

MK Restaurant Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of MK Restaurant Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of MK Restaurant Group Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of MK Restaurant Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MK Restaurant Group Public Company Limited and its subsidiaries and of MK Restaurant Group Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 1.2 to the consolidated financial statements. The COVID-19 pandemic has continued to significantly affect the Group's business since the number of restaurant customers has not yet returned to normal levels. This is significantly impacting the Group's financial position, operating results, and cash flows at present and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgements in respect of various matters as the situation has evolved.

My opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenues from sales and services are the Group's main transactions that have significant volume of transactions and amounts, and directly affect profit or loss of the Group. The Group has numerous sales and services made by cash and credit cards through a large number of branches nationwide. In addition, because of the intensified competition of the food and beverage industry, the Group has to continually adapt its marketing strategies and promotional activities in order to boost sales. I have therefore focused on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's information technology general controls and internal controls with respect to the revenue cycle by making enquires of responsible executives, gaining an understanding of controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales and service transactions occurring during the year and near the end of the accounting period to examine the supporting documents. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 14 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

In addition, I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. I also tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry and involving expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

EY Office Limited
Bangkok: 24 February 2022

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets					
Current assets					
Cash and cash equivalents	7	496,502,922	509,452,008	367,409,757	383,587,704
Trade and other receivables	6,8	166,733,041	110,000,215	267,019,011	196,807,720
Inventories	9	392,331,736	418,164,039	345,092,554	378,378,219
Other current financial assets	10	7,192,221,893	7,153,654,136	6,326,077,629	6,255,937,743
Other current assets		170,216,144	118,623,229	142,827,829	85,179,267
Total current assets		8,418,005,736	8,309,893,627	7,448,426,780	7,299,890,653
Non-current assets					
Other non-current financial assets	10	817,897,078	825,806,858	817,897,078	825,806,858
Investments in subsidiaries	11	-	-	2,761,479,762	2,761,479,762
Investments in joint ventures	12	872,519,167	895,039,974	912,947,457	912,947,457
Property, plant and equipment	13	2,842,181,314	3,253,668,194	2,166,435,318	2,478,229,407
Right-of-use assets	17	3,452,236,270	3,956,249,695	2,633,305,927	3,067,677,304
Goodwill	14	1,477,657,048	1,477,657,048	-	-
Intangible assets	15	880,575,127	919,273,423	72,170,200	82,304,219
Deferred tax assets	23	248,693,126	181,838,109	173,033,862	148,218,676
Deposits		558,903,851	534,004,815	370,364,525	356,721,363
Total non-current assets		11,150,662,981	12,043,538,116	9,907,634,129	10,633,385,046
Total assets		19,568,668,717	20,353,431,743	17,356,060,909	17,933,275,699

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 16	1,354,915,147	1,312,171,112	1,135,001,842	1,113,071,511
Deferred income of membership fee		8,339,751	21,064,471	5,650,301	14,925,394
Current portion of lease liabilities	17	1,074,621,047	1,126,492,433	789,798,750	831,564,448
Income tax payable		45,472,936	145,405,922	45,472,936	142,496,724
Other current financial liabilities		23,444,821	-	23,444,821	-
Other current liabilities		222,309,242	239,990,186	174,888,771	181,207,104
Total current liabilities		2,729,102,944	2,845,124,124	2,174,257,421	2,283,265,181
Liabilities and shareholders' equity					
Non-current liabilities					
Lease liabilities, net of current portion	17	2,206,708,725	2,564,580,262	1,703,480,602	2,017,022,828
Provision for long-term employee benefits	18	758,081,716	718,466,074	662,370,645	630,148,174
Deferred tax liabilities	23	159,554,960	165,270,362	-	-
Other non-current liabilities		206,385,304	212,547,040	149,465,308	156,486,222
Total non-current liabilities		3,330,730,705	3,660,863,738	2,515,316,555	2,803,657,224
Total liabilities		6,059,833,649	6,505,987,862	4,689,573,976	5,086,922,405

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
920,878,100 ordinary shares of Baht 1 each		920,878,100	920,878,100	920,878,100	920,878,100
Issued and fully paid					
920,878,100 ordinary shares of Baht 1 each		920,878,100	920,878,100	920,878,100	920,878,100
Share premium		8,785,027,903	8,785,027,903	8,785,027,903	8,785,027,903
Capital reserve for share-based payment transactions					
		656,331,057	656,331,057	656,331,057	656,331,057
Retained earnings					
Appropriated - statutory reserve	19	92,585,000	92,585,000	92,585,000	92,585,000
Unappropriated		2,734,643,750	3,064,100,985	2,211,664,873	2,391,531,234
Other component of shareholders' equity		4,992,853	4,076,922	-	-
Equity attributable to owners of the Company		13,194,458,663	13,522,999,967	12,666,486,933	12,846,353,294
Non-controlling interests of the subsidiaries		314,376,405	324,443,914	-	-
Total shareholders' equity		13,508,835,068	13,847,443,881	12,666,486,933	12,846,353,294
Total liabilities and shareholders' equity		19,568,668,717	20,353,431,743	17,356,060,909	17,933,275,699
		-	-	-	-

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales and service income		11,181,512,178	13,360,876,148	9,422,765,438	11,119,294,555
Other income		186,495,239	260,634,488	378,644,105	431,733,180
Total revenues		11,368,007,417	13,621,510,636	9,801,409,543	11,551,027,735
Expenses					
Cost of sales and services	22	4,014,575,124	4,577,203,543	4,014,517,312	4,428,111,382
Selling and distribution expenses		6,078,040,608	6,765,532,533	4,654,693,830	5,185,426,828
Administrative expenses		1,092,145,648	1,181,435,713	782,517,050	851,667,426
Total expenses		11,184,761,380	12,524,171,789	9,451,728,192	10,465,205,636
Profit from operating activities		183,246,037	1,097,338,847	349,681,351	1,085,822,099
Finance income	20	20,755,076	33,747,167	20,696,828	33,598,728
Share of loss from investments in joint ventures	12	(23,436,738)	(6,303,864)	-	-
Finance cost	21	(69,172,130)	(73,296,526)	(55,924,138)	(57,531,895)
Profit before income tax expenses		111,392,245	1,051,485,624	314,454,041	1,061,888,932
Income tax	23	9,518,960	(139,879,619)	(33,884,453)	(153,126,616)
Profit for the year		120,911,205	911,606,005	280,569,588	908,762,316
Profit attributable to:					
Equity holders of the Company		130,978,714	907,372,570	280,569,588	908,762,316
Non-controlling interests of the subsidiaries		(10,067,509)	4,233,435		
		<u>120,911,205</u>	<u>911,606,005</u>		
Earnings per share					
Basic earnings per share	24				
Profit attributable to equity holders of the Company		0.14	0.99	0.30	0.99

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

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MK Restaurant Group Public Company Limited and its subsidiaries
Statements of comprehensive income
For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit for the year		120,911,205	911,606,005	280,569,588	908,762,316
Other comprehensive income:					
<i>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		915,931	(699,482)	-	-
Transferred the effect of changes in value of available-for-sale investment disposed during the period to profit or loss		-	(2,902,783)	-	(2,902,783)
Less: Income tax effect	23	-	580,556	-	580,556
Loss on investments designated at fair value through other comprehensive income - net of income tax		-	(2,322,227)	-	(2,322,227)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses	18.2	-	(37,018,840)	-	(25,385,490)
Less: Income tax effect	23	-	6,762,619	-	5,077,098
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(30,256,221)	-	(20,308,392)
Other comprehensive income for the year		915,931	(33,277,930)	-	(22,630,619)
Total comprehensive income for the year		121,827,136	878,328,075	280,569,588	886,131,697
Total comprehensive income attributable to:					
Equity holders of the Company		131,894,645	874,094,640	280,569,588	886,131,697
Non-controlling interests of the subsidiaries		(10,067,509)	4,233,435		
		121,827,136	878,328,075		

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

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MK Restaurant Group Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the year ended 31 December 2021

