



# **Charoen Pokphand Foods Public Company Limited**

## **Kitchen of the World**

Sustainovation Behind Every Bite



## **Management Discussion and Analysis**

**Q1/2026**



#### Overview of Operating Performance

Charoen Pokphand Foods Public Company Limited (“Company”) operates an agro-industrial and food business with production bases in 17 countries and distributes food products across more than 50 countries. Under the vision of “Kitchen of the World,” the Company focuses on enhancing food security and developing products that meet the needs of consumers in each market, while conducting its business on the basis of sustainable growth together with all stakeholders across the supply chain.

In the first quarter of 2026, the Company’s net profit attributable to the Company amounted to THB 4,875 million, a decrease of 43% compared to the same period of the previous year, primarily due to the following reasons:

1. Revenue from sales amounted to THB 136,697 million, a decrease of 5% from the same period of the previous year. Excluding the impact of foreign currency translation due to the appreciation of the Thai Baht, revenue from sales would have decreased by 1.6%. This was primarily due to the average selling price of swine in several countries, particularly in Thailand, being at a lower level compared to the same period of the previous year.
2. Gross profit decreased by THB 5,156 million from the same period of the previous year, with the gross profit margin declining compared to the prior year. This was mainly due to lower swine prices in several countries compared to the previous year, driven by an oversupply of swine in many markets and weakened consumer purchasing power. This led to a decline in swine prices which pressured gross profit margins.
3. Share of profit from associates and joint ventures amounted to THB 1,367 million, a decrease of THB 2,076 million from the same period of the previous year. The main factor was the loss from an associate in China operating in the animal feed and swine farming business, which was affected by the decline in swine prices due to domestic oversupply.



### Summary of Market Environment

The global economy continued to expand at a slower pace with divergence across regions, primarily pressured by geopolitical issues, particularly the heightened tensions in the Middle East. This resulted in volatile energy prices, driving inflation higher in certain areas. These factors, combined with persistently high interest rates, directly impacted consumer purchasing power, causing consumers to be cautious with their spending and primarily focus on essential consumer goods that offer value for money.

Regarding the animal feed raw material cost situation, in the first quarter of 2026, global soybean meal prices declined compared to the same period of the previous year, in line with higher production volumes in South America and the U.S. However, ongoing international conflicts continued to drive up freight rates and increase the risk of supply chain disruptions. These factors may pressure animal feed raw material costs to rise going forward.

The meat industry continues to face challenges in balancing supply and demand, particularly in the swine business, which has been affected by production volatility due to ongoing outbreaks of animal diseases across several regions. This has directly impacted overall supply levels in the market and led to significant price fluctuations.

The broiler industry continues to benefit from the strong consumer demand, as chicken remains a primary alternative protein that is widely accessible and offers value for money to consumers.

The food industry continues to expand in line with consumer demand for convenience, driving the growing popularity of ready-to-eat products. At the same time, food safety standards and traceability requirements are becoming increasingly stringent in accordance with global sustainability practices.

### Key Business Development in the First Quarter of 2026

#### - Investment in Muyuan Foods Co., Ltd.

In January 2026, the Company has participated as a Cornerstone Investor in the initial public offering (IPO) of newly issued ordinary shares in the form of H Shares of Muyuan Foods Co., Ltd., with a total investment value of approximately USD 200 million. This investment is made in view of Muyuan's future growth potential and the possible business opportunities that may arise.



## Performance Analysis

Overview of operating performance

Unit : THB million	Q1/2025	Q1/2026	Change
Revenue from sale of goods	144,175	<b>136,697</b>	<b>-5%</b>
<b>Gross profit</b>	18.34%	<b>15.57%</b>	
Distribution and administrative expenses	12,241	<b>11,868</b>	<b>-3%</b>
Gains on changes in fair value of biological assets	38	<b>530</b>	1,295%
Finance costs	(6,092)	<b>(5,497)</b>	<b>-10%</b>
Income tax expense	(3,255)	<b>(1,438)</b>	<b>-56%</b>
Share of profit of associates and joint ventures	3,443	<b>1,367</b>	<b>-60%</b>
Profit for the period attributable to equity holders of the Company	8,549	<b>4,875</b>	<b>-43%</b>
<b>Net profit margin for the Company</b>	5.93%	<b>3.57%</b>	
EPS (THB/Share)	1.07	<b>0.60</b>	



