

MK Restaurant Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2022

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 2022, 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 2022, 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 Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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: 23 February 2023

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets					
Current assets					
Cash and cash equivalents	7	630,355,980	496,502,922	471,000,372	367,409,757
Trade and other receivables	6,8	120,921,702	166,733,041	246,785,863	267,019,011
Inventories	9	414,225,306	392,331,736	368,492,096	345,092,554
Other current financial assets	10	7,148,966,660	7,192,221,893	6,027,170,370	6,326,077,629
Other current assets		111,145,600	170,216,144	89,506,028	142,827,829
Total current assets		8,425,615,248	8,418,005,736	7,202,954,729	7,448,426,780
Non-current assets					
Other non-current financial assets	10	1,516,139,576	817,897,078	1,516,139,576	817,897,078
Investments in subsidiaries	11	-	-	2,701,479,792	2,761,479,762
Investments in joint ventures	12	850,008,179	872,519,167	912,947,457	912,947,457
Property, plant and equipment	13	2,746,843,148	2,842,181,314	2,153,875,460	2,166,435,318
Right-of-use assets	17	3,210,201,794	3,452,236,270	2,469,636,257	2,633,305,927
Goodwill	14	1,477,657,048	1,477,657,048	-	-
Intangible assets	15	844,890,634	880,575,127	65,958,970	72,170,200
Deferred tax assets	23	241,260,720	248,693,126	180,835,739	173,033,862
Deposits		588,460,878	558,903,851	386,162,655	370,364,525
Total non-current assets		11,475,461,977	11,150,662,981	10,387,035,906	9,907,634,129
Total assets		19,901,077,225	19,568,668,717	17,589,990,635	17,356,060,909

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 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6,16	1,449,020,514	1,354,915,147	1,208,622,929	1,135,001,842
Deferred income of membership fee		20,553,051	8,339,751	12,404,866	5,650,301
Current portion of lease liabilities	17	1,071,392,444	1,074,621,047	785,159,863	789,798,750
Income tax payable		152,762,033	45,472,936	149,107,050	45,472,936
Other current financial liabilities		-	23,444,821	-	23,444,821
Other current liabilities		244,025,041	222,309,242	196,701,861	174,888,771
Total current liabilities		2,937,753,083	2,729,102,944	2,351,996,569	2,174,257,421
Liabilities and shareholders' equity					
Non-current liabilities					
Lease liabilities, net of current portion	17	2,022,966,784	2,206,708,725	1,590,951,592	1,703,480,602
Provision for long-term employee benefits	18	810,630,865	758,081,716	705,202,101	662,370,645
Deferred tax liabilities	23	153,839,559	159,554,960	-	-
Other non-current liabilities		210,701,548	206,385,304	151,437,787	149,465,308
Total non-current liabilities		3,198,138,756	3,330,730,705	2,447,591,480	2,515,316,555
Total liabilities		6,135,891,839	6,059,833,649	4,799,588,049	4,689,573,976

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 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
920,878,100 ordinary shares of Baht 1 each		<u>920,878,100</u>	<u>920,878,100</u>	<u>920,878,100</u>	<u>920,878,100</u>
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		2,976,349,701	2,734,643,750	2,335,580,526	2,211,664,873
Other component of shareholders' equity		<u>11,615,845</u>	<u>4,992,853</u>	-	-
Equity attributable to owners of the Company		13,442,787,606	13,194,458,663	12,790,402,586	12,666,486,933
Non-controlling interests of the subsidiaries		<u>322,397,780</u>	<u>314,376,405</u>	-	-
Total shareholders' equity		<u>13,765,185,386</u>	<u>13,508,835,068</u>	<u>12,790,402,586</u>	<u>12,666,486,933</u>
Total liabilities and shareholders' equity		<u>19,901,077,225</u>	<u>19,568,668,717</u>	<u>17,589,990,635</u>	<u>17,356,060,909</u>