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
							Other component of shareholders' equity					
	Note			Capital reserve	Retained earnings		Exchange differences on translation of financial statements in foreign currencies	Fair value reserve of investments at FVOCI	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Issued and paid-up share capital		Share premium	for share-based payment transactions	Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	3,844,557,041	4,776,404	2,322,227	7,098,631	14,306,477,732	320,210,479	14,626,688,211
Profit for the year		-	-	-	-	907,372,570	-	-	-	907,372,570	4,233,435	911,606,005
Other comprehensive income for the year		-	-	-	-	(30,256,221)	(699,482)	(2,322,227)	(3,021,709)	(33,277,930)	-	(33,277,930)
Total comprehensive income for the year		-	-	-	-	877,116,349	(699,482)	(2,322,227)	(3,021,709)	874,094,640	4,233,435	878,328,075
Dividend paid	26	-	-	-	-	(1,657,572,405)	-	-	-	(1,657,572,405)	-	(1,657,572,405)
Balance as at 31 December 2020		<u>920,878,100</u>	<u>8,785,027,903</u>	<u>656,331,057</u>	<u>92,585,000</u>	<u>3,064,100,985</u>	<u>4,076,922</u>	<u>-</u>	<u>4,076,922</u>	<u>13,522,999,967</u>	<u>324,443,914</u>	<u>13,847,443,881</u>
Balance as at 1 January 2021		920,878,100	8,785,027,903	656,331,057	92,585,000	3,064,100,985	4,076,922	-	4,076,922	13,522,999,967	324,443,914	13,847,443,881
Profit for the year		-	-	-	-	130,978,714	-	-	-	130,978,714	(10,067,509)	120,911,205
Other comprehensive income for the year		-	-	-	-	-	915,931	-	915,931	915,931	-	915,931
Total comprehensive income for the year		-	-	-	-	130,978,714	915,931	-	915,931	131,894,645	(10,067,509)	121,827,136
Dividend paid	26	-	-	-	-	(460,435,949)	-	-	-	(460,435,949)	-	(460,435,949)
Balance as at 31 December 2021		<u>920,878,100</u>	<u>8,785,027,903</u>	<u>656,331,057</u>	<u>92,585,000</u>	<u>2,734,643,750</u>	<u>4,992,853</u>	<u>-</u>	<u>4,992,853</u>	<u>13,194,458,663</u>	<u>314,376,405</u>	<u>13,508,835,068</u>

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

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MK Restaurant Group Public Company Limited and its subsidiaries
 Statements of changes in shareholders' equity (continued)
 For the year ended 31 December 2021

(Unit: Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Other component of shareholders' equity	Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income Fair value reserve of investments at FVOCI	
Balance as at 1 January 2020	920,878,100	8,785,027,903	656,331,057	92,585,000	3,160,649,715	2,322,227	13,617,794,002
Profit for the year	-	-	-	-	908,762,316	-	908,762,316
Other comprehensive income for the year	-	-	-	-	(20,308,392)	(2,322,227)	(22,630,619)
Total comprehensive income for the year	-	-	-	-	888,453,924	(2,322,227)	886,131,697
Dividend paid	-	-	-	-	(1,657,572,405)	-	(1,657,572,405)
Balance as at 31 December 2020	<u>920,878,100</u>	<u>8,785,027,903</u>	<u>656,331,057</u>	<u>92,585,000</u>	<u>2,391,531,234</u>	-	<u>12,846,353,294</u>
Balance as at 1 January 2021	920,878,100	8,785,027,903	656,331,057	92,585,000	2,391,531,234	-	12,846,353,294
Profit for the year	-	-	-	-	280,569,588	-	280,569,588
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	280,569,588	-	280,569,588
Dividend paid	-	-	-	-	(460,435,949)	-	(460,435,949)
Balance as at 31 December 2021	<u>920,878,100</u>	<u>8,785,027,903</u>	<u>656,331,057</u>	<u>92,585,000</u>	<u>2,211,664,873</u>	-	<u>12,666,486,933</u>

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Profit before tax	111,392,245	1,051,485,624	314,454,041	1,061,888,932
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(56,414,326)	(111,768,413)	(52,303,825)	(103,906,252)
Loss (gain) on revaluation of investments in debt instruments	12,653,191	(18,829,978)	12,070,562	(19,120,201)
Unrealised loss on exchange	2,449,342	23,026,554	2,449,342	23,026,554
Share of loss from investments in joint ventures	23,436,738	6,303,864	-	-
Loss on damaged inventories	2,248,219	2,783,970	2,248,219	2,783,970
Reduce cost to net realisable value	1,899,335	-	1,899,335	-
Amortisation of prepaid expenses	22,660,378	22,452,249	18,897,421	18,650,723
Allowance for impairment loss on assets	1,055,733	-	1,055,733	-
Depreciation and amortisation	2,009,187,419	2,136,979,493	1,450,347,018	1,551,722,439
Reduction in lease payments by lessors	(300,810,931)	(277,482,225)	(199,125,989)	(193,335,055)
Loss on disposals and write-off of equipment, right-of-use assets and intangible assets	55,453,972	29,402,139	43,351,938	14,938,856
Provision for long-term employee benefits	71,235,415	79,039,169	59,883,999	64,684,461
Realisation of gift voucher, net of sales and cash received during the year	(39,990,101)	(16,867,465)	(27,030,211)	(15,911,135)
Realisation of deferred income, net of sales and cash received during the year	(21,064,471)	(36,477,189)	(14,925,394)	(24,057,812)
Interest income	(20,755,076)	(33,747,167)	(20,696,828)	(33,598,728)
Interest expenses	85,033,910	91,965,087	67,194,787	70,832,851
Profit from operating activities before changes in operating assets and liabilities	1,959,670,992	2,948,265,712	1,659,770,148	2,418,599,603

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	(48,968,250)	(4,027,683)	(61,378,163)	27,744,534
Inventories	21,684,749	(62,849,930)	29,138,111	(71,298,445)
Other current assets	(70,974,013)	(36,964,683)	(75,236,880)	(41,194,103)
Deposits	(24,899,036)	(4,908,868)	(13,643,162)	502,485
Operating liabilities increase (decrease)				
Trade and other payables	19,880,776	(490,321,217)	3,397,614	(365,852,281)
Other current liabilities	22,309,157	(26,456,995)	20,711,878	(23,302,008)
Deferred income	8,339,751	21,064,471	5,650,301	14,925,393
Provision for long-term employee benefits	(31,619,773)	(14,944,209)	(28,730,080)	(13,643,035)
Other non-current liabilities	(3,542,495)	13,277,628	(3,884,087)	5,739,757
Cash from operating activities	1,851,881,858	2,342,134,226	1,535,795,680	1,952,221,900
Cash received from interest income	12,990,500	85,619,781	12,932,252	85,471,342
Cash paid for income tax	(164,478,511)	(335,811,614)	(155,723,427)	(262,283,257)
Net cash from operating activities	1,700,393,847	2,091,942,393	1,393,004,505	1,775,409,985

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from investing activities				
Decrease (increase) in investments in debt instruments and fixed deposits	34,098,637	657,096,555	(1,001,364)	759,598,556
Cash paid for purchases of plant and equipment	(271,203,346)	(302,172,388)	(187,009,220)	(197,939,293)
Cash paid for intangible assets	(9,262,050)	(13,423,935)	(7,506,243)	(8,383,735)
Proceeds from disposals of equipment and intangible assets	2,721,347	1,630,970	14,485,002	10,966,841
Net cash from (used in) investing activities	(243,645,412)	343,131,202	(181,031,825)	564,242,369
Cash flows from financing activities				
Cash paid to settle liabilities under lease liabilities	(1,009,261,572)	(1,076,156,877)	(767,714,678)	(807,135,805)
Dividend paid	(460,435,949)	(1,657,572,405)	(460,435,949)	(1,657,572,405)
Net cash used in financing activities	(1,469,697,521)	(2,733,729,282)	(1,228,150,627)	(2,464,708,210)
Net decrease in cash and cash equivalents	(12,949,086)	(298,655,687)	(16,177,947)	(125,055,856)
Cash and cash equivalents at beginning of year	509,452,008	808,107,695	383,587,704	508,643,560
Cash and cash equivalents at end of year (Note 7)	496,502,922	509,452,008	367,409,757	383,587,704
	-	-	-	-
Supplemental disclosure of cash flows information				
Non-cash items				
Accounts payable for purchases of plant and equipment	71,865,553	48,822,294	57,435,565	38,902,848
Increase in right-of-use assets	813,567,355	902,860,372	541,616,491	674,348,414

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

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MK Restaurant Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

MK Restaurant Group Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and subsequently registered the change of its status to a public limited company under the Public Limited Companies Act, and domiciled in Thailand. The Company is principally engaged in sales of foods and beverages through restaurants, under the trademark “MK Restaurants”. The registered office of the Company is at 1200 Debaratna Road, Bangnatai, Bangna, Bangkok.

As at 31 December 2021, the Group had operated 703 branches (the Company only: 479 branches) (2020: 722 branches, the Company only: 499 branches).

1.2 The COVID-19 Pandemic

The COVID-19 pandemic has resulted in an economic slowdown and adversely impacted most businesses and industries in terms of supply chains, consumer spending, limited or suspended operations, operational delays, and more.

