

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

CPF (Thailand) Public Company Limited (security code: -)

<Assignment>

Foreign Currency Long-term Issuer Rating: A-
Outlook: Stable

Rationale

- (1) CPF (Thailand) Public Company Limited (CPFTH), headquartered in Thailand, was established in February 2012 through the merger of 10 subsidiaries of Charoen Pokphand Foods Public Company Limited (CPF), a Thailand-based company that operates agro-industrial and food businesses worldwide. CPFTH is one of consolidated entities of CPF, in which CPF holds 99.99% of the shares. It has a solid business base in Thailand, where it is engaged in feed business including feed production and distribution, farm-processing and food business including production of semi-cooked meat products and instant food and ready meal products. JCR believes that CPFTH's rating strongly reflects the creditworthiness of the CPF Group and is considered equivalent. In addition to playing a central role in CPF's core business, CPFTH has a close relationship with CPF in terms of business, human resources and capital. JCR holds that this close relationship between CPFTH and CPF will remain unchanged in the foreseeable future.
- (2) CPF's main business is feed and animal breeding/meat processing. It is also engaged in a wide range of businesses including aquaculture products, processed foods, retail and food service. The CPF Group's creditworthiness is based on its strong business base in Thailand, diversified portfolio management that covers various regions and a wide range of products, integrated system that covers feed, breeding, processing and distribution, and profitability with high growth potential. CPF is also a core company of the Charoen Pokphand Group (CP Group), one of the major conglomerates in Thailand, and benefits from synergies within members of this group. On the other hand, the prolonged impact of the COVID-19 pandemic, the outbreak of animal epidemics and the financial structure with room for improvement are constraining factors. Although CPF is independently managed as a listed company, the corporate strategy of the CP Group may affect CPF's business performance and financial structure. While the CPF has a strong revenue base outside Thailand, its creditworthiness is constrained by Thailand's sovereign credit rating (Foreign Currency Long-Term Issuer Rating: A-/Stable) as it raises funds mainly at home.
- (3) The CP Group was founded in 1921 as a seed shop by the Chinese-Thai Chearavanont brothers. Today, it is engaged in eight business lines, including retail/distribution, media/telecommunications, property development and automotive/industrial products, with agro-industry and food as its core. It boasts a big presence in the growing Chinese market, where it is known as Chia Tai Group and is one of the country's largest foreign-owned companies. Meanwhile, CPF was founded in 1978 as Charoen Pokphand Feedmill Company Limited and was initially engaged in livestock feed and livestock farming business in Thailand. In 1999, it changed its name to the current one, announcing its vision to become "Kitchen of the World". In 2012, CPF acquired C.P. Pokphand Co., Ltd (CPP), a listed company in Hong Kong, starting its food business in Vietnam and China (CPP is no longer listed as of January 18th 2022). Since then, it has strengthened its international business through acquisitions, significantly expanding its group profitability. The strength of the CPF's food business lies in its fully integrated system, which allows it to run all from upstream to downstream operations on its own. The integrated management from feed to distribution makes it possible to improve knowledge and technology regarding the quality and breeding of livestock and aquaculture, provide products with high added value that meet market needs, control supply volumes and ensure food safety and security for consumers through traceability.
- (4) The CPF's consolidated of 2021 broke down into 54% for the farm and processing business (Farm), 25% for the feed business (Feed) and 21% for the food business (Food). The profitability of Farm is somewhat volatile as it is affected by market prices of meat. In recent years, it has been adversely affected by the pandemic and animal epidemics. It is now working to improve efficiency by using AI, robots and other IT systems at its production sites. The Feed segment deals in commodities and is accordingly affected by the grain market. But its profitability is stable as it can pass on higher market

prices with some time lag. Moreover, it produces a wide variety of feedstuffs and enjoys relatively high market shares in major countries. Meanwhile, the deconsolidation due to the Chinese business transaction, the Feed segment's sales have decreased significantly since the transaction completed in December 2020. The Food segment deploys food service in addition to selling products to multiple distribution channels including supermarkets and convenience stores. Its main products are ready-to-eat meals and sausages. Its profitability is on the rise thanks to the expansion of its international business. In recent years, CPF has been stepping up its equity investment in food retail businesses. It pursues a growth strategy by strengthening its control over downstream operations and expanding the sales volume of food products. It took a stake in the Tesco Asia Group in December 2020, and entered in to entire business transfer transaction of Tesco Asia Group for a partial stake in Siam Makro, a leading Thai wholesaler, in October 2021.

