

S. Khonkaen Foods Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S. Khonkaen Foods Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of S. Khonkaen Foods Public Company Limited and its subsidiaries as at 30 September 2023, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of change in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of S. Khonkaen Foods Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 7 November 2023

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2023	31 December 2022	30 September 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		187,980	186,781	91,259	88,171
Trade and other receivables	2, 3	475,788	524,350	387,624	458,185
Short-term loans to subsidiaries	2	-	-	145,970	10,500
Short-term loans to other company		11,491	10,935	-	-
Inventories		348,359	384,090	216,463	235,120
Current biological assets	9	52,334	90,815	-	-
Other current assets		35,374	27,351	19,862	15,534
Total current assets		1,111,326	1,224,322	861,178	807,510
Non-current assets					
Restricted bank deposits		1,520	1,515	-	-
Long-term loans to subsidiaries	2	-	-	-	74,090
Long-term loans to other company		4,000	-	-	-
Investments in subsidiaries	4	-	-	550,619	537,612
Investments in joint ventures	5	6,434	-	-	-
Investment properties	6	584,384	665,707	395,544	398,499
Property, plant and equipment	7	1,118,216	1,081,679	507,715	483,120
Right-of-use assets	8	91,275	100,610	74,117	84,409
Non-current biological assets	9	11,491	9,845	-	-
Intangible assets		22,648	6,900	8,871	3,005
Deferred tax assets		808	-	-	-
Other non-current assets		15,300	8,013	6,427	6,222
Total non-current assets		1,856,076	1,874,269	1,543,293	1,586,957
Total assets		2,967,402	3,098,591	2,404,471	2,394,467

The accompanying notes to interim financial statements are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2023	31 December 2022	30 September 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		667,032	545,000	572,032	455,000
Trade and other payables	2	354,342	381,270	236,379	258,711
Short-term loan from subsidiary	2	-	-	65,000	-
Current portion of long-term loans	10	110,219	157,257	79,621	95,552
Current portion of lease liabilities		12,690	13,162	8,886	10,275
Income tax payable		11,225	24,770	-	-
Other current liabilities		29,068	41,261	22,564	17,788
Total current liabilities		1,184,576	1,162,720	984,482	837,326
Non-current liabilities					
Long-term loans, net of current portion	10	290,330	453,569	257,238	405,776
Lease liabilities, net of current portion		85,278	92,740	71,217	78,227
Provisions for long-term employee benefits		95,551	87,701	56,949	53,102
Deferred tax liabilities		18,299	24,315	13,437	11,408
Other non-current liabilities		1,832	1,904	1,597	1,306
Total non-current liabilities		491,290	660,229	400,438	549,819
Total liabilities		1,675,866	1,822,949	1,384,920	1,387,145

The accompanying notes to interim financial statements are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2023	31 December 2022	30 September 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital	11				
Registered					
339,392,500 ordinary shares of Baht 1 each					
(31 December 2022: 323,400,000					
ordinary shares of Baht 1 each)		339,393	323,400	339,393	323,400
Issued and paid-up					
323,400,000 ordinary shares of Baht 1 each		323,400	323,400	323,400	323,400
Share premium		50,281	50,281	50,281	50,281
Share premium on treasury stock		37,552	37,552	-	-
Retained earnings					
Appropriated - statutory reserve		32,340	32,340	32,340	32,340
Unappropriated		661,900	652,048	478,126	465,897
Other components of shareholders' equity		182,322	182,198	135,404	135,404
Equity attributable to owners of the Company		1,287,795	1,277,819	1,019,551	1,007,322
Non-controlling interests of the subsidiaries		3,741	(2,177)	-	-
Total shareholders' equity		1,291,536	1,275,642	1,019,551	1,007,322
Total liabilities and shareholders' equity		2,967,402	3,098,591	2,404,471	2,394,467

The accompanying notes to interim financial statements are an integral part of the financial statements.

Director

Director

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 September 2023**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Revenues					
Sales		757,899	808,698	436,428	444,162
Revenue from rental and service		3,359	2,940	3,359	2,940
Dividend income	2	-	-	-	27,000
Gain on sales of assets		2,788	-	9,839	-
Other income		6,085	12,566	6,819	12,631
Total revenues		770,131	824,204	456,445	486,733
Expenses					
Cost of sales		569,401	619,258	320,151	357,762
Cost of rental and service		6,515	6,125	6,515	6,125
Selling and distribution expenses		79,224	87,339	50,960	56,257
Administrative expenses		75,580	74,157	52,096	48,127
Loss on changes in fair value less cost to sale of biological assets	9	4,044	4,659	-	-
Total expenses		734,764	791,538	429,722	468,271
Operating profit		35,367	32,666	26,723	18,462
Share of loss from investments in joint ventures	5	(1,877)	-	-	-
Interest income		361	14	1,092	576
Finance cost		(10,167)	(7,604)	(8,915)	(6,121)
Profit before tax expense		23,684	25,076	18,900	12,917
Tax income (expense)		(8,915)	(7,226)	(1,229)	363
Profit for the period		14,769	17,850	17,671	13,280
Profit and loss attributable to:					
Equity holders of the Company		16,844	17,776	17,671	13,280
Non-controlling interests of the subsidiaries		(2,075)	74		
		14,769	17,850		
(Unit: Baht)					
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.0521	0.0550	0.0546	0.0411

