 consisted of revenue from direct export cooked chicken products and fresh frozen chicken meat, indirect export of chicken meat, domestic sales of chicken parts, chicken by-products, and processed food product such as chicken sausage, all together represented 45.48% of revenue from sales, amounting THB 2,065.42 million, decreased by THB 194.15 million or 8.59% down from 1Q2022.

Revenue from domestic sales of chicken parts decreased by THB 158.22 million or 31.49% down while revenue from direct export decreased by THB 38.01 million, export volume of processed chicken products in 1Q2023 was 6,900 tons, decreased by 800 tons or 10.39% down from 1Q2022 especially to Japan.

Farm Segment

Revenue from farm business consisted of revenue from selling live broilers to GFN, our joint venture, selling day-old-chicks to both international and domestic market, and selling cage-free eggs to domestic market, represented 38.14% of revenue from sales in 1Q2023.

In 1Q2023, revenue from farm business was THB 1,732.06 million, increased by THB 647.33 million or 59.68% up from 1Q2022 mainly from higher revenue from selling live broilers from higher sales volume and selling price of live broilers.

Feed Segment

Revenue from feed business consisted of revenue from animal feed, fish feed, and shrimp feed, represented 16.38% of revenue from sales in 1Q2023, amounting THB 744.09 million, increased by THB 79.88 million or 12.03% up from 1Q2022.

Revenue from shrimp feed in 1Q2023 increased by THB 52.22 million or 31.87% up from 1Q2022 mostly from higher sales volume and selling price of shrimp feed while revenue from animal feed in 1Q2023 increased by THB 27.66 million or 8.67% up from 1Q2022 mostly from higher selling price of animal feed.

Cost of Sales and Gross Profit

Cost of sales for in 1Q2023 was THB 4,069.65 million, increased by THB 629.89 million or 18.31% up from 1Q2022 while gross profit in 1Q2023 was THB 471.92 million, decreased by THB 96.82 million or 17.02% up from 1Q2022 primarily from higher feed raw material cost which are corn and soybean meal.

Cost of sales for in 1Q2023 contributed of 89.61% of revenue from sales, increased from 85.81% in 1Q2022 while gross profit margin contributed about 10.39% in 1Q2023, decreased from 14.19% in 1Q2022.

Other Income

The consolidated other income in 1Q2023 was THB 82.40 million, decreased by THB 27.22 million or 24.83% down from 1Q2022, predominantly from decreasing in selling miscellaneous (spare parts). The consolidated other income in 1Q2023 was 1.81% of revenue from sales, decreased from 2.73% in 1Q2022.

Selling General and Administrative Expenses

The consolidated SG&A expenses in 1Q2023 equaled to THB 365.57 million, decreased by THB 19.56 million or 5.08% down from 1Q2022. The Consolidated SG&A expenses decreased since lower freight cost and lower sales volume of chicken export comparing to 1Q2022. The consolidated SG&A expenses in 1Q2023 were 8.05% of revenue from sales, decreased from 9.61% in 1Q2022.

Share of Profit from Associated Companies

The consolidated share of profit from associated companies based on the equity method in 1Q2023 was THB 107.90 million, decreased by THB 84.20 million, or 43.83% down from 1Q2022 mainly from GFN's loss contribution was THB 11.27 million, decreased by THB 112.44 million or 111.14% down comparing to 1Q2022 mainly from higher cost of sales from higher live bird price and lower selling price of domestic sales of chicken parts. Alternatively, McKey's profit contribution was THB 119.16 million, increased by THB 28.24 million or 31.06% up from 1Q2022 mainly from higher export volume of cooked chicken products.

Financial Costs

Financial costs of the group include the interest paid to financial institutions and related persons. The Company's financial costs in 1Q2023 were THB 25.11 million, increased by THB 4.34 million or 20.89% up from 1Q2022 mainly from higher interest expense as the loan outstanding increased from 1Q2022. The consolidated financial costs of the group in 1Q2023 were 0.55% of revenue from sales, slightly increased from 0.52% in 1Q2022.

Income Tax Expenses

The income tax expenses of the Group in 1Q2023 was THB 33.12 million, decreased by THB 3.98 million or 10.72% down from 1Q2022 mainly from lower deferred income tax expense comparing to 1Q2022.