- (5) CPF had long enjoyed good consolidated earnings performances in terms of both sales and profit. In 2021, however, sales decreased 13% from a year earlier to THB 512.7 billion and final profit fell 50% to THB 13.0 billion. In addition to the deconsolidation of its Chinese feed business, market fluctuations, bleak demand and supply constraints caused by the pandemic and animal epidemics were to blame for the setbacks. Nonetheless, CPF could absorb the impact to some extent as it is engaged in the entire value chain. Problems related to demand and supply are improving at the moment. JCR expects that CPF's profitability will return to a growth trajectory through improvement of the supply-demand environment, price pass-through and promotion of production efficiency. Its financial indices have been slightly deteriorating since the beginning of 2010s, when its interest-bearing debt increased due to aggressive investments to strengthen its international business. The interest bearing debt totaled THB 430.7 billion at the end of December 2021 (up 12% from the end of 2020), with the shareholder's equity excluding non-controlling interests standing at THB 215.1 billion (up 12%). The net DE ratio was 1.83 times (1.37 times based on CPF covenant calculation, while covenant is at 2 times) and the equity ratio was 25.5%. The interest-bearing debt is high due mainly to heavy growth investments. There is room for improvement. A covenant for bond issuance requires the DE ratio to be kept below a specified level. CPF controls its interest-bearing debt within that limit. While it may continue its heavy growth investment, its financial discipline will be duly maintained.
- (6) CPFTH's sales and assets each account for about a quarter of the CPF's consolidated total. Its intra-group transactions are small in volume. While its sales are relatively stable, its earnings performance is easily affected by cost of sales. CPFTH secured higher sales and earnings in 2020 on increased demand for meat products amid the pandemic and posted lower earnings in the first nine months of 2021 on the reemergence of the pandemic. Although its interest-bearing debt is somewhat large, its equity ratio stays at a reasonable level. CPFTH can be expected to receive financial support from CPF if necessary.

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Rating

Issuer: CPF (Thailand) Public Company Limited

<Assignment>

Foreign Currency Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: March 3, 2022

The assumptions for the credit ratings and the definitions of the rating symbols are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as "JCR's Rating Methodology" (November 7, 2014) and "Foods" (June 1, 2021) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)



INFORMATION DISCLOSURE FORM

Japan Credit Rating Agency, Ltd.

Disclosure Required by Paragraph (a)(1)(ii) of Rule 17g-7

Issuer:	CPF (Thailand) Public Company Limited
Rating Publication Date:	March 4, 2022

1

The Symbol, Number, or Score in the Rating Scale used to Denote Credit Rating Categories and Notches and, the Identity of the Obligor or the Identity and a Description of the Security or Money Market Instrument as Required by Paragraph (a)(1)(ii)(A) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

2

The version of the procedure or methodology used to determine the credit rating; as Required by Paragraph (a)(1)(ii)(B) of Rule 17g-7

- Please see the news release. If the credit rating is a private rating, please see the report for private rating.

3

The Main Assumptions and Principles used in Constructing the Procedures and Methodologies used to Determine the Credit Rating as Required by Paragraph (a)(1)(ii)(C) of Rule 17g-7

- The credit rating methodology assumes, in principle, to be applied to assess the likelihood of a given debt payment in light of its issuer's condition and business environment, etc. in the relevant future. There is certain limitation, however, in the time horizon that the rating foresees.
- The credit rating methodology assumes, in principle, that the factors posted in the below are particularly important for such likelihood to be determined, and that the rating determination is made by evaluating each of them not only quantitatively but also employing qualitative analyses.

A) Business Bases

The likelihood of a given debt payment is highly conditional to its issuer's business bases - how they can be maintained/ expanded into the future and thereby secure earnings and cash flows in adequacy and in a sustainable way.

B) Financial Grounds and Asset Quality

The likelihood of debt payment is highly dependent on the degree of the issuer's indebtedness and loss absorption capacity in terms of equity capital. Also notable is that a financial institution might see a significant loss of financial grounds as a result of changes in value of the assets under its possession.

C) Liquidity Positions

The likelihood of debt payment is highly dependent on the adequacy of the issuer's cash and other sources of repayment (liquidity positions).

