



## Analysis of financial position and performance for the year ended December 31, 2023

## 1. Performance

The following analysis of financial position and performance is based on financial information in the Company's consolidated financial statements for the year ended December 31, 2023.

## 2. Performance analysis

Summary of performance for the year ended December 31, 2022 and 2023

Unit: Thousand baht	2022	2023	Change
Revenue from sale of goods	614,196,968	585,844,121	(28,352,847)
Gross profit	81,872,940	61,200,949	(20,671,991)
Gross profit margin	13.3%	10.4%	(2.9%)
Distribution and administrative expenses	(55,000,802)	(55,875,387)	(874,585)
Gains on changes in the fair value of biological assets	1,410,753	724,149	(686,604)
Financial costs	(20,357,997)	(25,506,493)	(5,148,496)
Income tax expense	(6,002,934)	(600,302)	5,402,632
Share of profit from associates and joint ventures	3,745,244	4,590,349	845,105
Gains on sale of investments and dividend receive	2,613,321	7,890,922	5,277,601
Gains from changes in fair value of investment properties	1,765,975	0	(1,765,975)
Net profit (loss) of the Company	13,969,553	(5,207,348)	(19,176,901)
Net profit (loss) margin of the Company	2.3%	(0.9%)	(3.2%)



Performance breakdown by businesses for the year ended December 31, 2022 and 2023

	2022		2023		Change
	THB Thousand	%	THB Thousand	%	
<b>1. Thailand operations</b>	<b>224,355,723</b>	<b>37%</b>	<b>221,254,606</b>	<b>38%</b>	<b>-1%</b>
<b>1.1 Domestic</b>	<b>191,206,117</b>	<b>31%</b>	<b>186,359,829</b>	<b>32%</b>	<b>-3%</b>
Feed Business	49,387,730	8%	51,836,396	9%	5%
Farm and Processing Business	112,986,827	18%	104,079,481	18%	-8%
Food Business	28,831,560	5%	30,443,952	5%	6%
<b>1.2 Export</b>	<b>33,149,606</b>	<b>6%</b>	<b>34,894,777</b>	<b>6%</b>	<b>5%</b>
Feed Business	61,453	0%	126,331	0%	106%
Farm and Processing Business	9,370,162	2%	8,567,539	1%	-9%
Food Business	23,717,991	4%	26,200,907	5%	10%
<b>2. International operations</b>	<b>389,841,245</b>	<b>63%</b>	<b>364,589,515</b>	<b>62%</b>	<b>-6%</b>
<b>2.1 Vietnam</b>	<b>124,634,299</b>	<b>20%</b>	<b>116,053,412</b>	<b>20%</b>	<b>-7%</b>
Feed Business	37,874,713	6%	33,677,747	6%	-11%
Farm and Processing Business	78,999,539	13%	74,562,129	13%	-6%
Food Business	7,760,047	1%	7,813,536	1%	1%
<b>2.2 China</b>	<b>36,795,225</b>	<b>6%</b>	<b>39,549,034</b>	<b>7%</b>	<b>7%</b>
Farm and Processing Business	25,357,430	4%	25,888,372	5%	2%
Food Business	11,437,795	2%	13,660,662	2%	19%
<b>2.3 Other countries</b>	<b>228,411,721</b>	<b>37%</b>	<b>208,987,069</b>	<b>35%</b>	<b>-9%</b>
Feed Business	58,797,037	9%	51,360,592	8%	-13%
Farm and Processing Business	112,972,422	18%	105,004,743	18%	-7%
Food Business	56,642,262	9%	52,621,734	9%	-7%
<b>Total sales revenue</b>	<b>614,196,968</b>	<b>100%</b>	<b>585,844,121</b>	<b>100%</b>	<b>-5%</b>
Other revenue	9,232,351		13,844,596		
<b>Total revenue</b>	<b>623,429,319</b>		<b>599,688,717</b>		<b>-4%</b>

- Thailand operations

For the year ended December 31, 2023, Thailand operations had sales revenue of THB 221,255 million (accounted for 38% of total sales revenue), a decrease of 1% from 2022, mainly from the farm and processing business. This decrease was due to the much lower swine price than in 2022, which resulted from the illegal pork import, causing an oversupply of pork in Thailand. On the contrary, revenue from the livestock feed business increased from both in



quantity and price, and revenue from food business increased from higher selling price of exported chicken products.

