



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

Management Discussion and Analysis For period ended 31 December 2024

Business Overview

Statements of Income (Consolidated) January – December	Quarter 4/2024		Quarter 4/2023		Change (%YOY)
	(THB Mn.)	(%)	(THB Mn.)	(%)	
Revenue from Sales	3,341.3	100.0%	3,082.9	100.0%	8.4%
Cost of Sales	(2,481.0)	-74.3%	(2,331.4)	-75.6%	6.4%
Gross Margin	860.3	25.7%	751.5	24.4%	14.5%
Selling and Distribution Expenses	(371.0)	-11.1%	(320.8)	-10.4%	15.7%
Administrative Expenses	(345.1)	-10.3%	(340.5)	-11.0%	1.4%
Loss from rental and service	(5.8)	-0.2%	(12.9)	-0.4%	-55.3%
Gain (Loss) on changes in fair value less cost to sale of biological assets	17.2	0.5%	(29.1)	-0.9%	-159.2%
Other income	31.8	1.0%	68.4	2.2%	-53.5%
Other expense	(1.2)	0.0%	(5.8)	-0.2%	-79.7%
EBIT	186.2	5.6%	110.9	3.6%	67.9%
Financial Cost	(40.4)	-1.2%	(39.6)	-1.3%	2.0%
Tax Expenses	(29.9)	-0.9%	(21.0)	-0.7%	42.6%
Profit/(Loss)	115.9	3.5%	50.3	1.6%	130.4%
Equity holders of the Company	133.5	4.0%	54.7	1.8%	144.1%
Earnings per Share (THB/Share)	0.41		0.17		

Statement of Income (Consolidated) October – December	Quarter 4/2024		Quarter 4/2023		Change (%YOY)
	(THB Mn.)	(%)	(THB Mn.)	(%)	
Revenue from Sales	904.4	100.0%	776.0	100.0%	16.5%
Cost of Sales	(673.3)	-74.4%	(578.1)	-74.5%	16.5%
Gross Margin	231.1	25.6%	198.0	25.5%	16.8%
Selling and Distribution Expenses	(89.9)	-9.9%	(71.5)	-9.2%	25.7%
Administrative Expenses	(102.4)	-11.3%	(111.6)	-14.4%	-8.2%
Loss from rental and service	(1.4)	-0.2%	(3.2)	-0.4%	-57.9%
Gain (Loss) on changes in fair value less cost to sale of biological assets	2.2	0.2%	9.5	1.2%	-76.8%
Other income	7.1	0.8%	9.6	1.2%	-26.5%
Other expense	(0.5)	0.0%	(2.9)	-0.4%	-84.5%
EBIT	46.3	5.1%	27.8	3.6%	66.6%
Financial Cost	(11.4)	-1.3%	(9.6)	-1.2%	18.8%
Tax Expenses	(9.0)	-1.0%	(6.9)	-0.9%	30.8%
Profit/(Loss)	25.8	2.9%	11.3	1.5%	129.3%
Equity holders of the Company	31.3	3.5%	12.5	1.6%	151.2%
Earnings per Share (THB/Share)	0.10		0.04		

Revenue :

The Group has revenue from sales THB 904.4 million in Q4/2024, an increase of 16.5 percent compared to the same quarter of previous year (an increase of 7.5 percent compared to Q3/2024). The Group has accumulated revenue from sales for 12 months amounted to THB 3,341.3 million, an increase of 8.4 percent compared to the same period of previous year.

The majority of revenue from sales in Q4/2024 continued to come from processed food from meat business, which has been consistently growing. This growth was driven by the popularity of fermented sausages among consumers since Q2/2024 and continues to the present and new products were launched into the market to increase sales. Additionally, the Group also has increased revenue from swine farming business in Q3/2024, driven by both higher price of swine and also higher number of swine sold in this period.

Gross profit :

The Group has gross profit of THB 231.1 million in Q4/2024, which accounted for 25.6% of revenue from sales. The gross profit increased by 16.8 percent compared to the same quarter of previous year (increased by 10.8 percent compared to Q3/2024). The Group has accumulated gross profit for 12 months amounted to THB 860.3 million, which accounted for 25.7 percent of revenue from sales. The accumulated gross profit increased by 14.5 percent compared to the same period of previous year.