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

Director

Director

MK Restaurant Group Public Company Limited and its subsidiaries

Income statements

For the year ended 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Revenues					
Sales and service income		15,727,889,945	11,181,512,178	13,163,374,371	9,422,765,438
Other income		210,289,719	186,495,239	356,956,396	378,644,105
Total revenues		15,938,179,664	11,368,007,417	13,520,330,767	9,801,409,543
Expenses					
	22				
Cost of sales and services		5,461,296,665	4,014,575,124	5,426,642,931	4,014,517,312
Selling and distribution expenses		7,347,108,263	6,078,040,608	5,487,898,042	4,654,693,830
Administrative expenses		1,298,424,486	1,092,145,648	965,892,779	782,517,050
Total expenses		14,106,829,414	11,184,761,380	11,880,433,752	9,451,728,192
Profit from operating activities		1,831,350,250	183,246,037	1,639,897,015	349,681,351
Finance income	20	39,017,558	20,755,076	38,938,681	20,696,828
Share of loss from investments in joint ventures	12	(29,133,980)	(23,436,738)	-	-
Finance cost	21	(86,708,725)	(69,172,130)	(65,778,902)	(55,924,138)
Profit before income tax expenses		1,754,525,103	111,392,245	1,613,056,794	314,454,041
Income tax	23	(307,689,581)	9,518,960	(292,032,945)	(33,884,453)
Profit for the year		1,446,835,522	120,911,205	1,321,023,849	280,569,588
Profit attributable to:					
Equity holders of the Company		1,438,814,147	130,978,714	1,321,023,849	280,569,588
Non-controlling interests of the subsidiaries		8,021,375	(10,067,509)		
		1,446,835,522	120,911,205		
Earnings per share					
	24				
Basic earnings per share					
Profit attributable to equity holders of the Company		1.56	0.14	1.43	0.30

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

..... Director

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MK Restaurant Group Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2022	2021	2022	2021
Profit for the year	1,446,835,522	120,911,205	1,321,023,849	280,569,588
Other comprehensive income:				
Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of financial statements in foreign currency	6,622,992	915,931	-	-
Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:				
- net of income tax	6,622,992	915,931	-	-
Other comprehensive income for the year	6,622,992	915,931	-	-
Total comprehensive income for the year	1,453,458,514	121,827,136	1,321,023,849	280,569,588
Total comprehensive income attributable to:				
Equity holders of the Company	1,445,437,139	131,894,645	1,321,023,849	280,569,588
Non-controlling interests of the subsidiaries	8,021,375	(10,067,509)		
	1,453,458,514	121,827,136		

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

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For the year ended 31 December 2022

Consolidated financial statements

Equity attributable to owners of the Company

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

Director

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

Separate financial statements						
Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated	
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>
Balance as at 1 January 2022	920,878,100	8,785,027,903	656,331,057	92,585,000	2,211,664,873	12,666,486,933
Profit for the year	-	-	-	-	1,321,023,849	1,321,023,849
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,321,023,849	1,321,023,849
Dividend paid	-	-	-	-	(1,197,108,196)	(1,197,108,196)
Balance as at 31 December 2022	<u>920,878,100</u>	<u>8,785,027,903</u>	<u>656,331,057</u>	<u>92,585,000</u>	<u>2,335,580,526</u>	<u>12,790,402,586</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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities				
Profit before tax	1,754,525,103	111,392,245	1,613,056,794	314,454,041
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(16,974,169)	(56,414,326)	(13,333,154)	(52,303,825)
Loss on revaluation of investments in debt instruments	11,412,397	12,653,191	13,156,906	12,070,562
Unrealised loss(gain) on exchange	(20,529,875)	2,449,342	(20,529,875)	2,449,342
Share of loss from investments in joint ventures	29,133,980	23,436,738	-	-
Loss (gain) on sales of investments in subsidiary	(20,991,165)	-	5,299,970	-
Loss on damaged inventories	2,451,216	2,248,219	2,451,216	2,248,219
Reduce cost to net realisable value(reversal)	(1,899,335)	1,899,335	(1,899,335)	1,899,335
Amortisation of prepaid expenses	23,688,524	22,660,378	19,796,055	18,897,421
Allowance for impairment loss on assets (reversal)	(1,055,733)	1,055,733	(1,055,733)	1,055,733
Depreciation and amortisation	1,996,706,839	2,009,187,419	1,433,034,758	1,450,347,018
Reduction in lease payments by lessors	-	(300,810,931)	-	(199,125,989)
Loss (gain) on disposals and write-off of equipment, right-of-use assets and intangible assets	(22,281,904)	55,453,972	(3,736,710)	43,351,938
Provision for long-term employee benefits	73,231,862	71,235,415	61,322,778	59,883,999
Realisation of gift voucher, net of sales and cash received during the year	(29,741,112)	(39,990,101)	(23,267,452)	(27,030,211)
Realisation of deferred income, net of sales and cash received during the year	(8,339,751)	(21,064,471)	(5,650,301)	(14,925,394)
Interest income	(39,017,558)	(20,755,076)	(38,938,681)	(20,696,828)
Interest expenses	86,699,114	85,033,910	65,778,902	67,194,787
Profit from operating activities before changes in operating assets and liabilities	3,817,018,433	1,959,670,992	3,105,486,138	1,659,770,148

