



S. Khonkaen Foods PCL. and its subsidiaries ("Group")

Management Discussion and Analysis For period ended 30 June 2025

Business Overview

Statements of Income (Consolidated) January – June	Quarter 2/2025		Quarter 2/2024		Change
	(THB Mn.)	(%)	(THB Mn.)	(%)	(% YOY)
Revenue from Sales	1,806.1	100.0%	1,595.6	100.0%	13.2%
Cost of Sales	(1,333.9)	-73.9%	(1,175.1)	-73.6%	13.5%
Gross Margin	472.2	26.1%	420.5	26.4%	12.3%
Selling and Distribution Expenses	(210.5)	-11.7%	(184.8)	-11.6%	13.9%
Administrative Expenses	(180.2)	-10.0%	(163.7)	-10.3%	10.1%
Loss from rental and service	(1.8)	-0.1%	(3.8)	-0.2%	-53.4%
Gain (Loss) on changes in fair value less cost to sale of biological assets	19.1	1.1%	10.5	0.7%	83.0%
Other income	27.0	1.5%	20.0	1.3%	34.8%
Other expense	-	0.0%	(0.5)	0.0%	-100.0%
EBIT	125.8	7.0%	98.2	6.2%	28.1%
Financial Cost	(19.1)	-1.1%	(19.5)	-1.2%	-2.0%
Tax Expenses	(16.5)	-0.9%	(19.1)	-1.2%	-13.4%
Profit/(Loss)	90.2	5.0%	59.6	3.7%	51.3%
Equity holders of the Company	94.4	5.2%	68.0	4.3%	38.9%
Earnings per Share (THB/Share)	0.30		0.21		

Statement of Income (Consolidated) April – June	Quarter 2/2025		Quarter 2/2024		Change
	(THB Mn.)	(%)	(THB Mn.)	(%)	(% YOY)
Revenue from Sales	924.7	100.0%	860.9	100.0%	7.4%
Cost of Sales	(681.5)	-73.7%	(632.1)	-73.4%	7.8%
Gross Margin	243.2	26.3%	228.8	26.6%	6.3%
Selling and Distribution Expenses	(110.8)	-12.0%	(95.9)	-11.1%	15.5%
Administrative Expenses	(91.0)	-9.8%	(93.0)	-10.8%	-2.2%
Loss from rental and service	(0.4)	0.0%	(2.0)	-0.2%	-80.3%
Gain (Loss) on changes in fair value less cost to sale of biological assets	(3.7)	-0.4%	14.9	1.7%	-124.8%
Other income	15.4	1.7%	18.9	2.2%	-18.5%
Other expense	-	0.0%	(0.3)	0.0%	-100.0%
EBIT	52.8	5.7%	71.4	8.3%	-26.0%
Financial Cost	(9.6)	-1.0%	(9.6)	-1.1%	0.0%
Tax Expenses	(7.6)	-0.8%	(13.9)	-1.6%	-45.5%
Profit/(Loss)	35.6	3.9%	47.8	5.6%	-25.6%
Equity holders of the Company	36.9	4.0%	52.5	6.1%	-29.7%
Earnings per Share (THB/Share)	0.12		0.04		

Revenue :

The Group has sales revenue of THB 924.7 million in Q2/2025, representing an increase of 7.4% compared to the same quarter of the previous year (an increase of 4.9% compared to Q1/2025). For the six-month period, the Group generated cumulative sales revenue of THB 1,806.1 million, an increase of 13.2% compared to the same period of the previous year.

The majority of revenue from sales in Q2/2025 continued to be derived from the processed meat products business, which has maintained steady growth. This was driven by the sustained popularity of fermented pork products among consumers, coupled with the launch of new products to stimulate sales. In addition, the Group also recorded higher revenue from the swine farming business, attributable to an increase in market prices for live pigs as well as a higher number of pigs sold.