The main reason for the increase in gross profit in Q4/2024 was the performance of swine business, driven by price and quantity of swine sold as mentioned above and the cost of processed meat products has decreased.

Others :

The Group recognized a gain of THB 2.2 million from change in fair value of biological assets net cost of sales in Q4/2024, which accounted for 0.2 percent of revenue from sales. The change in fair value decreased by 76.8 percent compared to the same period of previous year. (a decrease of 51.9 percent compared to Q3/2024). The Group has accumulated gain from change in fair value of biological asset net cost of sales for 12 months amounted to THB 17.2 million, which accounted for 0.5 percent of revenue from sales. The accumulated fair value of biological asset net cost of sales increased by 1.59 times compared to the same period of previous year.

The increase in gains from change in fair value of biological assets was driven by the continuous upward market prices of swine, whereas during the same period last year, swine prices were trending downward.

Net profit**attributable to the Company :**

The Group has net profit attributable to the Company of THB 31.3 million in Q4/2024, which accounted for 3.5 percent of revenue from sales. The net profit increased by 1.51 times compared to the same quarter of the previous year (a decrease of 8.3 percent compared to Q3/2024). The Group has accumulated net profit attributable to the Company for 12 months amounted to THB 133.5 million, which accounted for 4.0 percent of revenue from sales. The accumulated net profit attributable to the Company increased by 1.44 times compared to the same period of previous year.

The increase in net profit attributable to the Company in Q4/2024 was a result of higher gross profit, along with gains from the fair value change of biological assets, which led to an overall increase in the Group's net profit.

Core Business

Revenue from sales (consolidated)	Quarter 4/2024 (3 months : Oct - Dec)			Quarter 4/2024 (12 months : Jan - Dec)	
	(THB Mil.)	(%YOY)	(%QOQ)	(THB Mil.)	(%YOY)
Segment information					
Revenue from Sales	904.4	16.5%	7.5%	3,341.3	8.4%
Processed food from meat	505.4	23.1%	10.3%	1,853.9	10.6%
Processed seafood	279.0	-5.2%	5.0%	1,065.0	-0.1%
Restaurants	21.0	38.4%	21.3%	77.7	15.7%
Swine farm	99.1	77.1%	-1.0%	344.7	26.1%

Revenue from sales

1. Processed Food from Meat

The Group has revenue from processed food from meat of THB 505.4 million in Q4/2024, which accounted for 55.9 percent of total revenue from sales. This represents a growth rate of 23.1 percent compared to the same quarter of previous year (an increased of 10.3 percent compared to Q3/2024). The gross profit from this business segment was THB 116.7 million, which accounted for 23.1 percent of revenue from processed food from meat. This showed a slight growth of 4.7 percent compared to the same quarter of previous year (an increased of 0.1 percent compared to Q3/2024)

The Group has accumulated revenue from sales from processed food from meat for 12 months of THB 1,853.9 million, which accounted for 55.5 percent of total revenue from sales. This represented a growth rate of 10.6 percent compared to the same period of previous year. The accumulated gross profit from this business segment was THB 482.1 million, which accounted for 26.0 percent of revenue from processed food from meat. This showed a growth of 16.3 percent compared to the same period of previous year.

The continued growth in sales from the processed food from meat business was a result of the Group's sales promotion strategies that have enhanced the popularity of the company's products. In additionally, the company has launched new products into the market to meet consumer demands. It resulted to increase in sales.

2. Processed Seafood

The Group has revenue from processed seafood THB 279.0 million in Q4/2024, which accounted for 30.8 percent of total revenue from sales. This represents a decrease of 5.2 percent compared to the same quarter of previous year (an increase of 5.0 percent compare to Q3/2024). The gross profit from this business segment was THB 74.2 million, which accounted for 26.6 percent of revenue from processed seafood business. This showed a decreased of growth 14.3 percent compared to the same quarter of previous year (a decrease of 0.8 percent compared to Q3/2024).