This situation significantly affects the Group’s business since the number of restaurant customers has not yet returned to normal levels. In addition, the second wave of the COVID-19 pandemic in Thailand that broke out in December 2020 resulted in another decrease in the number of customers using the Groups’s services from January 2021. Moreover, the COVID-19 outbreak has continued from the end of March 2021 to the present. This is significantly impacting the Group’s financial position, operating results, and cash flows at present and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgements in respect of various matters as the situation has evolved.

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2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the notes on accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of MK Restaurant Group Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021 Percent	2020 Percent
<u>Subsidiaries (held by the Company)</u>				
MK Interfood Company Limited	Restaurant	Thailand	100	100
MK Service Training Center Company Limited	Training service provider	Thailand	100	100
International Food Supply Company Limited	Manufacture and distribution of foods	Thailand	100	100
Mark One Innovation Center Company Limited	Research, development of technology and innovation of food and beverage products	Thailand	100	100
Catapult Company Limited	Invest in food business	Thailand	100	100
<u>Subsidiaries (held by Catapult Company Limited)</u>				
Laemcharoen Seafood Company Limited	Restaurant	Thailand	65	65

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

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- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) The excess of the fair value of net assets at the date of the acquisition of the subsidiaries over related cost of investment is accounted as “Goodwill” in the consolidated statement of financial positions.

2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. 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 of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements.

Furthermore, the Group elected to adopt the amendments to TFRS 16, *Leases*, relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Group applies the practical expedient to all rent concessions that meet the above conditions and the effects of the application of this expedient, due to resulting changes in payments under leases are recognised in profit or loss for the year ended 31 December 2021, amounting to Baht 300.8 million (2020: Baht 277.5 million) (the Company only: Baht 199.1 million, 2020: Baht 193.3 million). There was no impact on the opening balance of retained earnings.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

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 2022. 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, for some standards, providing temporary reliefs or temporary exemptions 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.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales and service income

These mainly represent revenues from sales of foods and beverages through the restaurants which are recognised upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts and allowances.

Membership fee

Income from membership cards is recognised on a straight-line basis over the membership period.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost is defined as all the costs of production including labour cost and attributable factory overheads.

Raw materials and supplies are valued at the lower of cost (first-in, first-out method) and net realisable value, and are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

4.4 Investments in subsidiaries and joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 years
Building	20 years
Leasehold improvement	Lease term
Utility system	10 years
Kitchen utensils and operating equipment	5 years
Machinery and equipment	5 years and 10 years
Furniture, fixtures and office equipment	3 years and 5 years
Motor vehicles	5 years

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Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

4.6 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of intangible assets with finite useful lives is as below.

	<u>Useful lives</u>
Computer software	5 years and 10 years
Trademark	30 years

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4.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.9 Leases

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Right-of-use building space	3 - 9 years
Kitchen utensils and operating equipment	Lease term
Furniture, fixture and office equipment	5 years
Intangible assets	5 years
Leasehold right	Lease term

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.12 Employee benefits

Short-term benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by the employees and the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treat these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the income statement.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statements when the asset is derecognised, modified or impaired.

Financial assets at FVOCI (debt instruments)

The Group measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and to sell the financial asset and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statements and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the income statements.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statements.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in the income statements.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statements when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statements.

Regular way purchases and sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset / the settlement date, i.e., the date on which an asset is delivered.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Derivatives

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both bank and counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the disclosures of fair value hierarchy.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2021	2020	2021	2020	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	912	929	Cost plus margin
Sublease and subservice income	-	-	24	23	At the rate stipulated in the agreements
Management service income	-	-	189	177	At the rate stipulated in the agreements
Sales of fixed assets	-	-	8	9	Net book value plus margin
Rental income	-	-	6	6	At the rate stipulated in the agreements
Purchases of goods	-	-	181	211	Market price
Training expenses	-	-	141	128	Market price
Royalty fee expenses	-	-	5	2	At the rate stipulated in the agreements
<u>Transactions with related companies</u>					
Sales of goods	2	1	2	1	Cost plus margin
Royalty fee income	3	3	3	3	At the rate stipulated in the agreements
Management service income	5	4	5	4	At the rate stipulated in the agreements
Operation support service income	7	7	7	7	At the rate stipulated in the agreements
Royalty fee expenses	36	43	36	43	At the rate stipulated in the agreements
Rental expenses for operating equipment	36	42	21	25	Market price
Rental expenses for land and construction	41	28	41	28	At the rate stipulated in the agreement
Logistic expenses	149	160	147	160	At the rate stipulated in the agreement
Service expenses	98	97	71	74	Contractually agree prices
Warehousing service expenses	135	147	135	147	At the rate stipulated in the agreement

.....Director

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As at 31 December 2021 and 2020, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	143,154,166	113,502,566
Joint ventures	1,713,308	1,550,877	1,713,308	-
Related companies (related by common directors)	629,733	357,836	629,733	1,905,931
Total trade and other receivables - related parties	<u>2,343,041</u>	<u>1,908,713</u>	<u>145,497,207</u>	<u>115,408,497</u>
Trade and other payable - related parties (Note 16)				
Subsidiaries	-	-	37,988,975	36,235,829
Joint ventures	33,003,985	30,317,348	32,071,614	-
Related companies (related by common directors)	27,583,504	18,486,062	18,241,403	40,526,164
Total trade and other payable - related parties	<u>60,587,489</u>	<u>48,803,410</u>	<u>88,301,992</u>	<u>76,761,993</u>

Significant agreements with related parties

Franchise agreement for use of trademark, servicemark and license to operate

On 10 February 1994, the Company entered into a franchise agreement with Plenus-MK Limited, a related party in Japan, in order to grant the latter the right to use the trademark and the servicemark of “MK Restaurants” in its operating of the Thai-style Sukiyaki restaurants in Japan. A monthly royalty fee is charged at a rate stipulated in the agreement. The agreement shall continue for a term of three years, and thereafter shall be automatically renewed on a three-year basis until being terminated by either party by giving a written notice 180 days prior to the expiration of such contract.

Management service agreements

The Company entered into management service agreements with its subsidiaries, whereby the Company agreed to provide management service to the subsidiaries in areas of branch operations, business development, engineering, procurement, marketing, accounting and finance, human resources, quality assurance and information technology support. The subsidiaries agreed to pay management fee to the Company the rate stipulated in the agreements. The agreements is effective from 1 January 2021 to 31 December 2021. The agreements shall be automatically extended for another 1 year until the subsidiaries give a written notice of termination 3 months prior to its expiration.

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Sublease and subservice agreements

The Company entered into several sublease and subservice agreements, granting 6 leasehold rights to MK Interfood Company Limited (“MKI”). Sublease and subservice fees are charged according to the terms of the agreements. The agreements are effective for a period of 3 years and will be renewed automatically for another 3 years unless MKI has breached them.

Building lease agreement

On 1 February 2016, the Company entered into a lease agreement for lease of building to International Food Supply Co., Ltd. (“IFS”), under which IFS agrees to pay rental to the Company at a rate of Baht 0.54 million per month. The lease agreement is for a period of 6 years, from 1 May 2016 to 30 April 2022. Subsequently, on 17 May 2016, the Company and IFS agreed to adjust the rental space and the rental rate to be Baht 0.37 million per month.

On 15 June 2017, the Company and IFS agreed to adjust the rental space and the rental to be Baht 0.46 million per month.

On 28 October 2020, the Company entered into a lease agreement for lease of building to M-Senko Logistics Company Limited (“M-Senko”), under which M-Senko agrees to pay rental to the Company at a rate of Baht 0.02 million per month. The lease agreement is for a period of 1 year, from 1 November 2021 to 31 October 2022.

Land and construction lease thereon agreement

On 16 November 2017, the Company and Global Asset Development Co., Ltd. entered into a lease agreement, whereby the latter agrees to lease land and construction thereon to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. In a total amount of Baht 1.94 million per month, from 1 January 2018 to 31 December 2020. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 23 October 2020, the Company and Global Asset Development Co., Ltd. entered into a new lease agreement, whereby the latter agrees to lease land and construction thereon to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. In a total amount of Baht 2.23 million per month, from 1 January 2021 to 31 December 2023. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Operation support service agreement

The Company entered into operation support service agreement with M-Senko Logistics Company Limited (“M-Senko”), whereby the Company agreed to provide management service to M-Senko in areas of procurement, accounting and finance, human resources and information technology support. M-Senko agreed to pay management fee to the Company and at a rate of Baht 0.38 million per month. This agreement is effective from 1 January 2021 to 31 December 2021 (1 January 2020 to 31 December 2020: at a rate of Baht 0.31 million per month).