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit for the period	14,769	17,850	17,671	13,280
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss</i>				
<i>in subsequent periods:</i>				
Exchange differences on translation of				
financial statements in foreign currency	(96)	(36)	-	-
Other comprehensive income for the period	(96)	(36)	-	-
Total comprehensive income for the period	14,673	17,814	17,671	13,280
Total comprehensive income attributable to:				
Equity holders of the Company	16,748	17,740	17,671	13,280
Non-controlling interests of the subsidiaries	(2,075)	74		
	14,673	17,814		

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Income statement****For the nine-month period ended 30 September 2023**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Revenues					
Sales		2,306,894	2,327,646	1,312,492	1,260,632
Revenue from rental and service		9,479	7,659	9,479	7,659
Dividend income	2	-	-	31,636	36,000
Gain on sales of assets		31,667	-	9,839	-
Other income		26,369	24,613	18,806	18,318
Total revenues		2,374,409	2,359,918	1,382,252	1,322,609
Expenses					
Cost of sales		1,753,307	1,760,292	994,425	988,064
Cost of rental and service		19,169	17,057	19,169	17,057
Selling and distribution expenses		249,247	243,055	150,835	152,026
Administrative expenses		228,918	207,527	148,702	141,030
Loss on changes in fair value less cost to sale of biological assets	9	38,514	1,080		-
Total expenses		2,289,155	2,229,011	1,313,131	1,298,177
Operating profit		85,254	130,907	69,121	24,432
Share of loss from investments in joint ventures	5	(2,872)	-		-
Interest income		717	43	3,068	2,004
Finance cost		(29,962)	(21,969)	(25,590)	(17,429)
Profit before tax expense		53,137	108,981	46,599	9,007
Tax income (expense)		(14,110)	(25,927)	(2,030)	1,278
Profit for the period		39,027	83,054	44,569	10,285
Profit and loss attributable to:					
Equity holders of the Company		42,192	82,839	44,569	10,285
Non-controlling interests of the subsidiaries		(3,165)	215		
		39,027	83,054		
(Unit: Baht)					
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.1305	0.2562	0.1378	0.0318

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit for the period	<u>39,027</u>	<u>83,054</u>	<u>44,569</u>	<u>10,285</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss</i>				
<i>in subsequent periods:</i>				
Exchange differences on translation of				
financial statements in foreign currency	<u>124</u>	<u>(127)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>124</u>	<u>(127)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>39,151</u></u>	<u><u>82,927</u></u>	<u><u>44,569</u></u>	<u><u>10,285</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>42,316</u>	<u>82,712</u>	<u><u>44,569</u></u>	<u><u>10,285</u></u>
Non-controlling interests of the subsidiaries	<u>(3,165)</u>	<u>215</u>		
	<u><u>39,151</u></u>	<u><u>82,927</u></u>		