The Group has accumulated revenue from processed seafood for 12 months of THB 1,065.0 million, which accounted for 31.9 percent of total revenue from sales. This represents a decreased of growth 0.1 percent compared to the same period of previous year. The accumulated gross profit from this business segment was THB 299.3 million, which accounted for 28.1 percent of revenue from processed seafood business. This showed a growth of 2.6 percent compared to the same period of previous year.

Although revenue from processed seafood slightly declined, the Group managed to sell products to customers at higher profit margins. As a result, the gross profit margin from this business segment increased.

3. Quick Service Restaurants (QSR)

The Group has revenue from quick service restaurants of 21.0 million in Q4/2024, which accounted for 2.3 percent of total revenue from sales. This represents a growth of 38.4 percent compared to the same quarter of

previous year (an increased of 21.3 percent from Q3/2024). The gross profit from this business segment was THB 9.5 million, which accounted for 45.4 percent of revenue from quick service restaurants. This showed an increase of 41.8% compared to the same quarter of previous year (an increase of 2.3 percent compared to Q3/2024).

The Group has accumulated revenue from quick service restaurants for 12 months amounted to THB 77.7 million, which accounted for 2.3 percent of total revenue from sales. This represents a growth of 15.7% compared to the same period of previous year. The accumulated gross profit from this business segment was THB 33.4 million which accounted for 43.0 percent of revenue from quick service restaurants. This showed an increased of 2.3 percent compared to the same period of previous year.

The increase in revenue from quick service restaurants was due to the opening of new branches in high-potential locations in this year, as well as the closure of unprofitable branches since the previous year and the company has launched the addition of buffet-style menu. These actions contributed to the overall revenue growth.

4. Swine Farming

The Group has revenue from swine farming of THB 99.1 million in Q4/2024, which accounted for 11.0 percent of total sales. This represents a significant growth of 77.1 percent as compared to the same quarter of previous year (a decrease of 1.0 percent compared to Q3/2024). The gross profit from this business segment was THB 23.7 million, which accounted for 23.9% of revenue from swine farming. This showed a nearly 4 times increase compared to the same quarter of previous year (an increase by 2 times compared to Q3/2024).

The Group has revenue from swine farming for 12 months amounted to THB 344.7 million, which accounted for 10.3 percent of revenue from sales. This represents a growth of 26.1 percent compared to the same period of previous year. The accumulated gross profit from this segment was THB 38.0 million, which accounted for 11 percent of revenue from swine farming. This showed an increase by 2 times compared to the same period of previous year.

The farm business has generated higher revenue due to the continuous increase in pig market prices and the Group has implemented more effective cost control measures, which have improved overall performance in the swine farming segment.

Revenue from rental and services

The Group has revenue from rental and service of THB 4.1 million in Q4/2024, representing an increase of growth 22.4 percent as compared to the same period of previous year (a decrease of 11.3 percent compared to Q3/2024).

The Group has accumulated revenue from rental and service for 12 months amounted to THB 16.1 million, representing a growth of 25.6 percent compared to the same period of previous year.

The increase in rental and service income was due to the Group's success in acquiring new tenants, as well as improved management of fixed costs, which helped reduce losses.

Selling and distribution expenses

The Group has selling and distribution expenses of THB 89.9 million in Q4/2024, which accounted for 9.9 percent of revenue from sales. This represents an increase of 25.7 percent compared to the same quarter of previous year (a decreased of 6.7 percent compared to Q3/2024).

The Group has accumulated selling and distribution expenses in 12 months amounted to THB 371.0 million, which accounted for 11.1 percent of revenue from sales. This represents an increase of 15.7 percent compared to the same period of previous year.

The increase in selling and distribution expenses was in line with revenue growth, driven by higher promotional costs and increased marketing expenses.

Administrative expenses

The Group has administrative expenses of THB 102.4 million in Q4/2024, which accounted for 11.3 percent of revenue from sales. This represents an 8.2 percent decrease compared to the same quarter of previous year (an increase of 29.5 percent compared to Q3/2024).