The Company entered into operation support service agreement with M-Senko Logistics Company Limited (“M-Senko”), whereby the Company agreed to provide service of utilities and truck repair and maintenance to M-Senko. M-Senko agreed to pay service fee to the Company at a rate of Baht 0.59 million per month, effective from 1 January 2021 to 31 December 2021 (1 January 2020 to 31 December 2020: at a rate of Baht 0.53 million).

The Company entered into operation support service agreement with Laemcharoen Seafood Company Limited (“LCS”), whereby the Company agreed to provide call-center service and delivery to LCS. LCS agreed to pay service fee to the Company and at a rate stipulated in the agreement. This agreement is effective from 1 January 2021 to 31 December 2021.

Land and distribution center building lease agreement

On 1 March 2013, the Company entered into a lease agreement for lease of land and distribution center building with Global Asset Development Co., Ltd., whereby the latter agrees to lease land and distribution center building to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. At the rate stipulated in the agreement. The lease agreement is for a period of 20 years, from 1 November 2013 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 November 2013 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 18 April 2016, the Company entered into additional lease agreement for lease of land with Global Asset Development Co., Ltd., whereby the latter agrees to lease land to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. At the rate stipulated in the agreement. The lease agreement is for a period of 17 years and 6 months, from 1 May 2016 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 May 2016 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Warehousing and logistics service agreement

The Company entered into a warehousing and logistics service agreement with M-Senko Logistics Company Limited (“M-Senko”), whereby the latter agrees to provide the service for the warehousing and logistics to the Company and the Company agrees to pay the service fee at the rate stipulated in the agreement. The agreement is expired on 30 June 2022.

Directors and management’s benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	133	143	116	129
Post-employment benefits	5	7	4	5
Total	<u>138</u>	<u>150</u>	<u>120</u>	<u>134</u>

During the year 2021, the Company has paid post-employment benefits to its directors and management of approximately Baht 13 million (2020: Baht 3.3 million).

7. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	114,259,789	115,414,732	91,138,016	92,288,399
Bank deposits	382,243,133	394,037,276	276,271,741	291,299,305
Total	<u>496,502,922</u>	<u>509,452,008</u>	<u>367,409,757</u>	<u>383,587,704</u>

As at 31 December 2021, bank deposits in savings accounts carried interests between 0.05 and 0.125 percent per annum (2020: 0.05 and 0.125 percent per annum).

.....Director

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8. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	487,174	120,648	122,333,934	92,837,399
Total trade accounts receivable - related parties	487,174	120,648	122,333,934	92,837,399
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	96,640,429	61,699,996	66,822,354	44,544,121
Total trade accounts receivable - unrelated parties	96,640,429	61,699,996	66,822,354	44,544,121
Total trade accounts receivable	97,127,603	61,820,644	189,156,288	137,381,520
<u>Other receivables</u>				
Other receivables - related parties				
parties	1,855,867	1,788,065	23,163,273	22,571,098
Advances	6,409,174	7,772,669	5,477,722	6,963,000
Accrued interest receivable	14,688,405	6,923,829	14,688,405	6,923,829
Others	46,651,992	31,695,008	34,533,323	22,968,273
Total other receivables	69,605,438	48,179,571	77,862,723	59,426,200
Total trade and other receivables	166,733,041	110,000,215	267,019,011	196,807,720

.....Director

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9. Inventories

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	233,463,904	235,650,579	200,133,205	207,049,549
Raw materials	38,501,759	59,306,179	32,698,190	56,157,986
Supplies	122,265,408	123,207,281	114,160,494	115,170,684
Total	394,231,071	418,164,039	346,991,889	378,378,219
Less: Reduce cost to net realisable value	<u>(1,899,335)</u>	<u>-</u>	<u>(1,899,335)</u>	<u>-</u>
Inventories - net	<u>392,331,736</u>	<u>418,164,039</u>	<u>345,092,554</u>	<u>378,378,219</u>

10. Other financial assets

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Debt instruments at amortised cost</u>				
Fixed deposits	700,001	1	700,001	1
<u>Other financial assets at FVTPL</u>				
Investments in debt instruments	7,310,118	7,967,145	6,443,974	7,069,429
Derivatives-forward exchange contracts	<u>-</u>	<u>12,315</u>	<u>-</u>	<u>12,315</u>
Total other financial assets at FVTPL	<u>7,310,118</u>	<u>7,979,460</u>	<u>6,443,974</u>	<u>7,081,744</u>
<u>Equity instruments designated at FVOCI</u>				
Non-listed equity instruments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total equity instruments designated at FVOCI	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financial assets	<u>8,010,119</u>	<u>7,979,461</u>	<u>7,143,975</u>	<u>7,081,745</u>
Consisted of:				
Current	7,192,222	7,153,654	6,326,078	6,255,938
Non-current	817,897	825,807	817,897	825,807

.....Director

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11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
			(Percent)	(Percent)		
MK Interfood Company Limited	400,000,000	400,000,000	100	100	299,049,977	299,049,977
MK Service Training Center Company Limited	35,000,000	35,000,000	100	100	52,429,895	52,429,895
International Food Supply Company Limited	280,000,000	280,000,000	100	100	279,999,970	279,999,970
Mark One Innovation Center Company Limited	60,000,000	60,000,000	100	100	59,999,970	59,999,970
Catapult Company Limited	2,070,000,000	2,070,000,000	100	100	2,069,999,950	2,069,999,950
Total					<u>2,761,479,762</u>	<u>2,761,479,762</u>

In 2021 and 2020, there were no dividend payments from the above subsidiaries.

11.2 Details of investments in subsidiary that have material non-controlling interests

(Unit: Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the year	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Percent)	(Percent)				
Investment of Catapult Company Limited ("the subsidiary")						
Laemcharoen Seafood Company Limited	35	35	314,376,405	324,443,914	(10,067,509)	4,233,435

.....Director

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11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling interests

Summarised information about financial position

(Unit: Baht)

	Laemcharoen Seafood Company Limited	
	<u>2021</u>	<u>2020</u>
Current assets	170,105,358	176,862,045
Non-current assets	212,311,181	203,389,621
Current liabilities	97,657,191	90,446,103
Non-current liabilities	29,297,034	28,418,170

Summarised information about comprehensive income

(Unit: Baht)

	Laemcharoen Seafood Company Limited	
	For the year ended 31 December	
	<u>2021</u>	<u>2020</u>
Revenue	606,801,729	759,246,596
Profit (loss)	(5,902,706)	34,957,136
Other comprehensive income	-	-
Total comprehensive income	(5,902,706)	34,957,136

.....Director

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12. Investments in joint ventures

12.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Baht)

Joint venture	Nature of business	Country of incorporation	Paid-up capital	Shareholding percentage		Consolidated financial statements		Separate financial statements					
				2021	2020	Carrying amount based on equity method		Cost		Allowance for impairment loss		Carrying amount based on cost method - net	
						(Percent)	(Percent)	2021	2020	2021	2020	2021	2020
Plenus and MK Pte Ltd.	Restaurant	Singapore	12.5 million Singapore dollar	50.00	50.00	37,702,313	45,596,421	149,207,500	149,207,500	(106,885,043)	(106,885,043)	42,322,457	42,322,457
M-Senko Logistics Co., Ltd.	Warehousing and logistic services	Thailand	Baht 1,750 million	49.75	49.75	834,816,854	849,443,553	870,625,000	870,625,000	-	-	870,625,000	870,625,000
Total						872,519,167	895,039,974	1,019,832,500	1,019,832,500	(106,885,043)	(106,885,043)	912,947,457	912,947,457

.....Director

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12.2 Share of gain (loss)

During the years, share of gain (loss) from investments in joint ventures in the consolidated financial statements was as follows:

Joint ventures	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Plenus and MK Pte Ltd.	(8,810)	3,973
M-Senko Logistics Co., Ltd.	(14,627)	(10,277)
	<u>(23,437)</u>	<u>(6,304)</u>

12.3 Summarised financial information about joint ventures

Summarised information about financial position

	(Unit: Thousand Baht)			
	As at 31 December			
	M-Senko Logistics Co., Ltd.		Plenus and MK Pte Ltd.	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current assets	337,678	372,587	67,731	63,461
Non-current assets	1,448,234	1,423,594	103,659	151,655
Total assets	1,785,912	1,796,181	171,390	215,116
Current liabilities	71,002	57,288	22,779	23,887
Non-current liabilities	36,886	31,468	73,207	100,037
Total liabilities	107,888	88,756	95,986	123,924
Net assets	1,678,024	1,707,425	75,404	91,192
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Share of net assets	834,817	849,444	37,702	45,596
Carrying amounts of joint ventures based on equity method	834,817	849,444	37,702	45,596

.....Director

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Summarised information about comprehensive income

(Unit: Thousand Baht)