## Performance by business

Unit : THB million	Q1/2025	Q1/2026	Change
<b>1. Thailand Operation</b>	49,601	47,277	-5%
<b>1.1 Domestic</b>	47,329	45,371	-4%
Feed	10,467	10,539	
Farm and processing	28,663	26,205	
Food	8,199	8,627	
<b>1.2 Export</b>	2,272	1,906	-16%
Feed	6	39	
Farm and processing	628	437	
Food	1,638	1,430	
<b>2. Overseas operations</b>	94,574	89,420	-5%
<b>2.1 Vietnam</b>	27,624	24,706	-11%
Feed	6,347	6,722	
Farm and processing	18,900	15,770	
Food	2,377	2,214	
<b>2.2 China</b>	11,530	9,398	-18%
Feed	5,029	2,968	
Farm and processing	3,362	3,002	
Food	3,139	3,428	
<b>2.3 Other countries</b>	55,420	55,316	0%
Feed	10,369	10,951	
Farm and processing	28,580	26,878	
Food	16,471	17,487	
<b>Total Sales Revenue</b>	<b>144,175</b>	<b>136,697</b>	<b>-5%</b>



#### Revenue from sale of goods

For the first quarter of 2026, revenue from sales amounted to THB 136,697 million, a decrease of 5.2% from the same period of the previous year. This included a 3.6% impact from foreign currency translation, particularly the appreciation of the Thai Baht against the currencies of the countries where the Company operates, such as Vietnam, Turkey, the Philippines, the United States, and India.

Excluding the impact of foreign exchange translation, sales revenue would have decreased by 1.6% year-on-year. The main reason was lower swine prices in several countries, particularly in Thailand, as swine supply returned to a more balanced level compared to the same period of the previous year.

Sales revenue from international operations accounted for 65% of sales revenue, while revenue from operations in Thailand accounted for 35%. Since the first quarter of 2026, the Company has revised its revenue reporting structure by categorizing sales based on the 'destination of sale' rather than the 'country of production.' This change is intended to more accurately reflect the actual sales base in each region. Consequently, export sales from Thailand conducted through overseas subsidiaries to end-users are now recorded as revenue for the 'selling country' instead of Thailand. This shift results in a decrease in Thailand's reported revenue proportion, while the revenue share of the respective selling countries increases accordingly

#### Sales revenue by operation

##### Sales revenue from Thailand operations (35% of total sales revenue)

Thailand operations reported sales revenue of THB 47,277 million, a decrease of 5% compared to the same period of the previous year. The decline was mainly driven by a 8.6% decrease in the farm and processing business, primarily due to swine prices being 26% lower than the high base in the same period of the previous year, which had been affected by animal disease outbreaks that caused supply shortages. In Q1/2026, swine supply has returned to normal and more balanced levels, partly as producers re-entered the market following the easing of disease outbreaks, resulting in occasional oversupply in certain periods. In addition, the overall economic environment has limited consumption growth, putting further pressure on swine prices.

##### Sales revenue from international operations (65% of total sales revenue)

International operations comprise of 13 production base countries, namely Vietnam, China (including Taiwan), Russia, the Philippines, Cambodia, the United States, Malaysia, the United Kingdom, India, Turkey, Laos, Belgium, and Sri Lanka. These operations are primarily engaged in the production and domestic sale of products within each respective country.



The main revenue contributions were 18% from Vietnam and 7% from China. Details are as follows:

#### Vietnam

For the first quarter of 2026, Vietnam operations reported sales revenue of THB 24,706 million, a decrease of 11% compared to the same period of the previous year. The decline was mainly due to foreign currency translation effects. Excluding such effects, sales revenue from Vietnam operations remained stable compared to the previous year.

#### China

For the first quarter of 2026, China operations reported sales revenue of THB 9,398 million, a decrease of 18% compared to the same period of the previous year. The decline was mainly driven by lower sales from a subsidiary in China engaged in the production and distribution of animal health supplements and medicines (classified under the animal feed business). This was due to a slowdown in the livestock industry in China, which led to reduced demand for animal health products.