**- International operations**

For the year ended December 31, 2023, international operations had sales revenue of THB 364,589 million (accounted for 62% of total sales revenue), a decrease of 6% from 2022. This decrease was primarily attributed to the swine business in Vietnam, where prices decreased compared to 2022, as well as in many other countries where swine prices decreased as well. In addition, the Company's India operating had a decrease in sales due to lower animal feed sales and lower selling price of broiler.

Gross profit for the year ended December 31, 2023 was at THB 61,201 million, a decrease of 25% from 2022, mainly due to a decrease in swine prices on average by approximately 15% from 2022. Most of the decrease were from Thailand, Vietnam and, Cambodia. In particular, the price in Thailand decreased by approximately 31% from the previous year due to the illegal import of pork, causing the domestic price of swine to become lower than production cost. Another factor was due to production costs, including the price of raw materials for animal feed production and higher energy costs, as well as the overall economic situation that had affected purchasing power in various countries, resulting in the inability to adjust the prices in response to increased costs. As a result, the gross profit margin in 2023 was at 10.4%, a decrease from 13.3% in 2022.

Changes in the fair value of biological assets for 2023 saw a gain of THB 724 million, a decrease from 2022 with a gain of THB 1,411 million, a decrease of 49% , mainly due to changes in the fair value of swine in Thailand.

Finance costs for 2023 were THB 25,506 million, an increase of 25% from 2022, mainly due to an increase in global interest rates.

Income tax expense for 2023 was THB 600 million, a decrease of 90% from 2022 following lower profit before income tax expense.

Share of profit from associates and joint ventures in 2023 was THB 4,590 million, an increase from 2022, which was THB 3,745 million, mainly due to better performances of most of associates, especially CPALL, and profits from disposal of investments in associates abroad.

The Company recognized a profit from loss of control of the Company amounted to THB 2,675 million, arising from CP Food Investment Limited, a subsidiary had sold investments in 4 companies that operate integrated chicken business in China.

Due to the aforementioned reasons, the Company had a net loss attributable to the Company for 2023 of THB 5,207 million, a decrease from the previous year with a net profit of THB 13,970 million.

**3. Financial position**

**(1) Assets**

As of December 31, 2023, the Company's total assets amounted to THB 887,218 million, consisting of current assets of THB 209,116 million, property, plant and equipment of THB 265,144 million, long-term investments of THB 272,548 million, goodwill of THB 60,188 million, and others THB 83,222 million.



Total assets decreased from the end of 2022 by THB 39,769 million or 4% decrease due to following reasons:

- A decrease in cash and bank deposits by THB 6,814 million, mainly due to repayment of long-term loans from financial institutions and interest payments
- A decrease in inventories by THB 13,572 million, mainly due to lower stock of animal feed raw materials
- A decrease in property, plant and equipment by THB 11,520 million, mainly due to the sale of 4 subsidiaries that operate integrated chicken business in China

**(2) Liabilities and shareholders' equity**

As of December 31, 2023, the Company's total liabilities amounted to THB 602,185 million, consisting of trade and other payables of THB 36,527 million, interest-bearing liabilities (excluding lease liabilities) of THB 479,748 million, lease liabilities of THB 35,364 million and others in the amount of THB 50,546 million.

Total liabilities decreased from the end of 2022 by THB 24,959 million, or 4% decrease due to trade and other payables decreasing in the amount of THB 14,437 million, from the sale of 4 subsidiaries that operate integrated chicken business in China. Interest-bearing debt (excluding lease liabilities) decreased by THB 5,302 million as of December 31, 2023. Shareholders' equity amounted to THB 285,033 million, a decrease of THB 14,810 million from the end of 2022, or 5% decrease, mainly from operating losses and loss on foreign currency translation of financial statements.

**(3) Asset Management**

As of December 31, 2023, the Company had account receivable-trade and others of THB 42,351 million, with an allowance for expected losses of THB 1,244 million, accounted for 2.9% of account receivables-trade and others. The management has established a control policy to consider credit risk regularly by analyzing the financial position of every customer requesting a credit limit and considering other factors that may affect the customer's credit risk. This includes the risk of default associated with the industry and the country in which the customer operates.

As of December 31, 2023, the Company had inventories of THB 69,508 million, consisting of raw materials of THB 35,017 million, finished goods of THB 22,464 million, and others of THB 12,715 million. The Company has an allowance for reduction in product value of THB 688 million, accounted for 1.0% of total inventories.