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2023

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to the owners of the Company													
Other components of equity holders													
Other comprehensive income													
Exchange differences													
Total other													
Total equity													
Equity attributable													
Total													
Issued and					on translation of	Surplus on	Surplus on	Surplus on changes	components of	attributable to	to non-controlling	Total	
paid up	Share premium	on treasury stock	Retained earnings		financial statements	revaluation of assets	revaluation assets	in proportion in	shareholders'	shareholders of	interests of	shareholders'	
share capital	Share premium	on treasury stock	Statutory reserve	Unappropriated	in foreign currency	revaluation of assets	of subsidiary's assets	interest of subsidiary	equity	the Company	the subsidiaries	equity	
Balance as at 1 January 2022	323,400	50,281	37,552	32,340	602,000	579	132,044	43,471	502	176,596	1,222,169	1,748	1,223,917
Profit for the period	-	-	-	-	82,839	-	-	-	-	-	82,839	215	83,054
Other comprehensive income for the period	-	-	-	-	-	(127)	-	-	-	(127)	(127)	-	(127)
Total comprehensive income for the period	-	-	-	-	82,839	(127)	-	-	-	(127)	82,712	215	82,927
Dividends paid (Note 13)	-	-	-	-	(48,510)	-	-	-	-	-	(48,510)	-	(48,510)
Balance as at 30 September 2022	323,400	50,281	37,552	32,340	636,329	452	132,044	43,471	502	176,469	1,256,371	1,963	1,258,334
Balance as at 1 January 2023	323,400	50,281	37,552	32,340	652,048	469	135,404	45,823	502	182,198	1,277,819	(2,177)	1,275,642
Profit (loss) for the period	-	-	-	-	42,192	-	-	-	-	-	42,192	(3,165)	39,027
Other comprehensive income for the period	-	-	-	-	-	124	-	-	-	124	124	-	124
Total comprehensive income for the period	-	-	-	-	42,192	124	-	-	-	124	42,316	(3,165)	39,151
Dividends paid (Note 13)	-	-	-	-	(32,340)	-	-	-	-	-	(32,340)	(213)	(32,553)
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	9,296	9,296
Balance as at 30 September 2023	323,400	50,281	37,552	32,340	661,900	593	135,404	45,823	502	182,322	1,287,795	3,741	1,291,536
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2023

(Unit: Thousand Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid up share capital	Share premium	Retained earnings		Other components of equity holders	
					Other comprehensive income	
					Surplus on revaluation of assets	
	Statutory reserve	Unappropriated				
Balance as at 1 January 2022	323,400	50,281	32,340	471,026	132,044	1,009,091
Profit for the period	-	-	-	10,285	-	10,285
Total comprehensive income for the period	-	-	-	10,285	-	10,285
Dividends paid (Note 13)	-	-	-	(48,510)	-	(48,510)
Balance as at 30 September 2022	323,400	50,281	32,340	432,801	132,044	970,866
Balance as at 1 January 2023	323,400	50,281	32,340	465,897	135,404	1,007,322
Profit for the period	-	-	-	44,569	-	44,569
Total comprehensive income for the period	-	-	-	44,569	-	44,569
Dividends paid (Note 13)	-	-	-	(32,340)	-	(32,340)
Balance as at 30 September 2023	323,400	50,281	32,340	478,126	135,404	1,019,551
	-	-	-	-	-	-
	-	-	-	-	-	-

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	53,137	108,981	46,599	9,007
Adjustments to reconcile profit before tax expenses to net cash provided by (paid from) operating activities				
Depreciation	100,408	97,135	42,519	43,181
Depreciation of biological assets	3,627	3,376	-	-
Amortisation of intangible assets	1,707	2,496	1,298	2,154
Allowance for expected credit losses of trade and other receivables (reversal)	1,091	(552)	1,150	112
Reduction of inventories to net realisable value (reversal)	820	(86)	232	(440)
Reversal of loss on impairment of equipment	(664)	(449)	(664)	(449)
Reversal of impairment of computer software	(30)	(100)	(30)	(100)
Gain on sales investment properties	(28,879)	-	-	-
Gain on sales of equipment and computer software	(3,867)	(96)	(10,373)	(115)
Write-off building and equipment and computer software	62	176	49	176
Reversal right-of-use due to adjustment of rental rate	-	35	-	35
Gain on write-off lease agreements	(927)	-	(88)	-
Share of loss from investments in joint ventures	2,872	-	-	-
Gain on equity instruments at fair value through profit or loss	(206)	-	-	-
Reversal of impairment of investment in subsidiary	-	-	(5,000)	-
Gain on sale of stud swine	(4,106)	(9,121)	-	-
Long-term employee benefit expenses	8,696	7,092	4,693	4,602
Unrealised gain on exchanges	(282)	(384)	(282)	(384)
Loss on changes in fair value less cost to sale of biological assets	38,514	1,080	-	-
Gain on changes in fair value of interest rate exchanges	(55)	(767)	(55)	(767)
Interest income	(717)	(43)	(3,068)	(2,004)
Dividend income from subsidiary	-	-	(31,636)	(36,000)
Finance cost	29,962	21,969	25,590	17,429
Profit from operating activities before changes in operating assets and liabilities	201,163	230,742	70,934	36,437
Operating assets (increase) decrease				
Trade and other receivables	47,804	(17,405)	70,736	(30,932)
Inventories	34,911	(69,048)	18,425	(36,305)
Biological assets	(6,588)	5,237	-	-
Other current assets	(7,968)	(11,107)	(4,274)	(80)
Other non-current assets	(7,287)	1,010	(205)	491
Operating liabilities increase (decrease)				
Trade and other payables	(42,654)	(7,634)	(31,709)	(11,560)
Other current liabilities	(12,193)	10,468	4,776	51
Other non-current liabilities	(72)	1,108	289	936
Cash paid for long-term employee benefit	(846)	-	(846)	-
Cash flows from (used in) operating activities	206,270	143,371	128,126	(40,962)
Cash paid for corporate income tax	(34,479)	(17,115)	-	(679)
Net cash flows from (used in) operating activities	171,791	126,256	128,126	(41,641)

The accompanying notes to interim financial statements are an integral part of the financial statements.