The Group has accumulated administrative expenses in 12 months amounted to THB 345.1 million, which accounted for 10.3 percent of revenue from sales. This represents an increase of 1.4 percent compared to the same period of previous year.

The Group's administrative expenses increased slightly, primarily due to higher costs related to employees, general support operations and overseas expenses.

Financial Highlights as of December 31, 2024

Statement of Financial Position (Consolidated)	December 31, 2024		December 31, 2023		Change (%YOY)
	(THB Mil.)	(%)	(THB Mil.)	(%)	
Total Assets	<u>3,261.6</u>	<u>100.0%</u>	<u>2,977.9</u>	<u>100.0%</u>	9.5%
Current Assets	1,232.9	<u>37.8%</u>	1,096.1	36.8%	12.5%
- Cash and cash equivalents	209.3	6.5%	161.5	5.4%	29.6%
- Trade and other receivables	608.5	18.7%	532.1	17.9%	14.4%
- Inventories	272.4	8.4%	302.5	10.2%	-10.0%
- Biological assets	106.7	3.3%	67.2	2.3%	58.7%
- Other current assets	36.0	1.1%	32.8	1.1%	9.7%
Non-Current Assets	2,028.7	62.2%	1,881.8	63.2%	7.8%
- Investment Properties	608.2	18.6%	584.7	19.6%	4.0%
- Property, Plant, and Equipment	1,255.2	38.5%	1,145.6	38.5%	9.6%
- Right-of-use Assets	83.2	2.6%	86.5	2.9%	-3.8%
- Biological asset (non-current)	14.3	0.4%	13.8	0.5%	4.0%
- Other non-current assets	67.8	2.1%	51.2	1.7%	32.2%
Total Liabilities	<u>1,859.2</u>	<u>57.0%</u>	<u>1,667.9</u>	<u>56.0%</u>	11.5%
Current Liabilities	1,350.3	41.4%	1,204.5	40.4%	12.1%
- Bank overdraft	764.0	23.4%	688.6	23.1%	10.9%
- Trade and other payable	435.3	13.3%	357.2	12.0%	21.9%
- Current portion of long-term loan	84.7	2.6%	109.1	3.7%	-22.4%
- Other current liabilities	66.3	2.0%	49.5	1.7%	33.9%
Non-Current Liabilities	508.9	15.6%	463.5	15.6%	9.8%
- Lease liabilities – exceed 1 year	80.3	2.5%	82.2	2.8%	-2.3%
- Long term loan – exceed 1 year	313.3	9.6%	266.6	9.0%	17.5%
- Provision for retirement benefit	84.7	2.6%	90.0	3.0%	-5.9%
- Other non-current liabilities	30.7	0.9%	24.6	0.8%	24.5%
Total Shareholders' Equity	<u>1,402.4</u>	<u>43.0%</u>	<u>1,310.0</u>	<u>44.0%</u>	7.1%
- Equity holders of the Group	1,359.2	41.7%	1,299.6	43.6%	4.6%
- Non-controlling interests	43.2	1.3%	10.4	0.3%	315.9%

Assets

The Group has total assets amounted to THB 3,261.6 million, representing a 9.5 percent increase compared to the end of previous year. This increase was mainly due to the increase in trade receivables in line with sales growth. The company has also invested in assets for business operations. Additionally, the price of pigs which are the Group's biological assets has continued to rise.

Liabilities

The Group has total liabilities amounted to THB 1,859.2 million, representing a 11.5% increase compared to the end of the previous year. This was driven by a 12.1% increase in current liabilities and a 9.8% increase in non-current liabilities, primarily due to the drawdown of long-term loans for investments in fixed assets for the swine farming business. Additionally, the increase in sales led to a higher need for working capital, resulting in a rise in trade payables. As of December 31, 2024, the Group's debt-to-equity ratio stood at 1.3 times.

Shareholders' Equity

The Group has total shareholders' equity amounted to THB 1,402.4 million, representing a 7.1% increase compared to the end of the previous year.