As at 31 December

	M-Senko		Plenus and MK Pte Ltd.	
	Logistics Co., Ltd.			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	394,971	346,428	242,481	252,887
Other income	5,860	13,486	31,107	50,670
Cost of sales and services	(399,441)	(308,370)	(58,333)	(64,825)
Selling and administrative expenses	(30,791)	(66,123)	(232,875)	(230,785)
Profit (loss) for the year	(29,401)	(14,579)	(17,620)	7,947
Other comprehensive income	-	(6,078)	-	-
Total comprehensive income	(29,401)	(20,657)	(17,620)	7,947
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Comprehensive income as shareholding percentage	(14,627)	(10,277)	(8,810)	3,973
Share of gain (loss) from investments in joint ventures	(14,627)	(10,277)	(8,810)	3,973

.....Director

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13. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements

	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Cost											
31 December 2019	325,075,815	22,437,088	518,644,314	2,790,841,872	2,512,154,600	1,917,944,755	223,965,853	2,977,152,139	88,700,260	34,570,482	11,411,487,178
Reclassify to right-of-use assets	-	-	-	(6,008,206)	-	-	-	(24,470,364)	-	-	(30,478,570)
Additions	-	-	438,799	3,598,011	10,359,758	80,467,585	2,492,463	43,001,093	-	113,077,849	253,435,558
Transfers in (out)	-	-	1,536,210	42,763,886	30,857,884	8,527,210	1,129,100	35,539,371	-	(120,353,661)	-
Disposals/write-off	-	-	-	(30,258,540)	(27,075,323)	(21,778,029)	(2,904,800)	(55,688,187)	-	(1,049,673)	(138,754,552)
31 December 2020	325,075,815	22,437,088	520,619,323	2,800,937,023	2,526,296,919	1,985,161,521	224,682,616	2,975,534,052	88,700,260	26,244,997	11,495,689,614
Additions	-	-	55,000	2,326,083	18,050,870	42,277,815	6,483,925	72,202,336	-	150,885,362	292,281,391
Transfers in (out)	-	-	548,879	42,779,732	50,550,651	8,509,106	469,600	34,397,841	-	(137,255,809)	-
Disposals/write-off	-	-	-	(88,419,403)	(75,135,270)	(25,284,233)	-	(70,612,504)	-	(3,289,382)	(262,740,792)
31 December 2021	325,075,815	22,437,088	521,223,202	2,757,623,435	2,519,763,170	2,010,664,209	231,636,141	3,011,521,725	88,700,260	36,585,168	11,525,230,213

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Consolidated financial statements

	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Accumulated depreciation											
31 December 2019	-	22,178,588	351,275,943	1,245,444,906	1,641,428,822	1,535,452,879	142,644,358	2,533,428,336	72,378,267	-	7,544,232,099
Reclassify to right-of-use assets	-	-	-	(1,185,142)	-	-	-	(2,319,656)	-	-	(3,504,798)
Depreciation for the year	-	67,592	20,278,586	173,595,453	188,514,680	140,124,374	17,062,588	162,156,078	6,966,396	-	708,765,747
Depreciation on disposals/write-off	-	-	-	(13,038,287)	(16,260,548)	(20,239,029)	(2,904,798)	(53,140,640)	-	-	(105,583,302)
31 December 2020	-	22,246,180	371,554,529	1,404,816,930	1,813,682,954	1,655,338,224	156,802,148	2,640,124,118	79,344,663	-	8,143,909,746
Depreciation for the year	-	67,593	18,888,771	165,232,533	180,434,180	120,822,488	14,878,444	138,602,087	4,765,861	-	643,691,957
Depreciation on disposals/write-off	-	-	-	(54,582,199)	(57,602,041)	(22,998,311)	-	(68,537,660)	-	-	(203,720,211)
31 December 2021	-	22,313,773	390,443,300	1,515,467,264	1,936,515,093	1,753,162,401	171,680,592	2,710,188,545	84,110,524	-	8,583,881,492

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(Unit: Baht)

Consolidated financial statements

	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Allowance for impairment loss											
31 December 2019	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
31 December 2020	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
Increase	-	-	-	-	-	1,055,733	-	-	-	-	1,055,733
31 December 2021	-	-	-	-	-	99,167,407	-	-	-	-	99,167,407
Net book value											
31 December 2020	<u>325,075,815</u>	<u>190,908</u>	<u>149,064,794</u>	<u>1,396,120,093</u>	<u>712,613,965</u>	<u>231,711,623</u>	<u>67,880,468</u>	<u>335,409,934</u>	<u>9,355,597</u>	<u>26,244,997</u>	<u>3,253,668,194</u>
31 December 2021	<u>325,075,815</u>	<u>123,315</u>	<u>130,779,902</u>	<u>1,242,156,171</u>	<u>583,248,077</u>	<u>158,334,401</u>	<u>59,955,549</u>	<u>301,333,180</u>	<u>4,589,736</u>	<u>36,585,168</u>	<u>2,842,181,314</u>
Depreciation for the year											
2020 (Baht 115.7 million included in producing cost, and the balance in selling and administrative expenses)											<u>708,765,747</u>
2021 (Baht 111.2 million included in producing cost, and the balance in selling and administrative expenses)											<u>643,691,957</u>

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(Unit: Baht)

Separate financial statements

	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Cost											
31 December 2019	303,336,705	22,437,088	457,484,760	2,328,150,894	2,041,869,979	1,298,367,266	148,056,629	2,482,750,106	88,006,503	31,048,827	9,201,508,757
Reclassify to right-of-use assets	-	-	-	-	-	-	-	(24,470,364)	-	-	(24,470,364)
Additions	-	-	130,799	2,516,813	7,438,107	56,705,098	217,813	34,714,675	-	64,191,502	165,914,807
Transfers in (out)	-	-	24,210	24,533,371	14,626,212	1,253,532	-	23,936,611	-	(64,373,936)	-
Disposals/write-off	-	-	-	(19,564,692)	(16,302,735)	(21,351,940)	(2,904,800)	(51,437,545)	-	(2,565,726)	(114,127,438)
31 December 2020	303,336,705	22,437,088	457,639,769	2,335,636,386	2,047,631,563	1,334,973,956	145,369,642	2,465,493,483	88,006,503	28,300,667	9,228,825,762
Additions	-	-	55,000	1,864,045	15,140,598	28,683,968	6,483,925	67,937,050	-	84,068,248	204,232,834
Transfers in (out)	-	-	548,879	26,496,421	32,717,319	163,673	500,000	19,459,941	-	(79,886,233)	-
Disposals/write-off	-	-	-	(72,264,498)	(63,008,497)	(24,648,696)	-	(67,411,848)	-	(3,289,382)	(230,622,921)
31 December 2021	303,336,705	22,437,088	458,243,648	2,291,732,354	2,032,480,983	1,339,172,901	152,353,567	2,485,478,626	88,006,503	29,193,300	9,202,435,675
Accumulated depreciation											
31 December 2019	-	22,178,588	322,249,461	1,076,782,562	1,392,661,963	1,073,534,163	125,774,531	2,170,229,857	71,635,062	-	6,255,046,187
Reclassify to right-of-use assets	-	-	-	-	-	-	-	(2,319,656)	-	-	(2,319,656)
Depreciation for the year	-	67,592	17,142,940	135,026,458	142,998,675	83,708,487	8,282,996	112,462,502	6,919,996	-	506,609,646
Depreciation on disposals/write-off	-	-	-	(9,780,570)	(11,294,066)	(14,411,874)	(2,904,798)	(49,945,424)	-	-	(88,336,732)
31 December 2020	-	22,246,180	339,392,401	1,202,028,450	1,524,366,572	1,142,830,776	131,152,729	2,230,427,279	78,555,058	-	6,670,999,445
Depreciation for the year	-	67,592	15,739,795	127,366,085	136,580,062	70,894,091	6,956,522	94,435,528	4,738,858	-	456,778,533
Depreciation on disposals/write-off	-	-	-	(46,356,869)	(49,168,616)	(18,397,915)	-	(58,506,864)	-	-	(172,430,264)
31 December 2021	-	22,313,772	355,132,196	1,283,037,666	1,611,778,018	1,195,326,952	138,109,251	2,266,355,943	83,293,916	-	6,955,347,714

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(Unit: Baht)

Separate financial statements

	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Allowance for impairment loss											
31 December 2019	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
31 December 2020	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
Increase	-	-	-	-	-	1,055,733	-	-	-	-	1,055,733
31 December 2021	-	-	-	-	-	80,652,643	-	-	-	-	80,652,643
Net book value											
31 December 2020	303,336,705	190,908	118,247,368	1,133,607,936	523,264,991	112,546,270	14,216,913	235,066,204	9,451,445	28,300,667	2,478,229,407
31 December 2021	303,336,705	123,316	103,111,452	1,008,694,688	420,702,965	63,193,306	14,244,316	219,122,683	4,712,587	29,193,300	2,166,435,318
Depreciation for the year											
2020 (Baht 98.6 million included in producing cost, and the balance in selling and administrative expenses)											506,609,646
2021 (Baht 94.9 million included in producing cost, and the balance in selling and administrative expenses)											456,778,533

As at 31 December 2021 and 2020, certain equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 5,533 million and Baht 5,083 million, respectively (the Company only: Baht 4,686 million and Baht 4,259 million, respectively).