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the nine-month period ended 30 September 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from investing activities				
Increase in restricted bank deposits	(5)	(5)	-	-
Cash paid for investment in subsidiaries	-	-	(8,007)	-
Cash paid for investment in joint venture	(9,100)	-	-	-
Decrease (increase) in short-term loans to subsidiaries	-	-	(61,380)	38,910
Increase in loans to other investment	(4,556)	-	-	-
Acquisition of investment properties	(2,288)	(606)	(656)	(606)
Acquisition of building and equipment	(122,557)	(94,552)	(58,785)	(30,788)
Swine costs	(1,945)	(1,099)	-	-
Acquisition of computer software	(16,769)	(428)	(6,477)	(50)
Proceeds from sales investment properties	108,879	-	-	-
Proceeds from sales of equipment	20,145	200	23,817	173
Proceeds from sales of stud swine	7,333	12,881	-	-
Cash received from interest income	666	43	2,025	1,494
Cash received from dividend income from subsidiary	-	-	31,636	36,000
Net cash flows from (used in) investing activities	(20,197)	(83,566)	(77,827)	45,133
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	122,032	(15,000)	117,032	(44,000)
Cash received from short-term loan from subsidiary	-	-	65,000	-
Cash received from long-term loans	8,000	186,020	8,000	141,301
Cash paid for repayment of long-term loans	(218,277)	(102,308)	(172,469)	(39,635)
Cash paid repayment of lease liabilities	(8,906)	(8,622)	(7,020)	(7,592)
Cash paid for interest expenses	(30,111)	(22,382)	(25,414)	(17,721)
Cash received from non-controlling interests of the subsidiaries	9,296	-	-	-
Dividend paid	(32,553)	(48,510)	(32,340)	(48,510)
Net cash flows used in financing activities	(150,519)	(10,802)	(47,211)	(16,157)
Net increase (decrease) in cash and cash equivalents	1,075	31,888	3,088	(12,665)
Translation adjustments	124	(127)	-	-
Cash and cash equivalents at beginning of period	186,781	103,375	88,171	48,488
Cash and cash equivalents at end of period	187,980	135,136	91,259	35,823
	-	-	-	-
Supplemental cash flow information				
Non-cash item transaction				
Payable from acquisition of equipment	15,875	10,808	9,201	1,865
Lease liabilities	(4,226)	(10,388)	(485)	(7,264)
Transfer property, plant and equipment to investment properties	-	4,287	-	4,287
Transfer property, plant and equipment to intangible assets	(673)	-	(673)	-

The accompanying notes to interim financial statements are an integral part of the financial statements.

S. Khonkaen Foods Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2023

1. General information

1.1 The Company's general information

S. Khonkaen Foods Public Company Limited (“the Company”) is a public company limited incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of processed food products from meat and seafood, restaurants and swine farm.

The registered office of the Company is at 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Phrakanong Nuer, Vadhana, Bangkok.

1.2 Basis of preparation of interim financial information

These interim financial information are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial information are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of S. Khonkaen Foods Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) (collectively as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2022, with the change in the composition of the group of companies during the current period as described in Note 4.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Group's financial statements.

1.5 New financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

2. Related party transactions

During the periods, the Group had significant business transactions with related parties. Such transactions were conclude on commercial terms and based agreed upon between the Company, subsidiaries, joint ventures and related parties.

Significant business transactions with related parties could be summarised as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September				
	Consolidated		Separate		
	financial statements		financial statements		
	2023	2022	2023	2022	Pricing Policy
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	6,440	3,616	Cost plus margin
Service income	-	-	3,162	9,414	As stipulated in agreements
Sales equipment and supplies	-	-	23,817	-	Cost plus margin
Dividend income	-	-	-	27,000	As declared
Interest income	-	-	1,244	576	Average cost of debt 3.25% - 4.00% per annum
Purchases of goods	-	-	22,397	13,463	Cost plus margin
Purchases of assets	-	-	2,638	-	Cost plus margin
Other expenses	-	-	313	-	Cost plus margin