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The likelihood of debt payment is affected one way or the other by the issuer's related parties such as parent company, subsidiary, guarantor, and the government of the issuer's business domicile, etc. - by their own conditions and/ or position of support/ assistance for the issuer.

E) Order of Seniority in Debt Payment

The likelihood of debt payment can be different between given debts of the same issuer. The likelihood of debt payment for an individual debt is dependent on the issuer's discretion, and/ or its rank relative to other debts of the same issuer in the order of seniority in principal/ interest payment which is determined by design as financial product or by laws, etc.

4 The Potential Limitations of the Credit Rating as Required by Paragraph (a)(1)(ii)(D) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- The objective of the credit rating herewith presented does not include any concerns other than the likelihood of debt payment, such as risks of price changes, market liquidity, etc.
- The credit rating herewith presented is necessary to be reviewed along with possible changes of the issuer of rated objects in its business performance and/ or circumstances which include regulatory environment, and hence subject to possible alteration.

5 Information on the Uncertainty of the Credit Rating as Required by Paragraph (a)(1)(ii)(E) of Rule 17g-7

- The information used for the determination of credit rating as herewith presented is obtained by JCR from the issuer of rated objects and other sources that JCR trusts in terms of accuracy and reliability but possibly contains errors due to human, non-human or other causes. Consequently, the credit rating determined on the grounds of such information does not constitute, explicitly or implicitly, any representation or warrant of JCR on the information itself or any consequences of its use in terms of accuracy, relevance, timeliness, wholeness, market value, or usefulness for any specific purposes.

6 Use of Due Diligence Services of a Third Party in Taking the Rating Action as Required by Paragraph (a)(1)(ii)(F) of Rule 17g-7

- There is no use of any third-party due diligence service in the determination of the credit rating herewith presented.

7 Use of Servicer or Remittance Reports to Conduct Surveillance of the Credit Rating Required by Paragraph (a)(1)(ii)(G) of Rule 17g-7

- There is no use of any servicer or remittance report to conduct surveillance of the credit rating herewith presented.

8 The Types of Data Relied Upon for the Purpose of Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(H) of Rule 17g-7

- The information posted in the below, which includes data, is used for the determination of the credit rating herewith presented.
- A) Audited financial statements presented by the rating stakeholders
- B) Explanations of business performance, management plans, etc. presented by the rating stakeholders

9 Overall assessment of the Quality of Information Available and Considered in Determining the Credit Rating as Required by Paragraph (a)(1)(ii)(I) of Rule 17g-7

- JCR holds its basic policies for securing the quality of information as a base of due diligence for the determination of credit ratings. The information used as a base for the determination of credit rating herewith presented satisfies such policies, which include the audit by an independent auditor, the warranty made by the issuer, the publication by the issuer, some independent media or, otherwise, JCR analyst's scrutiny, etc.
- JCR sees no particular weakness in the quality of information used for the determination of the credit rating herewith presented as compared to the information used in other cases of the credit rating for comparable issuers or ratable objects.
- If the credit rating is an Indication, please see the report for Indication.

10 Information Relating to Conflicts of Interest as Required by Paragraph (a)(1)(ii)(J) of Rule 17g-7

- JCR receives payment of compensation for the determination of the credit rating herewith presented from either one of those parties who are issuer, underwriter, depositor or sponsor.
- JCR did not receive in the last fiscal year in the past payment of compensation from the same party for any kind of JCR's service other than the determination of public or private credit rating, such as one in the ancillary business.

11 Explanation or Measure of the Potential Volatility of the Credit Rating as Required by Paragraph (a)(1)(ii)(K) of Rule 17g-7

A) Business Bases

The credit rating is subject to alteration if there is improvement or deterioration of the issuer's business bases, since its revenue, etc. may improve or deteriorate by the change in its business management policies, clients' preferences, competitive situation, or a technological innovation. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the business bases is large.

B) Financial Grounds and Asset Quality

The credit rating is subject to alteration if the issuer increases/ decreases its debt/ capital or vice versa and thereby makes its individual debt payment liability less or more bearable and its loss absorption capacity into the future decreased or increased. Also, the changes in the quality of asset under the issuer's holding may affect the credit rating, since such changes could raise or lower the likelihood of future loss of the issuer's financial grounds. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change in the financial grounds and/ or asset quality is large.