#### **Gross profit**

For the first quarter of 2026, the Company reported a gross profit of THB 21,289 million, a decrease of 20% compared to the same period of the previous year. The gross profit margin declined from 18.3% in Q1/2025 to 15.6% in Q1/2026, primarily due to lower swine prices, particularly in Thailand.

#### **Changes in the fair value of biological assets**

For the first quarter of 2026, the Company recognized a gain from changes in the fair value of biological assets of THB 530 million, compared to a gain of THB 38 million in the same period of the previous year. The increase was mainly driven by changes in the fair value of swine in Vietnam and Russia.

#### **Finance costs**

For the first quarter of 2026, the Company recorded finance costs of THB 5,497 million, a decrease of 10% compared to the same period of the previous year. This was mainly driven by a restructuring of funding sources toward lower-cost financing, resulting in a decline in the average cost of funds from 4.33% in the same period of the previous year to 3.71%.

#### **Share of profit from associates and joint ventures**

For the first quarter of 2026, the Company recorded a share of profit from investments in associates and joint ventures of THB 1,367 million, a decrease of 60% compared to the same period of the previous year. The decline was mainly attributable to losses from an associate in China engaged in animal feed and swine farming, resulting from weak swine prices caused by domestic oversupply.



**Net profit for the period attributable to equity holders of the Company**

For the first quarter of 2026, net profit attributable to the Company was THB 4,875 million, a decrease of 43% compared to the same period of the previous year. The decline was mainly driven by lower meat prices in several regions, particularly Thailand and China.

**Financial Position**

<i>Unit : THB million</i>	<i>31 Dec 2025</i>	<i>31 Mar 2026</i>	<i>Change</i>
Total Assets	861,796	883,730	3%
Total Liabilities	609,937	618,833	1%
Total Equity	251,859	264,897	5%

**(1) Assets**

As of March 31, 2026, the Company's total assets amounted to THB 883,730 million, consisting of current assets of THB 196,840 million, property, plant and equipment of THB 253,636 million, long-term investments of THB 293,382 million, goodwill of THB 58,263 million, and others THB 81,609 million.

Total assets increased from the end of 2025 by THB 21,934 million or 3% increase due to following reasons:

- Trade accounts receivable increased by THB 2,050 million, mainly driven by higher sales to customers in European countries.
- Biological assets increased by THB 2,444 million, mainly due to an increase in swine volume in Vietnam.
- Long-term investments increased by THB 12,767 million, mainly driven by an investment in Muyuan amounting to THB 6,492 million, and an increase in interests in associates and joint ventures of THB 4,552 million.
- Property, plant and equipment increased by THB 1,886 million, mainly due to investments in expanding farming business and improving production efficiency.

**(2) Liabilities and Shareholders' Equity**

As of March 31, 2026, the Company's total liabilities amounted to THB 618,833 million, consisting of trade and other payables of THB 39,131 million, interest-bearing debt (excluding lease liabilities) of THB 486,983 million, lease liabilities of THB 37,271 million and others in the amount of THB 55,448 million.



Total liabilities increased from the end of 2025 by THB 8,896 million, or 1% increase. The increase was mainly driven by higher short-term borrowings of THB 10,446 million and an increase in bills of exchange of THB 6,149 million, partially offset by a decrease in long-term borrowings of THB 6,910 million.

As of March 31, 2026, shareholders' equity amounted to THB 264,897 million, an increase of THB 13,038 million from the end of 2025, or 5% increase. The increase was mainly driven by operating profit and the impact of foreign currency translation adjustments.

#### *(3) Asset Management*

As of March 31, 2026 the Company had account receivable-trade and others of THB 43,084 million, with an allowance for expected losses of THB 1,582 million, accounted for 3.5% 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 March 31, 2026, the Company had inventories of THB 62,212 million, consisting of raw materials of THB 26,819 million, finished goods of THB 22,523 million, and others of THB 12,870 million. The Company has an allowance for reduction in product value of THB 653 million, accounted for 1.0% of total inventories.