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September				
	Consolidated		Separate		
	financial statements		financial statements		
	2023	2022	2023	2022	Pricing Policy
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	13,744	10,433	Cost plus margin
Service income	-	-	10,150	10,218	As stipulated in agreements
Sales equipment and supplies	-	-	23,817	-	Cost plus margin
Dividend income	-	-	31,636	36,000	As declared
Interest income	-	-	3,186	1,999	Average cost of debt 3.25% - 4.00% per annum
Purchases of goods	-	-	50,575	48,356	Cost plus margin
Purchases of assets	-	-	2,683	-	Cost plus margin
Other expenses	-	-	313	-	Cost plus margin

Balances of the accounts as at 30 September 2023 and 31 December 2022 between the Group and related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
<u>Trade and other receivables (Note 3)</u>				
Subsidiaries	-	-	19,572	56,778
Joint venture	1,685	-	1,685	-
Total trade and other receivables - related parties	1,685	-	21,257	56,778
<u>Trade and other payables</u>				
Subsidiaries	-	-	1,501	4,791

Loans to the subsidiaries

As at 30 September 2023 and 31 December 2022, the balances of loans to the subsidiaries and the movements are as follows:

	(Unit: Thousand Baht)					
	Separate financial statements					
	Balance as at 31 December 2022	Increase during the period	Decrease during the period	Balance as at 30 September 2023	Less: Short-term loan to subsidiaries	Long-term loan to subsidiary
Loans to subsidiaries						
S. Pasusat Co., Ltd.	74,090	50,910	(15,030)	109,970	-	-
S. Khonkaen Holding Co., Ltd.	10,500	25,500	-	36,000	-	-
Total	84,590	76,410	(15,030)	145,970	-	-

Those loans bear interest at rates of 3.25% - 4.00% per annum. The loans have due date for repayment of principal and interest by 18 May 2028 or at call.

Short-term loan from the subsidiary

As at 30 September 2023 and 31 December 2022, the balances of loan from the subsidiary and the movements are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2022	Increase during the period	Decrease during the period	Balance as at 30 September 2023
Short-term loan from subsidiary				
S. Biz Co., Ltd.	-	65,000	-	65,000
Total	-	65,000	-	65,000

This loan bear interest at rate 4.00% per annum. The loan has due date for repayment of principal and interest by 31 December 2023.

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2023 and 2022, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Short-term employee benefits	10,585	10,820	8,177	8,513
Post-employment benefits	484	450	257	233
Total	11,069	11,270	8,434	8,746

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Short-term employee benefits	33,605	38,701	25,822	30,952
Post-employment benefits	1,515	1,351	834	701
Total	35,120	40,052	26,656	31,653

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as discussed in Note 14.2 (2).

3. Trade and other receivables

Balances of trade and other receivables as at 30 September 2023 and 31 December 2022, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,685	-	3,843	1,092
Total trade accounts receivable - related parties	1,685	-	3,843	1,092
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	456,555	512,410	353,256	393,493
Past due				
Up to 3 months	9,580	10,160	6,555	6,364
3 - 6 months	270	822	262	632
6 - 12 months	1,147	303	1,110	250
Over 12 months	2,890	2,260	2,736	2,165
Total	470,442	525,955	363,919	402,904
Less: Allowance for expected credit losses	(3,710)	(2,620)	(3,504)	(2,354)
Total trade accounts receivable - unrelated parties, net	466,732	523,335	360,415	400,550
Total trade accounts receivable, net	468,417	523,335	364,258	401,642
<u>Other receivables</u>				
Other receivables - related parties	-	-	17,414	55,686
Other receivables - unrelated parties	6,507	944	5,088	850
Others	1,266	473	1,266	409
Total	7,773	1,417	23,768	56,945
Less: Allowance for expected credit losses	(402)	(402)	(402)	(402)
Total other receivables - net	7,371	1,015	23,366	56,543
Total trade and other receivables - net	475,788	524,350	387,624	458,185

4. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are presented below.