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14. Goodwill

The Group has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations summarise as follows:

	(Unit: Percent per annum)
Long-term revenue growth rate	1.8
Discount rate	10.8

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.

15. Intangible assets

Details of intangible assets which are as follows:

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Cost		
31 December 2019	1,111,632,509	241,950,531
Reclassify to right-of-use assets	(26,191,520)	(26,191,520)
Additions	13,423,935	8,383,735
Write-off	-	(500,000)
31 December 2020	1,098,864,924	223,642,746
Additions	9,262,050	7,506,243
Write-off	(137,171)	(75,605)
31 December 2021	1,107,989,803	231,073,384
Accumulated amortisation		
31 December 2019	134,636,387	126,605,944
Reclassify to right-of-use assets	(2,482,813)	(2,482,813)
Amortisation for the year	47,437,927	17,354,955
Amortisation on write-off	-	(139,559)
31 December 2020	179,591,501	141,338,527
Amortisation for the year	47,914,682	17,580,616
Amortisation on write-off	(91,507)	(15,959)
31 December 2021	227,414,676	158,903,184
Net book value		
31 December 2020	919,273,423	82,304,219
31 December 2021	880,575,127	72,170,200
Amortisation for the year		
2020	47,437,927	17,354,955
2021	47,914,682	17,580,616

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16. Trade and other payables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade accounts payable -related party	2,423,393	-	31,412,975	20,974,288
Trade accounts payable - unrelated parties	407,961,568	415,850,396	363,135,292	374,208,501
Other payables - related parties	58,164,096	48,803,410	56,889,017	55,787,705
Other payables - unrelated parties	62,656,655	72,691,757	54,677,511	64,934,488
Accounts payable for purchases of plant and equipment	71,685,553	48,822,294	57,435,565	38,902,848
Accrued expenses	729,634,817	708,301,466	552,897,813	543,511,213
Others	22,389,065	17,701,789	18,553,669	14,752,468
Total	<u>1,354,915,147</u>	<u>1,312,171,112</u>	<u>1,135,001,842</u>	<u>1,113,071,511</u>

17. Liabilities under lease agreements

17.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 20 years.

a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

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(Unit: Thousand Baht)

Consolidated financial statements

	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	Total
1 January 2020	4,084,962	97,379	22,151	23,709	205,965	4,434,166
Additions	843,634	59,226	-	-	-	902,860
Depreciation for the year	(1,272,004)	(58,131)	(4,894)	(5,238)	(40,509)	(1,380,776)
31 December 2020	3,656,592	98,474	17,257	18,471	165,456	3,956,250
Additions	875,570	13,099	-	-	-	888,669
Write-off	(74,583)	(520)	-	-	-	(75,103)
Depreciation for the year	(1,223,432)	(53,789)	(4,894)	(5,238)	(30,227)	(1,317,580)
31 December 2021	3,234,147	57,264	12,363	13,233	135,229	3,452,236

(Unit: Thousand Baht)

Separate financial statements

	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	Total
1 January 2020	3,116,859	64,994	22,151	23,709	193,374	3,421,087
Additions	615,983	58,365	-	-	-	674,348
Depreciation for the year	(937,289)	(41,778)	(4,894)	(5,238)	(38,559)	(1,027,758)
31 December 2020	2,795,553	81,581	17,257	18,471	154,815	3,067,677
Additions	593,020	10,724	-	-	-	603,744
Write-off	(62,127)	-	-	-	-	(62,127)
Depreciation for the year	(898,686)	(38,730)	(4,894)	(5,239)	(28,439)	(975,988)
31 December 2021	2,427,760	53,575	12,363	13,232	126,376	2,633,306

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b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Lease payments	3,474,130	3,908,582	2,650,004	3,029,681
Less: Deferred interest expenses	(192,800)	(217,509)	(156,724)	(181,094)
Total	3,281,330	3,691,073	2,493,280	2,848,587
Less: Portion due within one year	(1,074,621)	(1,126,493)	(789,799)	(831,564)
Lease liabilities - net of current portion	<u>2,206,709</u>	<u>2,564,580</u>	<u>1,703,481</u>	<u>2,017,023</u>

A maturity analysis of lease payments is disclosed in Note 29.1 under the liquidity risk.

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	3,691,073	4,044,055	2,848,587	3,104,140
Add: Additions during the period	884,461	934,210	601,535	690,800
Accretion of interest	82,081	88,665	65,078	68,655
Less: Payments during the period	(1,009,262)	(1,076,157)	(767,714)	(807,136)
Reduction in lease payments by lessors	(300,811)	(277,482)	(199,126)	(193,335)
Decrease from cancelation of lease agreements	(66,212)	(22,218)	(55,080)	(14,537)
Balance at end of year	<u>3,281,330</u>	<u>3,691,073</u>	<u>2,493,280</u>	<u>2,848,587</u>

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c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets (net of reduction in lease payments by lessors)	1,032,632	1,121,962	788,133	847,724
Interest expense on lease liabilities	66,219	69,997	53,807	55,354
Expense relating to leases of low-value assets	225	258	218	247
Expense relating to variable lease payments that do not depend on an index or a rate	11,554	15,979	8,915	12,608

The Group has lease contracts for building space that contains variable payments based on sales. The lease term is 1 - 3 years.

During 2020, the Group has elected to apply Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak” which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 1,021 million (2020: Baht 1,092 million) (the Company only: Baht 790 million, 2020: Baht 820 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

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17.2 The Group as a lessor

The Group has entered into operating leases for buildings of the lease terms are between 1 and 6 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Within 1 year	3,387	1,384	15,214	14,345
Over 1 and up to 5 years	808	-	4,621	8,099
Total	<u>4,195</u>	<u>1,384</u>	<u>19,835</u>	<u>22,444</u>

18. Provision for long-term employee benefits

18.1 Defined contribution plans

The Group and their permanent employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees and the Group at rates of 2 percent of the employees' basic salaries. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2021, the contributions of the Group amounting to Baht 24 million (2020: Baht 29.7 million) and of the Company amounting to Baht 20 million (2020: Baht 25.0 million) were recognised as expenses.

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18.2 Defined benefit plans and other long-term employee benefits

(Unit: Baht)

	Consolidated financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2020	575,749,101	41,603,173	617,352,274
Included in profit or loss:			
Current service cost	44,491,310	3,208,118	47,699,428
Past service cost	-	11,709,154	11,709,154
Interest cost	15,448,464	1,247,114	16,695,578
Actuarial loss (gain)			
Financial assumptions changes	-	2,982,769	2,982,769
Experience adjustments	-	(47,760)	(47,760)
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	19,902,397	-	19,902,397
Experience adjustments	17,116,443	-	17,116,443
Benefits paid during the year	(12,304,209)	(2,640,000)	(14,944,209)
As at 31 December 2020	<u>660,403,506</u>	<u>58,062,568</u>	<u>718,466,074</u>

(Unit: Baht)

	Consolidated financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	660,403,506	58,062,568	718,466,074
Included in profit or loss:			
Current service cost	52,628,175	6,893,833	59,522,008
Interest cost	10,757,229	956,178	11,713,407
Benefits paid during the year	(27,259,773)	(4,360,000)	(31,619,773)
As at 31 December 2021	<u>696,529,137</u>	<u>61,552,579</u>	<u>758,081,716</u>

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(Unit: Baht)

	Separate financial statements		
	Employee	Other long-term	Total
	retirement benefits	employee benefits	
As at 1 January 2020	517,758,888	35,962,370	553,721,258
Included in profit or loss:			
Current service cost	34,550,833	2,200,186	36,751,019
Past service cost	-	10,523,803	10,523,803
Interest cost	13,836,432	1,059,889	14,896,321
Actuarial loss (gain)			
Financial assumptions changes	-	2,491,642	2,491,642
Experience adjustments	-	21,676	21,676
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	14,907,607	-	14,907,607
Experience adjustments	10,477,883	-	10,477,883
Transferred out	(5,282,055)	(587,202)	(5,869,257)
Benefits paid during the year	(5,533,778)	(2,240,000)	(7,773,778)
As at 31 December 2020	580,715,810	49,432,364	630,148,174

(Unit: Baht)

	Separate financial statements		
	Employee	Other long-term	Total
	retirement benefits	employee benefits	
As at 1 January 2021	580,715,810	49,432,364	630,148,174
Included in profit or loss:			
Current service cost	44,005,708	5,653,321	49,659,029
Interest cost	9,436,593	788,377	10,224,970
Transferred in	1,068,552	-	1,068,552
Benefits paid during the year	(25,130,080)	(3,600,000)	(28,730,080)
As at 31 December 2021	610,096,583	52,274,062	662,370,645

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The Group expects to pay Baht 23.75 million for long-term employee benefits during the next year (separate financial statements: Baht 21.43 million) (2020: Baht 27.79 million, separate financial statements: Baht 24.73 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits of the Group is 13 years (Separate financial statements: 13 years) (2020: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below.