Gross profit :

The Group has gross profit of THB 243.2 million in Q2/2025, representing 26.3% of sales revenue, an increase of 6.3% compared to the same quarter of the previous year (an increase of 6.2% compared to Q1/2025). For the six-month period, gross profit total THB 472.2 million, representing 26.1% of sales revenue, an increase of 12.3% compared to the same period of the previous year.

The main reason for the increase in gross profit in Q2/2025 was the performance of swine business, driven by higher market prices for live pigs, as previously mentioned, along with a reduction in feed costs.

Others :

The Group recognized a loss from changes in fair value less costs to sell of biological assets in Q2/2025 amounting to THB 3.7 million, representing 0.4% of sales revenue, a decrease of 124.8% compared to the same quarter of the previous year (a decrease of 116.1% compared to Q1/2025). For the six-month period, the Group recorded a gain from changes in fair value less costs to sell of biological assets totaling THB 19.1 million, representing 1.1% of sales revenue, an increase of 83.0% compared to the same period of the previous year.

The gain from changes in fair value less costs to sell of biological assets decreased from Q1/2025 due to a decline in market prices for live pigs. However, market prices remained higher than those in the same quarter of the previous year, resulting in an increase in the gain from changes in fair value less costs to sell of biological assets compared to Q2/2024.

Net profit

attributable to the Company :

The Group has net profit attributable to the Company of THB 36.9 million in Q2/2025, representing 4.0% of sales revenue, a decrease of 29.7% compared to the same quarter of the previous year (a decrease of 35.9% compared to Q1/2025). For the six-month period, net profit attributable to the Company total THB 94.4 million, representing 5.2% of sales revenue, an increase of 38.9% compared to the same period of the previous year.

The increase in net profit attributable to the Company in Q2/2025 was driven by higher gross profit together with an increase in the gain from changes in fair value of biological assets, resulting in overall higher net profit for the Group. However, net profit attributable to the Company decreased from Q1/2025 due to higher selling expenses arising from contract modifications.

Core Business

Revenue from sales (consolidated)	Quarter 2/2025			Quarter 2/2025	
	(3 months : Apr - Jun)			(6 months : Jan - Jun)	
Segment information	(THB Mil.)	(%YOY)	(%QOQ)	(THB Mil.)	(%YOY)
Revenue from Sales	924.7	7.4%	4.9%	1,806.0	13.2%
Processed food from meat	498.6	4.7%	9.1%	955.6	7.3%
Processed seafood	291.6	5.7%	0.2%	582.7	12.0%
Restaurants	24.5	18.6%	5.2%	47.8	21.4%
Swine farm	110.0	24.4%	0.0%	219.9	51.2%

Revenue from sales

1. Processed Food from Meat

The Group has revenue from processed food from meat of THB 498.6 million in Q2/2025, representing 53.9% of total sales, an increase of 4.7% compared to the same quarter of the previous year (an increase of 9.1% compared to Q1/2025). Gross profit from this segment was THB 131.3 million, representing 26.3% of revenue from this business, a decrease of 1.6% compared to the same quarter of the previous year (an increase of 15.1% compared to Q1/2025).

For the six-month period, sales revenue from the processed meat products business total THB 955.6 million, representing 52.9% of total sales, an increase of 7.3% compared to the same period of the previous year. Gross profit for the period was THB 245.5 million, representing 25.7% of revenue from this business, a decrease of 1.4% compared to the same period of the previous year.

The Group's sales revenue from processed meat products continued to grow, supported by sales promotion strategies that have enhanced consumer preference for the Company's products. In addition, the Company launched new products to meet consumer demand, resulting in higher sales and gross profit margins.

2. Processed Seafood

The Group has revenue from processed seafood THB 291.6 million in Q2/2025, representing 31.5% of total sales, an increase of 5.7% compared to the same quarter of the previous year (an increase of 0.2% compared to Q1/2025). Gross profit from this segment was THB 66.9 million, representing 22.9% of revenue from this business, a decrease of 17.0% compared to the same quarter of the previous year (a decrease of 13.8% compared to Q1/2025).