Company's name	Cost		Dividend received for the three-month periods ended		(Unit: Thousand Baht) Dividend received for the nine-month periods ended	
	30 September	31 December	2023	2022	2023	2022
	2023	2022				
<u>Subsidiaries held by the Company</u>						
S. Pasusat Co., Ltd.	44,968	44,968	-	27,000	-	36,000
S.K.K. Food Co., Ltd.	119,225	119,225	-	-	-	-
Mahachai Foods Co., Ltd.	286,919	286,919	-	-	31,636	-
S. Biz Co., Ltd. (Formerly known as S.Khehakarn Co., Ltd.)	89,996	89,996	-	-	-	-
Sor. Training Center Co., Ltd.	500	500	-	-	-	-
S. Khonkaen Foods (Netherlands) B.V.	4	4	-	-	-	-
S. Khonkaen Holding Co., Ltd.	1,000	1,000	-	-	-	-
S. Khonkaen Foods (USA), Inc.	8,007	-	-	-	-	-
Total	550,619	542,612	-	27,000	31,636	36,000
Less: Allowance for impairment of investments	-	(5,000)				
Investments in subsidiaries - net	550,619	537,612				
<u>Subsidiaries held by</u>						
<u>S. Khonkaen Holding Co., Ltd.</u>						
S. Khonkaen Cuisine (Thailand) Co., Ltd.	8,000	8,000	-	-	-	-
S. Restaurant Holding Co., Ltd.	4,000	-	-	-	-	-
S. Local Foods Co.,Ltd.	2,400	-	-	-	-	-
Total	14,400	8,000	-	-	-	-
<u>Subsidiaries held by</u>						
<u>S. Restaurant Holding Co., Ltd.</u>						
Sor. Kitchen Co., Ltd.	4,000	-	-	-	-	-
Total	4,000	-	-	-	-	-

On 10 November 2022, the Board of Directors' meeting of the Company had approved the establishment of subsidiary registered in the United States of America, "S. Khonkaen Foods (USA), Inc." with the registered share capital of USD 600,000 (600,000 ordinary shares with a par value of USD 1 each). The Company had 51 percent of shareholding (306,000 ordinary shares) in approximate amounting of Baht 12 million. Subsequently, On 21 February 2023, S. Khonkaen Foods (USA), Inc. had increased the registered shares capital amount of USD 300,000 from USD 600,000 to USD 900,000. By the Board of Directors' meeting of the Company had approved to increase its shareholding in S. Khonkaen Foods (USA), Inc. in proportionate of their shareholdings (153,000 ordinary share) at approximately amounting of Baht 5 million. On 29 May 2023, such company called for payment of 75% of the first portion registered share capital. The Company paid this called up capital at approximately Baht 8 million.

On 5 January 2023, the Board of Directors' meeting of S.Khonkaen Holding Company Limited (the subsidiary) passed a resolution approved the establishment of S. Restaurant Holding Company Limited. S.Khonkaen Holding Company Limited invests 399,996 ordinary shares with a par value of Baht 10 each. As a result, the subsidiary owns 100% of its authorised share capital. Such company called for payment of 100% of the registered share capital.

On 21 February 2023, the Board of Directors' meeting of S. Restaurant Holding Company Limited (the subsidiary) passed a resolution approved the investment of Sor. Kitchen Company Limited. S. Restaurant Holding Company Limited invests 399,996 ordinary shares in amounting of Baht 4 million. As a result, the subsidiary owns 100% of its authorised share capital. Such company called for payment of 100% of the registered share capital.

On 11 May 2023, the Board of Directors' meeting of the company passed a resolution approved the establishment of S. Khonkaen Foods (Guangzhou) Company Limited with the registered shared capital of CNY 3 million (300,000 ordinary shares with a par value of CNY 10 each). The Company had 51% of shareholding (153,000 ordinary shares), in approximate amounting of Baht 7.6 million. Such company has yet call for payment of such share subscriptions.

On 13 July 2023, the Board of Directors' meeting of S.Khonkaen Holding Company Limited (the subsidiary) passed a resolution approved the investment of Sor. Local Foods Company Limited. S.Khonkaen Holding Company Limited invests 239,998 ordinary shares in amounting of Baht 2.4 million. As a result, the subsidiary owns 60% of its authorised share capital. Such company called for payment of 100% of the registered share capital.

5. Investments in joint ventures

5.1 Details of investments in joint ventures as at 30 September 2023 are as follows.

(Unit: Thousand Baht)				
Joint ventures	Issued and paid up capital	Percentage of shareholding (%)	Consolidated financial statements	
			Carrying amounts based on cost method	Carrying amounts based on equity method
Leanlicious Co., Ltd.	1,000	30	4,000	3,588
Sib Koon Sib Co., Ltd.	10,000	51	5,100	2,846
Total			9,100	6,434

On 5 January 2023, S.Khonkaen Holding Company Limited's Board of Directors' meeting passed a resolution approved the investment of Leanlicious Company Limited. S.Khonkaen Holding Company Limited invested 30,000 ordinary shares in amounting of Baht 4 million each. As a result, the company owns 30% of its authorised share capital. Such company called for payment of 100% of registered share capital.

On 31 March 2023, the Board of Directors' meeting of S. Restaurant Holding Company Limited (the subsidiary) passed a resolution approved the establishment of Sib Koon Sib Company Limited with the registered shared capital of Baht 4 million (400,000 ordinary shares with a par value of Baht 10 each). Such company was completed for registration on 3 April 2023. S. Restaurant Holding Company Limited had 51% of shareholding (203,998 ordinary shares). Such company called for payment of 100% of the registered share capital.