C) Liquidity Positions

The credit rating is subject to alteration if there is a change in the issuer's financial management policy or in the relations with fund procurement sources and the change thereby makes its liquidity positions improve or deteriorate. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is large.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating is subject to alteration if there is a change in the issuer's parent company or subsidiary, guarantor or other provider of credit enhancement, or the government of the issuer's business domicile, or other related parties' own conditions and/ or position of support/ assistance for the issuer, and the change thereby makes its business bases, financial grounds and/ or liquidity positions improve or deteriorate, and/ or making the effectiveness of guarantee and other credit enhancement improve or deteriorate. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large.

E) Order of Seniority in Debt Payment and Non-Payment Forgiven by Contract

The credit rating is subject to alteration if there is a change in the rated debt's status in the order of seniority relative to other debts caused by the improvement/ deterioration of the issuer's financial condition. The resultant alteration of the credit rating is usually a notch, with possibility of a few notches if and when the change is large. Also, in case of the financial products for which non-payment of interest/ principal is contractually permissible, the credit rating is subject to alteration if and when the likelihood of such non-payment is projected to increase or decrease. The resultant alteration of the credit rating could be by a notch but often as much as a few notches.

F) Rise and Fall in General Economy and Markets

The credit rating is subject to alteration if there is a rise/ fall in the general economy and/ or the markets inducing the issuer's revenues/ expenses to increase/ decrease and vice versa, etc. The resultant alteration of the credit rating is usually by a notch, with possibility of a few notches if and when the change is exceptionally large.

G) Various Events

The credit rating is subject to alteration on occurrence of various events, such as change in the issuer's major shareholders, M&A and other organizational change, accident, violation of the law, litigation, legal/ regulatory change, natural disaster, etc., which are unforeseeable at the time when the credit rating is determined, causing a significant change on the issuer's business bases, financial grounds, etc. The resultant alteration of the credit rating could be by a notch but more often than not as much as a few notches.

12

Information on the Content of the Credit Rating, Including the Historical Performance of the Credit Rating and the Expected Probability of Default and the Expected Loss in the Event of Default as Required by Paragraph (a)(1)(ii)(L) of Rule 17g-7

- The credit rating herewith presented by JCR is its summary opinion with regard to the likelihood of given debt payment and hence not necessarily a perfect representation of such likelihood. The credit rating is not intended to estimate the probability of default or the loss on given default, either.
- Facts of the probability of default are posted as Form NRSRO Exhibit 1 on the JCR website under the URL:

<https://www.jcr.co.jp/en/service/company/regu/nrsro/>

13

Information on the Sensitivity of the Credit Rating to Assumptions Made as Required by Paragraph (a)(1)(ii)(M) of Rule 17g-7

A) Business Bases

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's business bases and powers of earning or cash flow generation, etc. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's business bases on some drastic change in the operational environments, etc.

B) Financial Grounds and Asset Quality

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's financial grounds and asset quality. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but

possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's financial grounds and/ or asset quality on some drastic change in its business bases.

C) Liquidity Risks

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's liquidity positions. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if the development is rapid in improvement or deterioration of the issuer's liquidity positions on some drastic change in its financial management policy or relations with fund procurement sources, etc.

D) Related Parties' Status and Stance of Support/ Assistance for the Issuer

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the issuer's parent company or subsidiaries, guarantor or other providers of credit enhancement, the government of the issuer's business domicile or other related parties' status and stance of support/ assistance for the issuer. The resultant change of the credit rating is most likely by a notch, as JCR speculates, but possibly as much as a few notches if there is a major change on the part of related parties, such as replacement, disappearance, some drastic improvement/ deterioration of financial grounds/ balances, etc.

E) Rise and Fall in General Economy and Markets

The credit rating herewith presented could be changed if and when the assumptions made at the time of its determination turn out to be inaccurate with regard to the prospects of general economy and markets. JCR expects the change should be most likely by a notch but could be as much as a few notches, should the economy or the markets change so greatly.

14 Information on the Representations, Warranties, and Enforcement Mechanisms of an Asset-backed Security as Required by Paragraph (a)(1)(ii)(N) of rule 17g-7

- The credit rating herewith presented is not for an ABS product, and hence no relevant issue.

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Attestation Required by Paragraph (a)(1)(iii) of Rule 17g-7

I, Toshihiko Naito, have responsibility to this Rating Action and to the best of my knowledge:

- A) No part of the credit rating was influenced by any other business activities.
- B) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated.
- C) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Toshihiko Naito
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