	(Unit: % per annum)	
	Consolidated financial statements/ Separate financial statements	
	<u>2021</u>	<u>2020</u>
Discount rate	1.7	1.7
Future salary increase rate (depending on age of employees)	4.0 - 5.5	4.0 - 5.5

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below.

31 December 2021

	(Unit: Million Baht)			
	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Employee retirement benefits	(83.6)	100.6	96.9	(82.5)
Other long-term employee benefits	(2.8)	3.1	-	-

	(Unit: Million Baht)			
	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Employee retirement benefits	(76.7)	92.1	88.8	(75.7)
Other long-term employee benefits	(2.5)	2.8	-	-

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31 December 2020

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Employee retirement benefits	(78.6)	94.5	91.1	(77.6)
Other long-term employee benefits	(2.7)	3.0	-	-

(Unit: Million Baht)

	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Employee retirement benefits	(72.4)	87.0	83.8	(71.4)
Other long-term employee benefits	(2.5)	2.7	-	-

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Finance income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest income on bank deposits	697	13,243	639	13,095
Interest received from investment in debt instruments				
at FVTPL	20,048	20,478	20,048	20,478
Other	10	26	10	26
Total	20,755	33,747	20,697	33,599

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21. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest expenses on provision for decommissioning	2,953	3,300	2,117	2,178
Interest expenses on lease liabilities	66,219	69,997	53,807	55,354
Total	69,172	73,297	55,924	57,532

22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries, wages and other employee benefits	3,637,881,039	4,143,065,053	2,830,264,692	3,200,490,543
Raw materials and consumables used	2,304,309,542	2,273,272,475	2,002,466,955	1,929,319,493
Rental and service expenses from operating lease agreements	563,625,955	657,531,159	174,323,784	229,941,225
Depreciation of plant and equipment and amortisation of intangible assets	691,606,639	756,203,674	474,359,149	523,964,601
Depreciation of right-of-use assets	1,032,631,628	1,121,962,155	788,132,528	847,723,739
Utilities expenses	546,328,240	634,187,690	408,742,215	476,343,593
Advertising expenses	105,407,985	174,166,828	68,156,275	122,976,588
Logistic expenses	153,426,917	166,473,998	148,762,145	161,895,210
Repair and maintenance expenses	167,540,487	155,294,301	128,494,416	121,322,593
Training expenses	4,894,332	3,561,193	143,284,511	128,966,493
Property tax expenses	7,406,256	9,500,756	7,654,417	6,940,591
Travelling expenses	11,061,854	18,122,491	7,069,876	13,423,552
Changes in finished goods	(2,186,675)	(8,776,607)	(6,916,344)	(17,389,665)

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During the year 2020, the Group has elected to apply Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak” which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

23. Income tax

23.1 Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current income tax charge	63,051,459	192,265,499	58,699,639	183,040,275
Adjustment in respect of income tax of previous year	-	6,238,058	-	4,146,045
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(72,570,419)</u>	<u>(58,623,938)</u>	<u>(24,815,186)</u>	<u>(34,059,704)</u>
Income tax reported in the income statements	<u><u>(9,518,960)</u></u>	<u><u>139,879,619</u></u>	<u><u>33,884,453</u></u>	<u><u>153,126,616</u></u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to change in value of investment designated at FVOCI	-	580,556	-	580,556
Deferred tax relating to actuarial losses	-	6,762,619	-	5,077,098
Income tax charged to other comprehensive income	<u><u>-</u></u>	<u><u>7,343,175</u></u>	<u><u>-</u></u>	<u><u>5,657,654</u></u>

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The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2021 and 2020 is presented below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	111,392,245	1,051,485,624	314,454,041	1,061,888,932
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	22,278,449	210,297,125	62,890,808	212,377,786
Adjustment in respect of income tax of previous year	-	6,238,058	-	4,146,045
Effects of:				
Income not subject to tax	(787,800)	-	(240,000)	-
Promotional privileges (Note 23.2)	(4,971,901)	(4,527,889)	(2,358,809)	-
Non-deductible expenses	8,829,815	15,540,860	1,554,148	2,446,555
Unrecognised tax losses of subsidiaries	835,445	1,470,965	-	-
Additional expense deductions allowed	(35,702,968)	(89,139,500)	(27,961,694)	(65,843,770)
Total	(31,797,409)	(76,655,564)	(29,006,355)	(63,397,215)
Income tax reported in the income statements	(9,518,960)	139,879,619	33,884,453	153,126,616

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The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Statements of financial position as at 31 December			
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets				
Allowance for impairment of assets	19,833,482	19,622,335	16,130,529	15,919,382
Allowance for diminution in value of inventories	379,867	-	379,867	-
Provision for long-term employee benefits	146,563,021	138,712,871	132,260,419	126,029,635
Lease	32,164,084	19,586,694	24,862,434	15,364,944
Derivative contract payable	4,688,964	-	4,688,964	-
Unused tax losses	50,219,057	12,756,690	-	-
Others	1,953,659	3,051,173	1,555,463	2,589,387
Total	255,802,134	193,729,763	179,877,676	159,903,348
Deferred tax liabilities				
Intangible assets	159,554,960	165,270,362	-	-
Unrealised gain on changes in value of investments in debt instruments	7,109,008	9,428,750	6,843,814	9,221,768
Derivative contract receivable	-	2,462,904	-	2,462,904
Total	166,663,968	177,162,016	6,843,814	11,684,672
Net deferred tax assets	89,138,166	16,567,747	173,033,862	148,218,676

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As at 31 December 2021 and 2020, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets	248,693,126	181,838,109	173,033,862	148,218,676
Deferred tax liabilities	(159,554,960)	(165,270,362)	-	-
Total deferred tax assets - net	89,138,166	16,567,747	173,033,862	148,218,676

As at 31 December 2021, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 50.7 million (2020: Baht 44.4 million), on which deferred tax assets have not been recognised as the subsidiaries considers that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 58.4 million will expire by 2022.

23.2 Promotional privileges

The Group has received promotional privileges from the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

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Company name	International Food Supply Company Limited	Mark One Innovation Center Company Limited	MK Restaurant Group Public Company Limited
Certificate No.	58-2617-1-00-1-0	63-0843-1-00-2-0	64-0540-1-04-1-0
1. Certificate date	18 December 2015	7 August 2020	24 May 2021
2. Promotional privileges for	Manufacture of foods and semi-frozen foods	Research and develop natural extracts and dietary supplement products	Manufacture of foods and semi-frozen foods
3. The significant privileges are:			
3.1 Exemption from import duty on machinery as approved by the Board.	Granted	Granted	Granted
3.2 Exemption from corporate income tax on net income from promoted operations, not over a hundred percent of investments excluding cost of land and working capital, for a period of eight years from the date on which the income is first derived from such operations.	Granted	-	-
3.3 Exemption from corporate income tax on net income from promoted operations, for a period of eight years from the date on which the income is first derived from such operations	-	Granted	-
3.4 Fifty percent reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in exemption of corporate income tax.	Granted	Granted	-
3.5 Exemption from corporate income tax on net income from promoted operations of fifty percent of the investment capital to improve manufacturing productivity (excluding cost of land and working capital), for a period of three years from the date on which the income is first derived from such operations.	-	-	Granted
3.6 Exemption from income tax on dividends paid from the profit of the promoted operations, throughout the period in which the corporate income tax is exempted.	Granted	Granted	Granted
4. Date of first earning of operating income	7 July 2016	Aa at 31 December 2021, the subsidiary has not yet started exercising the promotional privilege	1 August 2021

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The Group's operating revenues for the years ended 31 December 2021 and 2020, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales	882	157	10,300	13,204	11,182	13,361

(Unit: Million Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Sales	752	-	8,671	-	9,423	-

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the years attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Operating 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 is engaged in two business segments which are restaurant business and other businesses that support restaurant business including training service provider and manufacture and distribution of foods and research and development of technology and innovation of food and beverage products. Their operations are carried on in geographical areas of Thailand. However, the restaurant business in Thailand is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of operating segments and geographical areas. For this reason, the chief operating decision maker considers aggregating the operating segments into one reportable segment of restaurant operation.