**(4) Liquidity and capital adequacy**

As of December 31, 2023, the Company had a decrease in cash flow of THB 3,538 million, with cash and cash equivalents at the end of the period amounted to THB 24,404 million, a decrease of 17% from the end of the same period in 2022, with cash flow in each activity as follows:

- Cash flow from operations amounted to THB 35,360 million from earnings before interest, taxes, depreciation and amortization (EBITDA)
- Cash flow spent on investments amounted to THB 19,616 million, mostly from investments in property, plant and equipment
- Cash flow spent on financing activities amounted to THB 19,282 million, mainly from interest payments

As of December 31, 2023, interest-bearing debt (excluding lease liabilities) consisted of loans from financial institutions and bills of exchange in the amount of THB 276,361 million, debentures in the amount of THB 203,130



million, and others in the amount of THB 257 million. Long-term loans and debentures due within 1 year equal to THB 48,014 million.

As of December 31, 2023, the Net Debt to Equity Ratio calculated according to the criteria specified in the terms and conditions of debenture issuer and debenture holder of all debentures that have not yet been redeemed is as follows:

(Unit: Times)	Net Debt to Equity Ratio	
	Total budget	Separate budget
Debentures issued before CPF debentures No. 2/2013 <sup>18</sup>	1.54	0.92
CPF debentures No. 2/2013 up to No. 2/2018 <sup>19</sup>	1.54	N/A
CPF debentures No. 1/2020 and debentures issued thereafter <sup>20/21</sup>	1.54	N/A

As of December 31, 2023, the total debt to equity ratio was 2.11 times, an increase from the end of 2022 with a ratio of 2.09 times, while the ability to repay decreased. The interest-bearing debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio as of December 31, 2023 was 10.58 times, an increase from the end of 2022 with a ratio of 7.93 as a result of a decrease in performance in 2023. The debt service coverage ratio as of December 31, 2023 was at 0.25 times, a decreased from the end of 2022 which was at 0.35 times, due to lower performance in 2023 and an increase in interest-bearing liabilities due in 1 year.

In addition, the Company's current liquidity ratio according to the consolidated financial statements is 0.81 times, a decrease from the end of 2022, which was 0.87 times, due to a decrease in current assets from cash and cash equivalents, with a cash cycle of 51 days, higher than the previous year, which was at 47 days.

The Company has sufficient liquidity for operations, ability to repay and compliance with loan conditions.

#### 4. Factors affecting future performance

Regarding the performance trend in 2024, the Company still expects economic challenges, including purchasing power not having a clear sign of growth in many countries. Others include challenges in the industry, especially regarding the illegal import of swine into Thailand and nearby countries. However, the Company has adjusted its operations strategy to be in line with the current situation. With consideration of weakening prices of raw materials used in the production of animal feed in the world market and the sale of some investments in China in the past year, the Company expects to have better performance in 2024 than previous year.

Although the Company has systematic measures to manage risks that affect the Company's operations, according to the guidelines specified in Section 1 Business Operations and Performance, Topic 2. Risk Management, to be at an acceptable level, it is still possible that the implementation of established risk management measures may not be

<sup>18</sup>The net debt to equity ratio is not more than 2.00:1.00 for consolidated financial statements and not more than 1.15:1.00 for separate financial statements, calculated based on information in the financial statements for the fiscal period ended June 30 and December 31 of each accounting period that the auditor has reviewed or audited (as the case may be). Net debt means all interest-bearing liabilities from financial institutions, bills of exchange, and debentures only, excluding lease liabilities minus cash and cash equivalents and temporary investments.

<sup>19</sup>The net debt to equity ratio is not more than 2.00:1.00 for consolidated financial statements, calculated based on information in the consolidated financial statements for the fiscal period ended December 31 of each accounting period that the auditor has audited. Net debt means all interest-bearing liabilities, excluding lease liabilities minus cash and cash equivalents and temporary investments.

<sup>20</sup>Excluding Perpetual Subordinated Bond

<sup>21</sup>The net debt to equity ratio is not more than 2.00:1.00 for consolidated financial statements, calculated based on information in the consolidated financial statements for the fiscal period ended December 31 of each accounting period that the auditor has audited. Net debt means all interest-bearing liabilities from financial institutions, bills of exchange, and debentures only, excluding lease liabilities minus cash and cash equivalents and temporary investments.



effective enough to mitigate risk to an acceptable level, resulted in performance not meeting the expectation, due to uncontrollable external factors, such as outbreaks of newly emerging diseases or economic problems on the macro level.