Net Profit

The consolidated net profit in 1Q2023 was THB 298.17 million, decreased in amount of THB 157.57 million or 34.57% down from THB 455.74 million in 1Q2022. The EPS of 1Q2023 was THB 0.24 per share. The decrease in consolidated net profit was primarily driven from lower gross profit from higher feed raw material cost and lower share of profit from associated companies comparing to 1Q2022. The consolidated net profit margin in 1Q2023 was 6.57% of revenue from sales, decreased from 11.36% in 1Q2022.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Unit: Million Baht

	1Q 2023	1Q 2022	Change	% Change
EBIT	357.46	514.13	(156.67)	(30.47)
Depreciation Expense	351.89	317.60	34.30	10.80
Amortization Expense	1.18	3.64	(2.46)	(67.67)
EBITDA	710.53	835.37	(124.84)	(14.94)
EBITDA Margin (%)	15.65	20.84		(5.19)

The consolidated EBITDA in 1Q2023 was THB 710.53 million, decreased by THB 124.84 million or 14.94% down from 1Q2022. The decreasing in consolidated EBITDA resulted from lower gross profit and lower share of profit from associated companies. The EBITDA margin in 1Q2023 was 15.65%, decreased from 20.84% in 1Q2022.

Financial Position
Assets

For the consolidated financial statements as of March 31, 2023, total assets of the GFPT Group equal to THB 24,051.84 million including THB 6,654.21 million (27.67% of total assets) in current assets, THB 11,753.05 million (48.87% of total assets) in property, plant and equipment (PP&E), THB 4,039.50 million (16.79% of total assets), in investments in associated companies, THB 660.44 million (2.75% of total assets) in non-current biological assets and THB 944.63 million (3.93% of total assets) in investment in property and other non-current assets.

Total assets as of March 31, 2023, increased in amount of THB 637.05 million or 2.72% up from December 31, 2022, from an increase in cash and cash equivalents of THB 422.66 million and property, plant and equipment of THB 199.42 million.

Liabilities

As at March 31, 2023, total liabilities of the Company and its subsidiaries was THB 7,146.69 million comprising of current liabilities of THB 3,072.59 million (42.99% of total liabilities), long-term loans from related persons of THB 3,080.00 million (43.10% of total liabilities), provision for employees benefit of THB 584.77 million (8.18% of total

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liabilities), deferred rental income of THB 88.85 million (1.24% of total liabilities), lease liabilities of THB 306.38 million (4.29% of total liabilities), and other non-current liabilities of THB 14.11 million (0.20% of total liabilities).

The total liabilities as of March 31, 2023, increased by THB 338.04 million or 4.96% up from December 31, 2022, primarily from short-term loans from financial institutions increased in amount of THB 200.00 million and long-term loans from related persons increased in amount of THB 100.00 million. All short-term and long-term loans of the Group are in THB currency only, thus; The Company has no exposure in foreign currency borrowings.

As of March 31, 2023, trade and other payables of the Company and its subsidiaries was THB 1,153.99 million, increased in amount of THB 41.10 million or 3.69% up from December 31, 2022.

The consolidated interest-bearing liabilities as of March 31, 2023, were THB 4,800.00 million, increased from December 31, 2022, in total amount of THB 300.00 million mainly from short-term loans from financial institutions and long-term loans from related persons.

Shareholders' Equity

As of March 31, 2023, the consolidated shareholders' equity in amount of THB 16,905.15 million, an increase of THB 299.01 million or 1.80% up from December 31, 2022; primarily from the increase in retained earnings in amount of THB 298.17 million. The consolidated book value as of March 31, 2023, was THB 13.48 per share, slightly increased from THB 13.24 per share as of December 31, 2022.

Liquidity**Cash Flow Activities**

For the three-month period ended March 31, 2023, the Company and its subsidiaries generated cash flows from operating activities of approximately THB 533.25 million, increased by THB 0.63 million from the same period last year, the Company and its subsidiaries used net cash in its investing activities in amount of THB 378.93 million, increased by THB 119.58 million and the Company and its subsidiaries generated net cash from its financing activities in an amount of THB 268.26 million, increased by THB 125.92 million.

As of March 31, 2023, the Company and its subsidiaries' cash position in cash and cash equivalents was THB 1,681.23 million, increased by THB 302.88 million from the same period last year.

Liquidity Ratios

As of March 31, 2023, the liquidity of the Company and its subsidiaries was considerably appropriate for its operations and had strong financial position. As of March 31, 2023, the consolidated current ratio was 2.17 times, slightly decreased from 2.23 times as of December 31, 2022. The quick ratio was 0.84 time, slightly increased from December 31, 2022, at 0.78 time.

Short-term Debt Maturity

As of March 31, 2023, the Company and its subsidiaries' current liabilities of THB 3,072.59 million comprise of short-term loans from financial institutions of THB 1,520.00 million, trade payables and other payables of THB 1,153.99 million, current portion of long-term loans from related persons of THB 200.00 million and other current liabilities of THB 198.60 million.