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Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

26. Dividends

Dividends declared during the years ended 31 December 2021 and 2020 consist of the following:

	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend</u> <u>per share</u> (Baht)	<u>Paid on</u>
<u>Year 2021</u>				
Interim dividend from the operating period 1 July 2020 to 31 December 2020 and retained earnings	Board of Directors' meeting on 26 April 2021	460	0.5	25 May 2021
Total		<u>460</u>	<u>0.5</u>	
<u>Year 2020</u>				
Interim dividend on the profit for the year ended 31 December 2019	Board of Directors' meeting on 9 April 2020	1,197	1.3	8 May 2020
Interim dividends on the profit for the six-month period ended 30 June 2020 and retained earnings	Board of Directors' meeting on 11 August 2020	461	0.5	10 September 2020
Total		<u>1,658</u>	<u>1.8</u>	

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27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2021, the Group had significant outstanding capital commitments in respect of agreements related to purchase of machinery and equipment of Baht 54.9 million, the Company only: Baht 54.9 million (2020: Baht 8.7 million, the Company only: Baht 8.7 million).

27.2 Lease of low-value assets and other service commitments

The Group has entered into several lease agreements in respect of the leases of the low-value assets and other services. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2021 and 2020, the Group had payments and services fee payables under these lease and other service agreements were summarised below:

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Payable within:		
Less than 1 year	587	632
1 to 5 years	998	1,177
More than 5 years	65	82

27.3 Futures contracts

The Company has entered into futures contracts with many local companies, whereby the Company and those companies have agreed quantity, schedule, place and price of goods to be delivered. The Company has agreed to pay for the goods at the rates stipulated in the contracts.

27.4 Bank guarantees

As at 31 December 2021, the Group had outstanding bank guarantees of approximately Baht 21.2 million and the Company's was Baht 20.9 million issued by the bank on behalf of the Group in respect of certain performance bonds as required in the normal course of business, such as guarantee payments due to creditors and facility usage.

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27.5 Guarantees to related party

As at 31 December 2021, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. (“a subsidiary”) of Baht 45 million (2020: Baht 45 million).

28. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets and liabilities that were measured at fair value based on levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,310	-	7,310
Liabilities measured at fair value				
Derivatives - forward exchange contracts -				
loss	-	23	-	23

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,967	-	7,967
Derivatives - forward exchange contracts - gain	-	12	-	12

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(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	6,444	-	6,444
Liabilities measured at fair value				
Derivatives - forward exchange contracts - loss	-	23	-	23

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,069	-	7,069
Derivatives - forward exchange contracts - gain	-	12	-	12

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29. Financial instruments

29.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable and investments. The financial risks associated with these financial instruments and how they are managed is described below.-

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and borrowings that are denominated in foreign currencies.

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As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated		Separate		Average exchange rate	
	financial statements	financial statements	financial statements	financial statements	(Baht per 1 foreign currency unit)	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)		
Financial assets						
US dollar	10.1	10.1	10.1	10.1	33.2469	29.8674
Japanese yen	1.1	1.1	1.1	1.1	0.2869	0.2869
Financial liabilities						
Singapore dollar	0.2	0.2	-	-	25.0254	22.9540
Japanese yen	8.4	-	8.4	-	0.2944	-

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 18 months.

As at 31 December 2021 the Group had outstanding foreign exchange forward contracts which the Group measured at fair value, and recognised unrealised loss on fair value adjustment presented as part of other current financial liabilities (2020: recognised unrealised gain on fair value adjustment presented as part of other current financial assets). Details are summarised below.

Derivatives - Forward exchange contracts

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements /	financial statements
	<u>2021</u>	<u>2020</u>
Derivative assets		
Derivative assets not designated as hedging instruments		
Forward exchange contracts	-	12
Total derivative assets	-	12

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(Unit: Million Baht)

Consolidated
financial statements /
Separate
financial statements

2021 2020

Derivative liabilities

Derivative assets not designated as hedging instruments

Forward exchange contracts

23

-

Total derivative liabilities

23

-

The Group had the following outstanding forward exchange contracts:

Foreign currency	Consolidated financial statements/Separate financial statements	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
	(Million)		
<u>As at 31 December 2021</u>			
Sold amount			
US dollar	10.0	31.19	June 2022
<u>As at 31 December 2020</u>			
Sold amount			
US dollar	10.0	31.19	June 2022

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 50%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and

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liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	374	122	496	0.05 - 0.13
Trade and other receivables	-	-	-	-	167	167	-
Other financial assets	700	818	-	-	6,492	8,010	0.50 - 3.03
	<u>700</u>	<u>818</u>	<u>-</u>	<u>374</u>	<u>6,781</u>	<u>8,673</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,355	1,355	-
Other current Financial liabilities	23	-	-	-	-	23	-
Lease liabilities	1,075	1,976	230	-	-	3,281	1.68 - 3.65
	<u>1,098</u>	<u>1,976</u>	<u>230</u>	<u>-</u>	<u>1,355</u>	<u>4,659</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	403	106	509	0.05 - 0.13
Trade and other receivables	-	-	-	-	110	110	-
Other financial assets	-	826	-	-	7,154	7,980	1.69 - 3.00
	<u>-</u>	<u>826</u>	<u>-</u>	<u>403</u>	<u>7,370</u>	<u>8,599</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,312	1,312	-
Lease liabilities	1,126	2,301	264	-	-	3,691	1.67 - 3.18
	<u>1,126</u>	<u>2,301</u>	<u>264</u>	<u>-</u>	<u>1,312</u>	<u>5,003</u>	

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(Unit: Million Baht)

Separate financial statements as at 31 December 2021

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	269	98	367	0.05 - 0.13
Trade and other receivables	-	-	-	-	267	267	-
Other financial assets	700	818	-	-	5,626	7,144	0.50 - 3.03
	<u>700</u>	<u>818</u>	<u>-</u>	<u>269</u>	<u>5,991</u>	<u>7,778</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,135	1,135	-
Other current Financial liabilities	23	-	-	-	-	23	-
Lease liabilities	790	1,498	205	-	-	2,493	1.68 - 3.65
	<u>813</u>	<u>1,498</u>	<u>205</u>	<u>-</u>	<u>1,135</u>	<u>3,651</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2020

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	299	85	384	0.05 - 0.13
Trade and other receivables	-	-	-	-	197	197	-
Other financial assets	-	826	-	-	6,256	7,082	1.69 - 3.00
	<u>-</u>	<u>826</u>	<u>-</u>	<u>299</u>	<u>6,538</u>	<u>7,663</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	1,113	1,113	-
Lease liabilities	831	1,756	262	-	-	2,849	1.67 - 3.18
	<u>831</u>	<u>1,756</u>	<u>262</u>	<u>-</u>	<u>1,113</u>	<u>3,962</u>	

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Liquidity risk

The Group monitors the risk of shortage of liquidity position by maintain level of cash and cash equivalent and has credit lines with various banks. As at 31 December 2021 and 2020, the Group has assessed the sufficient of the Group's net working capital to refinancing its debt in financial statements and concluded it to be low.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	2021			
	Within 1 year	1 - 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,355	-	-	1,355
Lease liabilities	1,144	2,069	261	3,474
Total non-derivatives	2,499	2,069	261	4,829

(Unit: Million Baht)

	Consolidated financial statements			
	2020			
	Within 1 year	1 - 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,312	-	-	1,312
Lease liabilities	1,202	2,404	303	3,909
Total non-derivatives	2,514	2,404	303	5,221

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(Unit: Million Baht)

	Separate financial statements			
	2021			
	Within 1 year	1 - 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,135	-	-	1,135
Lease liabilities	844	1,583	223	2,650
Total non-derivatives	1,979	1,583	223	3,785

(Unit: Million Baht)

	Separate financial statements			
	2020			
	Within 1 year	1 - 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,113	-	-	1,113
Lease liabilities	891	1,853	286	3,030
Total non-derivatives	2,004	1,853	286	4,143

29.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

30. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 0.45:1 (2020: 0.47:1) and the Company's was 0.37:1 (2020: 0.40:1).

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31. Events after the reporting period

On 24 February 2022, the meeting of the Company's Board of Directors no. 1/2022 passed the resolution to approve the payment of dividends for 2021 to the Company's shareholders at Baht 0.80 per share or a total dividend of Baht 736.7 million. The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.

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