#### *(4) Liquidity and capital adequacy*

As of March 31, 2026, the Company had a decrease in cash flow of THB 445 million, with cash and cash equivalents at the end of the period amounted to THB 22,517 million, a decrease of 3% from the end of the year 2025, with cash flow in each activity as follows:

- Cash flow from operating activities amounted to THB 13,398 million, mainly from earnings before interest, taxes, depreciation and amortization (EBITDA)
- Cash flow from investing activities amounted to THB 8,425 million, mainly driven by investments in Muyuan and investments in property, plant and equipment
- Cash flow from financing activities amounted to THB 5,876 million, mainly from repayments of loans from financial institutions and debentures, as well as interest payments.

As of March 31, 2026, interest-bearing liabilities (excluding lease liabilities) comprised bank loans and bills of exchange amounting to THB 278,905 million, debentures amounting to THB 205,564 million, and other liabilities amounting to THB 2,514 million. Long-term loans and debentures due within one year totalled THB 33,031 million.



As of March 31, 2026, 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	
	Consolidated financial statements	Separate financial statements
Debentures issued before CPF debenture No. 2/2015 <sup>1</sup>	1.68	1.11
CPF debenture No. 2/2015 <sup>2</sup>	1.69	N/A
CPF debenture No. 1/2016 and CPF debenture No. 2/2018 <sup>3</sup>	1.69	N/A
CPF debenture No. 1/2020 and after <sup>4/5</sup>	1.68	N/A

As of March 31, 2026, the total debt to equity ratio was 2.34 times, a decrease from the end of 2025 with a ratio of 2.42 times. The debt service coverage ratio stood at 0.39 times, unchanged from 2025. Meanwhile, the interest coverage ratio was 3.32 times, similar to 3.59 times at the end of 2025.

In addition, the Company's current liquidity ratio according to the consolidated financial statements is 0.72 times, an increase from the end of 2025, which was 0.67 times, with a cash cycle of 49 days.

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

<sup>1</sup> Net debt to equity ratio not exceed 2.00:1.00 for consolidated financial statements and not exceed 1.15:1.00 for separate financial statements. The ratio is calculated based on the information provided in the financial statements for the accounting periods ended on June 30 and December 31 of each accounting period that the auditor has reviewed or audited, as the case may be. For the purposes of this calculation, net debt = total interest-bearing liabilities from financial institutions, bills of exchange, and debentures only excluded liabilities under financial lease agreements - cash and cash equivalents and current investments

<sup>2</sup> Net debt to equity ratio not exceed 2.00:1.00 for consolidated financial statements. The calculation is based on the information contained in the consolidated financial statements for the accounting period ending on December 31 of each accounting period that the auditor has audited. For the purposes of this calculation, net debt = total interest-bearing liabilities excluded liabilities under financial lease agreements - cash and cash equivalents and current investments

<sup>3</sup> Net debt to equity ratio not exceed 2.00:1.00 for consolidated financial statements. The calculation is based on the information contained in the consolidated financial statements for the accounting period ending on December 31 of each accounting period that the auditor has audited. For the purposes of this calculation, net debt = total interest-bearing liabilities excluded liabilities under lease agreements - cash and cash equivalents and current investments

<sup>4</sup> Excluded perpetual subordinated bond

<sup>5</sup> Net debt to equity ratio not exceed 2.00:1.00 for consolidated financial statements. The calculation is based on the information contained in the consolidated financial statements for the accounting period ending on December 31 of each accounting period that the auditor has audited. For the purposes of this calculation, net debt = total interest-bearing liabilities from financial institutions, bills of exchange, and debentures only excluded liabilities under lease agreements - cash and cash equivalents and current investments



**Factors affecting future operations or growth**

In 2026, the global economy continues to face uncertainty arising from prolonged international conflicts, which have had a cascading impact on operating costs. In particular, rising energy prices have directly increased transportation costs. In addition, there are risks of shortages in key imported raw materials, such as packaging materials and fertilizer, which are exerting further pressure on overall production costs. In response, the Company is focusing on closely managing its supply chain to mitigate and accommodate such volatility.

In addition, the Company is monitoring risks from emerging infectious diseases, such as Hantavirus. The Company focuses on proactive risk management and maintaining strict hygiene standards to strengthen consumer confidence and ensure business continuity.