Due to its strong position in cash flow and liquidity, the Company and its subsidiaries can repay the debt obligations including trade payables and other payables, short term loans, the current portion of long-term loans from financial institutions, and interest expenses. The repayment can be made from cash flow from operation activities. As of March 31, 2023, the consolidated current ratio was 2.17 times, the net debt to equity ratio was low at 0.28 time.

The Company and its subsidiaries still had available credit line of the revolving short-term borrowings with financial institutions including bank overdraft in amount of THB 246.00 million and short-term loans, letters of credit, trust receipts, packing credit in amount of THB 6,617.25 million and forward foreign exchange contract in amount of THB 1,182.07 million.

Capital Structure

The Company and its subsidiaries had strong financial position. As of March 31, 2023, the consolidated debt to equity ratio was 0.42 time, slightly increased from 0.41 time as of December 31, 2022.

As of March 31, 2023, the consolidated interest-bearing liabilities were THB 4,800.00 million, increased from THB 4,500.00 million as of December 31, 2022. The net debt to equity of the Group was considerably low at 0.28 time, slightly increased from 0.27 time as of December 31, 2022. In summary, the Company had appropriate capital structure.

GFPT Group Expansion Plan

In the future, the Company has planned to grow organically by investing in greenfield projects. We focus on capacity expansion along the stream of our vertical integrated chicken production. We are constructing the new chicken

processing plant with a capacity of 150,000 birds per day as well as its supporting facilities such as water reservoir, water treatment, wastewater treatment, and worker residences. The further processing plant will be in the next phase of construction to produce cooked product for export with capacity of 24,000 metric tons per year. At the same time, the Company plans to expand the production capacity of chicken feed to accommodate the growth of our chicken integration.

The investment budget for these projects is estimated to be around THB 1,200 - 1,500 million per year. However, this expansion plan can be adjusted depending on changes of future situation.

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Consolidated statement of financial position of GFPT Public Company Limited and its subsidiary companies

As of March 31, 2023 and December 31, 2022

	As of Mar 31, 2023		As of Dec 31, 2022		Change	
	MB	%	MB	%	MB	%
Cash and Cash Equivalent	1,681.23	6.99	1,258.57	5.38	422.66	33.58
Trade and Other Receivable	972.81	4.04	1,012.35	4.32	(39.55)	(3.91)
Inventories	3,378.45	14.05	3,320.29	14.18	58.17	1.75
Current Biological Assets	566.45	2.36	689.28	2.94	(122.83)	(17.82)
Other Current Assets	55.28	0.23	40.38	0.17	14.90	36.90
Total Current Assets	6,654.21	27.67	6,320.87	27.00	333.34	5.27
Investment in Associated Companies	4,039.50	16.79	3,939.35	16.82	100.15	2.54
Non-Current Biological Assets	660.44	2.75	673.44	2.88	(13.01)	(1.93)
Investment Property	371.05	1.54	335.25	1.43	35.79	10.68
Property, Plant and Equipment	11,753.05	48.87	11,553.64	49.34	199.42	1.73
Right-of-Use Assets	329.77	1.37	335.03	1.43	(5.26)	(1.57)
Deferred Tax Assets	126.30	0.53	126.23	0.54	0.07	0.05
Other Non-Current Assets	117.52	0.49	130.97	0.56	(13.44)	(10.27)
Total Non-Current Assets	17,397.62	72.33	17,093.91	73.00	303.71	1.78
Total Assets	24,051.84	100.00	23,414.78	100.00	637.05	2.72
Short-Term Loans from Financial Institutions	1,520.00	6.32	1,320.00	5.64	200.00	15.15
Trade and Other Payable	1,153.99	4.80	1,112.89	4.75	41.10	3.69
Current Portion of Long-Term Loans from RPT	200.00	0.83	200.00	0.85	-	-
Current Portion of Lease Liabilities	20.22	0.08	19.93	0.09	0.29	1.45
Current Portion of Deferred Rental Income	10.95	0.05	10.95	0.05	-	-
Derivative Liabilities	1.79	0.01	1.08	0.00	0.71	65.99
Income Tax Payable	156.04	0.65	124.34	0.53	31.70	25.50
Other Current Liabilities	9.60	0.04	40.63	0.17	(31.03)	(76.37)
Total Current Liabilities	3,072.59	12.77	2,829.82	12.09	242.77	8.58
Long-Term Loans from Related Persons	3,080.00	12.81	2,980.00	12.73	100.00	3.36