For the six-month period, sales revenue from the processed seafood business total THB 582.7 million, representing 32.3% of total sales, an increase of 12.0% compared to the same period of the previous year. Gross profit for the period was THB 144.4 million, representing 24.8% of revenue from this business, a decrease of 3.8% compared to the same period of the previous year.

The Group's revenue from the processed seafood segment is expected to decline due to a shift in the sales mix, which has also resulted in a decrease in gross profit margin for this business segment.

3. Quick Service Restaurants (QSR)

The Group has revenue from quick service restaurants of 24.5 million in Q2/2025, representing 2.7% of total sales, an increase of 18.6% compared to the same quarter of the previous year (an increase of 5.2% compared to Q1/2025). Gross profit from this segment was THB 10.5 million, representing 42.9% of sales revenue, an increase of 39.6% compared to the same quarter of the previous year (an increase of 12.2% compared to Q1/2025).

For the six-month period, sales revenue from the restaurant business total THB 47.8 million, representing 2.6% of total sales, an increase of 21.4% compared to the same period of the previous year. Gross profit for the period was THB 19.9 million, representing 41.6% of sales revenue, an increase of 36.4% compared to the same period of the previous year.

The Group's revenue from the restaurant segment increased due to the opening of new branches in strategic locations, the closure of loss-making branches since last year, and the addition of buffet-style dining options, which contributed to higher revenue.

4. Swine Farming

The Group has revenue from swine farming of THB 110 million in Q2/2025, representing 11.9% of total sales, an increase of 24.4% compared to the same quarter of the previous year (an increase of 0.04% compared to Q1/2025). Gross profit from this segment was THB 33.4 million, representing 30.4% of sales revenue, an increase of 414.8% compared to the same quarter of the previous year (an increase of 19.8% compared to Q1/2025).

For the six-month period, cumulative sales revenue from the farm business totaled THB 219.9 million, representing 12.2% of total sales, an increase of 51.2% compared to the same period of the previous year. Gross profit for the period was THB 61.3 million, representing 27.9% of sales revenue, an increase of 900.6% compared to the same period of the previous year.

The increase in revenue from the farm business was driven by higher sales volume and a continuous rise in average selling prices per unit. Additionally, the Group has implemented more efficient cost control processes, resulting in lower unit costs and overall improved performance of the swine farming segment.

Revenue from rental and services

The Group has revenue from rental and service of THB 4.3 million in Q2/2025, representing 0.5% of total sales, a decrease of 7.4% compared to the same quarter of the previous year (a decrease of 5.88% compared to Q1/2025).

For the six-month period, cumulative rental and service income total THB 8.8 million, representing 0.5% of total sales, a slight increase of 0.2% compared to the same period of the previous year.

The increase in rental and service income was driven by the Group's ability to secure additional new tenants. Furthermore, improved management of fixed expenses contributed to a reduction in losses.

Selling and distribution expenses

The Group has selling and distribution expenses of THB 110.8 million in Q2/2025, representing 12.0% of total sales, an increase of 15.5% compared to the same quarter of the previous year (an increase of 11.1% compared to Q1/2025).

For the six-month period, cumulative selling and distribution expenses total THB 210.5 million, representing 11.7% of total sales, an increase of 13.9% compared to the same period of the previous year.

The increase in selling and distribution expenses was in line with revenue growth and mainly resulted from higher promotional and marketing expenses.

Administrative expenses

The Group has administrative expenses of THB 91 million in Q2/2025, representing 9.8% of total sales, a decrease of 2.2% compared to the same quarter of the previous year (an increase of 2.0% compared to Q1/2025).

For the six-month period, cumulative administrative expenses total THB 180.2 million, representing 10.0% of total sales, an increase of 10.1% compared to the same period of the previous year.

The increase in administrative expenses was primarily due to organizational restructuring and enhanced employee compensation to support the Company's growth strategy.