5.2 Share of comprehensive income and dividend received

During the periods, the Group recognised its share of comprehensive income from investments in the joint venture and dividend received in the consolidated financial statements as follows:

(Unit: Thousand Baht)		
For the three-month periods ended 30 September 2023		
Consolidated financial statements		
	Share of loss from investments in joint ventures	Share of other comprehensive income from investments in joint ventures
Joint ventures		
Leanlicious Co., Ltd.	(209)	-
Sib Koon Sib Co., Ltd.	(1,668)	-
Total	(1,877)	-

(Unit: Thousand Baht)		
For the nine-month periods ended 30 September 2023		
Consolidated financial statements		
	Share of loss from investments in joint ventures	Share of other comprehensive income from investments in joint ventures
Joint ventures		
Leanlicious Co., Ltd.	(422)	-
LM SK Thai Food Co., Ltd.	(196)	-
Sib Koon Sib Co., Ltd.	(2,254)	-
Total	(2,872)	-

5.3 Movement of investments in joint ventures

In January 2023, S. Restaurant Holding Company Limited invested in LM SK Thai Food Company Limited as the shareholding percentage of 40% or totaling of Baht 4 million. Subsequently, In May 2023, S. Restaurant Holding Company Limited disposed investment in LM SK Thai Food Company Limited, as a result, shareholding percentage decreased from 40% to 19% and changed the status from investment in joint venture to other non-current financial assets since the date of investment disposal. The receipt from disposal of investment was recognised as other income in profit or loss for the period.

On 19 July 2023, S. Restaurant Holding Company Limited to dispose the remaining of investment in LM SK Thai Food Company Limited of Baht 3.8 million (38,000 ordinary shares with a par value of Bath 100 each). Such Subsidiary has completed the disposition and recorded disposal transactions.

6. Investment properties

Movements of investment properties account during the nine-month period ended 30 September 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value at the beginning of the period	665,707	398,499
Acquisitions during the period - at cost	2,288	656
Disposals during the period - net book value at disposal date	(80,000)	-
Depreciation for the period	(3,611)	(3,611)
Net book value at the end of the period	<u>584,384</u>	<u>395,544</u>

The Group has pledged investment properties with a total net book value as at 30 September 2023 of Baht 429 million (the Company only: Baht 362 million) as collateral for credit facilities granted by bank.

During the current period, S. Biz company Limited (the subsidiary) disposed a plot of land with a net book value of Baht 80 million to an unrelated company at a price of Baht 109 million. The Group recorded a gain on disposal of Baht 29 million in the consolidated income statement of the period.

7. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	1,081,679	483,120
Acquisitions during the period - at cost	138,432	67,986
Disposals during the period - net book value at disposal date	(16,261)	(13,429)
Write-off during the period - net book value at write-off date	(62)	(49)
Transfer property, plant and equipment to intangible assets	(673)	(673)
Depreciation for the period	(85,563)	(29,904)
Reversal of allowance for impairment	664	664
Net book value as at 30 September 2023	1,118,216	507,715

The Group has mortgaged land and building constructed thereon and machinery with a total net book value as at 30 September 2023 of Baht 346 million (the Company only: Baht 249 million) as collaterals against credit facilities received from financial institutions.

8. Right of use assets

Movement of right of use assets for the nine-month period ended 30 September 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	100,610	84,409
Increase during the period	4,226	485
Write-off during the period	(2,327)	(1,773)
Depreciation for the period	(11,234)	(9,004)
Net book value as at 30 September 2023	91,275	74,117

9. Biological assets

Movements of the biological assets during the nine-month period ended 30 September 2023 are as follows:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2023	100,660
Increase due to feeding costs	213,320
Decrease due to sales	(208,014)
Depreciation for the period	(3,627)
Loss on changes in fair value less cost to sale of biological assets	(38,514)
Balance as at 30 September 2023	63,825

10. Long-term loans

Movements in the long-term loan account during the nine-month period ended 30 September 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2023	610,826	501,328
Add: Additional borrowing	8,000	8,000
Less: Repayments	(218,277)	(172,469)
Balance as at 30 September 2023	400,549	336,859

The long-term loans of the Company are secured by the mortgage of land and building constructed thereon and investment properties of the Company.

The long-term loans of the subsidiaries are secured by the mortgage of land, machinery of subsidiaries and guaranteed by the Company.

The loan agreements contain several covenants which, among other things, require the Group to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements. Also, the Group has to maintain shareholding proportion in the parent prescribed in the agreement.