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	As of Mar 31, 2023		As of Dec 31, 2022		Change	
	MB	%	MB	%	MB	%
Lease Liabilities	306.38	1.27	311.56	1.33	(5.18)	(1.66)
Employee benefit obligations	584.77	2.43	581.88	2.49	2.89	0.50
Advance Received for Rental Income	88.85	0.37	91.29	0.39	(2.44)	(2.67)
Other Non-Current Liabilities	14.11	0.06	14.11	0.06	-	-
Total Non-Current Liabilities	4,074.10	16.94	3,978.83	16.99	95.27	2.39
Total Liabilities	7,146.69	29.71	6,808.65	29.08	338.04	4.96
Total Shareholders' Equity	16,905.15	70.29	16,606.13	70.92	299.01	1.80
Total Liabilities and Shareholders' Equity	24,051.84	100.00	23,414.78	100.00	637.05	2.72

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Consolidated Income Statement of GFPT Public Company Limited and its subsidiary companies

For the three-month period ended March 31, 2023 and 2022

	1Q 2023		1Q 2022		Change	
	MB	%	MB	%	MB	%
Revenue from Sales	4,541.57	100.00	4,008.51	100.00	533.06	13.30
Cost of Sales	(4,069.65)	(89.61)	(3,439.76)	(85.81)	629.89	18.31
Gross Profit	471.92	10.39	568.75	14.19	(96.82)	(17.02)
Other Income	82.40	1.81	109.61	2.73	(27.22)	(24.83)
Gain (loss) from exchange rate	59.58	1.31	(0.65)	(0.02)	60.22	9,307.88
Gain from derivative	1.25	0.03	29.46	0.73	(28.21)	(95.77)
Selling Expenses	(140.50)	(3.09)	(180.60)	(4.51)	(40.10)	(22.20)
Administrative Expenses	(225.07)	(4.96)	(204.53)	(5.10)	20.54	10.04
Profit from operating activities	249.57	5.50	322.04	8.02	(72.47)	(22.50)
Share of Profit from Associates	107.90	2.38	192.09	4.79	(84.20)	(43.83)
Financial Costs	(25.11)	(0.55)	(20.77)	(0.52)	4.34	20.89
Profit before Income Taxes	332.35	7.32	493.37	12.29	(161.01)	(32.64)
Income Tax Expenses	(33.12)	(0.73)	(37.10)	(0.93)	(3.98)	(10.72)
Profit for The Period	299.23	6.59	456.27	11.36	(157.03)	(34.42)
Non-Controlling Interests	(1.06)	(0.02)	(0.53)	(0.00)	0.53	100.75
Net Profit	298.17	6.57	455.74	11.36	(157.57)	(34.57)

Consolidated Cash Flows Statement of GFPT Public Company Limited its subsidiary companies

For the three-month period ended March 31, 2023 and 2022

	Y 2023	Y 2022	Change
	MB	MB	MB
Net Cash Received from Operating Activities	533.25	532.62	0.63
Net Cash Used in Investing Activities	(378.93)	(259.35)	119.58
Net Cash Received from Financing Activities	268.26	142.34	125.92
Effect of Exchange Rate Changes from Translating	0.07	-	0.07
Financial Statement			
Net Increase in Cash and Cash Equivalents	422.65	415.61	7.04
Cash and Cash Equivalent at the Beginning of the Period	1,258.57	962.73	295.84
Cash and Cash Equivalent at the Ending of the Period	1,681.23	1,378.35	302.88

Financial Ratios of GFPT Public Company Limited and its subsidiaries

	Y 2023	Y 2022
Current Ratio ¹ (times)	2.17	2.23
Quick Ratio ² (times)	0.84	0.78
Gross Profit Margin ³ (%)	10.39	14.19
Operating Profit Margin ⁴ (%)	7.87	12.83
Net Profit Margin ⁵ (%)	6.36	10.99
Debt/Equity Ratio ⁶ (times)	0.42	0.41
Net Debt/Equity Ratio ⁷ (times)	0.28	0.27

Remark:

- 1) Current Ratio = Current Assets / Current Liabilities
- 2) Quick Ratio = (Cash + Short-term Investments + Accounts Receivable) / Current Liabilities
- 3) Gross Profit Margin = (Gross Profit / Sales) * 100
- 4) Operating Profit Margin = (EBIT / Sales) * 100
- 5) Net Profit Margin = (Net Profit / Total Revenue) * 100

- 6) Debt/Equity Ratio = Total Debt / Equity
- 7) Net Debt/Equity Ratio = Net Debt / Equity