Financial Highlights as of June 30, 2025

Statement of Financial Position (Consolidated)	June 30, 2025		December 31, 2024		Change
	(THB Mil.)	(%)	(THB Mil.)	(%)	(%YOY)
Total Assets	<u>3,299.2</u>	<u>100.0%</u>	<u>3,261.6</u>	<u>100.0%</u>	<u>1.2%</u>
Current Assets	<u>1,181.4</u>	<u>35.8%</u>	<u>1,232.9</u>	<u>37.8%</u>	<u>(4.2%)</u>
- Cash and cash equivalents	174.3	5.3%	209.3	6.5%	(16.7%)
- Trade and other receivables	566.5	17.2%	608.5	18.7%	(6.9%)
- Inventories	279.9	8.5%	272.4	8.4%	2.7%
- Biological assets	121.5	3.7%	106.7	3.3%	14.0%
- Other current assets	38.5	1.2%	36.0	1.1%	10.7%
Non-Current Assets	<u>2,117.8</u>	<u>64.2%</u>	<u>2,028.7</u>	<u>62.2%</u>	<u>4.4%</u>
- Investment Properties	605.3	18.3%	608.2	18.6%	(0.5%)
- Property, Plant, and Equipment	1,316.9	39.9%	1,255.2	38.5%	4.9%
- Right-of-use Assets	99.3	3.0%	83.2	2.6%	19.3%
- Biological asset (non-current)	21.2	0.6%	14.3	0.4%	47.8%
- Other non-current assets	75.2	2.3%	67.8	2.1%	10.9%
Total Liabilities	<u>1,932.7</u>	<u>58.6%</u>	<u>1,859.2</u>	<u>57.0%</u>	<u>4.0%</u>
Current Liabilities	<u>1,347.4</u>	<u>40.8%</u>	<u>1,350.3</u>	<u>41.4%</u>	<u>(0.2%)</u>
- Bank overdraft	803.0	24.3%	764.0	23.4%	5.1%
- Trade and other payable	413.7	12.5%	435.3	13.3%	(5.0%)
- Current portion of long-term loan	64.1	1.9%	84.7	2.6%	(24.3%)
- Other current liabilities	66.6	2.0%	66.3	2.0%	0.5%
Non-Current Liabilities	<u>585.3</u>	<u>17.7%</u>	<u>508.9</u>	<u>15.6%</u>	<u>15.0%</u>
- Lease liabilities – exceed 1 year	88.1	2.7%	80.3	2.5%	9.8%
- Long term loan – exceed 1 year	372.4	11.3%	313.3	9.6%	18.9%
- Provision for retirement benefit	89.6	2.7%	84.7	2.6%	5.8%
- Other non-current liabilities	35.2	1.1%	30.7	0.9%	14.6%
Total Shareholders' Equity	<u>1,366.5</u>	<u>41.4%</u>	<u>1,402.4</u>	<u>43.0%</u>	<u>(2.6%)</u>
- Equity holders of the Group	1,341.1	40.6%	1,359.2	41.7%	(1.3%)
- Non-controlling interests	25.4	0.8%	43.2	1.3%	(41.2%)

Assets

The Group's total assets amounted to THB 3,299.2 million, an increase of 1.2% compared to the end of the previous year, primarily driven by higher trade receivables in line with sales growth. Additionally, the Company made investments in property, plant, and equipment for business operations. Moreover, the rising market prices of live pigs, which are biological assets of the Group, contributed to the increase in total assets.

Liabilities

The Group's total liabilities amounted to THB 1,932.7 million, an increase of 4.0% compared to the end of the previous year. Current liabilities decreased by 0.2%, while non-current liabilities increased by 15.0% due to long-term borrowings drawn for investment in fixed assets in the swine farming business. As of June 30, 2025, the Group's debt-to-equity ratio stood at 1.4 times.

Shareholders' Equity

The Group has total shareholders' equity amounted to THB 1,366.5 million, representing a 2.6% decrease compared to the end of the previous year.