As at 30 September 2023, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 615 million (the Company only: Baht 603 million).

11. Share capital

On 25 April 2023, the Annual General Meeting of shareholders of the Company passed a resolution to approve the increase in the Company's registered share capital of 15,992,500 ordinary shares of Baht 1 per share from the formerly registered share capital of Baht 323,400,000 to newly registered share capital of Baht 339,392,500 to reserve for the exercise of right under the employee stock option program (ESOP). The Company registered the increase in registered share capital with the Ministry of Commerce on 8 May 2023.

12. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group are organised into business units based on its products and services. Their operating segments are classified into four reportable segments as follows:

1. Processed food from meat
2. Processed seafood
3. Restaurants
4. Swine farm

(Unaudited but reviewed)

The revenue and profit information regarding the Group operating segments for the periods of three-month and nine-month ended 30 September 2023 and 2022 is presented below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September													
	Processed food													
	from pork		Processed seafood		Restaurants		Swine farm		Total segments		Elimination entries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	413,425	416,874	273,555	270,493	16,781	19,380	54,138	101,951	757,899	808,698	-	-	757,899	808,698
Inter-segment revenue	7,150	3,616	19,121	13,464	-	-	-	-	26,271	17,080	(26,271)	(17,080)	-	-
Total sales	420,575	420,490	292,676	283,957	16,781	19,380	54,138	101,951	784,170	825,778	(26,271)	(17,080)	757,899	808,698
Gross operating profit (loss)	116,340	76,519	67,684	66,124	8,536	8,419	(4,079)	38,378	188,481	189,440	17	-	188,498	189,440
Loss from rental and service													(3,156)	(3,185)
Other income													9,234	12,580
Loss on changes in fair value less cost to														
sale of biological assets													(4,044)	(4,659)
Selling and distribution expenses													(79,224)	(87,339)
Administrative expenses													(75,580)	(74,157)
Share of loss from investments in joint ventures													(1,877)	-
Finance cost													(10,167)	(7,604)
Income tax expenses													(8,915)	(7,226)
Profit for the period													14,769	17,850

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	Processed food		Processed seafood		Restaurants		Swine farm		Total segments		Elimination entries		Total	
	from pork													
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	1,265,691	1,170,319	771,809	799,241	51,944	52,963	217,450	305,123	2,306,894	2,327,646	-	-	2,306,894	2,327,646
Inter-segment revenue	16,023	10,433	46,277	48,356	-	-	-	-	62,300	58,789	(62,300)	(58,789)	-	-
Total sales	<u>1,281,714</u>	<u>1,180,752</u>	<u>818,086</u>	<u>847,597</u>	<u>51,944</u>	<u>52,963</u>	<u>217,450</u>	<u>305,123</u>	<u>2,369,194</u>	<u>2,386,435</u>	<u>(62,300)</u>	<u>(58,789)</u>	<u>2,306,894</u>	<u>2,327,646</u>
Gross operating profit	303,006	240,548	205,020	196,234	25,964	25,004	19,369	105,568	553,359	567,354	228	-	553,587	567,354
Loss from rental and service													(9,690)	(9,398)
Other income													58,753	24,656
Loss on changes in fair value less cost to sale of biological assets													(38,514)	(1,080)
Selling and distribution expenses													(249,247)	(243,055)
Administrative expenses													(228,918)	(207,527)
Share of loss from investments in joint ventures													(2,872)	-
Finance cost													(29,962)	(21,969)
Income tax expenses													(14,110)	(25,927)
Profit for the period													<u>39,027</u>	<u>83,054</u>

13. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2022	Annual General Meeting of the shareholders on 25 April 2023	32,340	0.10
Dividend for 2021	Annual General Meeting of the shareholders on 28 April 2022	48,510	0.15

14. Commitments and contingent liabilities**14.1 Capital commitments**

As at 30 September 2023, the Group had capital commitments in respect of construction of building and acquisition of assets of approximately Baht 73 million, (the Company only: Baht 15 million).

14.2 Guarantees

- (1) As at 30 September 2023, the subsidiaries pledged their bank deposit to secure against a fuel credit card of Baht 1 million.
- (2) As at 30 September 2023, the Company had obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 323 million.
- (3) As at 30 September 2023, there were outstanding bank guarantees of approximately Baht 8 million issued by the banks on behalf of the Group to guarantee utility charges (the Company only: Baht 6 million).

15. Events after the reporting period

On 17 October 2023, the Company paid the final called up capital of S. Khonkaen Foods (USA), Inc. amounting of USD 229,500 or approximately Baht 8 million.

16. Approval of interim financial information

These interim financial information were authorised for issue by the Company's Board of Directors on 7 November 2023.