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 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	45,633,942	(48,968,250)	22,982,589	(61,378,163)
Inventories	(29,432,194)	21,684,749	(23,951,424)	29,138,111
Other current assets	34,376,900	(70,974,013)	32,593,004	(75,236,880)
Deposits	(29,557,027)	(24,899,036)	(15,798,130)	(13,643,162)
Operating liabilities increase (decrease)				
Trade and other payables	119,712,302	19,880,776	88,044,630	3,397,614
Other current liabilities	52,028,562	22,309,157	45,080,542	20,711,878
Deferred income	20,553,051	8,339,751	12,404,866	5,650,301
Provision for long-term employee benefits	(20,211,619)	(31,619,773)	(18,491,323)	(28,730,080)
Other non-current liabilities	<u>764,714</u>	<u>(3,542,495)</u>	<u>358,579</u>	<u>(3,884,087)</u>
Cash from operating activities	4,010,887,064	1,851,881,858	3,248,709,471	1,535,795,680
Cash received from interest income	36,268,116	12,990,500	36,189,240	12,932,252
Cash paid for income tax	<u>(204,114,351)</u>	<u>(164,478,511)</u>	<u>(196,200,708)</u>	<u>(155,723,427)</u>
Net cash from operating activities	<u>3,843,040,829</u>	<u>1,700,393,847</u>	<u>3,088,698,003</u>	<u>1,393,004,505</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 (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities				
Decrease (increase) in investments in debt instruments and fixed deposits	(673,086,183)	34,098,637	(402,073,936)	(1,001,364)
Cash paid for purchases of plant and equipment	(596,054,412)	(271,203,346)	(501,824,606)	(187,009,220)
Cash paid for intangible assets	(12,017,069)	(9,262,050)	(10,438,343)	(7,506,243)
Proceeds from disposals of equipment and intangible assets	52,052,952	2,721,347	48,239,085	14,485,002
Proceeds from disposals of investment in subsidiary	53,471,351	-	54,700,000	-
Net cash used in investing activities	<u>(1,175,633,361)</u>	<u>(243,645,412)</u>	<u>(811,397,800)</u>	<u>(181,031,825)</u>
Cash flows from financing activities				
Cash paid to settle liabilities under lease liabilities	(1,336,446,214)	(1,009,261,572)	(976,601,392)	(767,714,678)
Dividend paid	(1,197,108,196)	(460,435,949)	(1,197,108,196)	(460,435,949)
Net cash used in financing activities	<u>(2,533,554,410)</u>	<u>(1,469,697,521)</u>	<u>(2,173,709,588)</u>	<u>(1,228,150,627)</u>
Net increase (decrease) in cash and cash equivalents	133,853,058	(12,949,086)	103,590,615	(16,177,947)
Cash and cash equivalents at beginning of year	496,502,922	509,452,008	367,409,757	383,587,704
Cash and cash equivalents at end of year (Note 7)	<u>630,355,980</u>	<u>496,502,922</u>	<u>471,000,372</u>	<u>367,409,757</u>
	-	-	-	-
Supplemental disclosure of cash flows information				
Non-cash items				
Accounts payable for purchases of plant and equipment	49,626,012	71,865,553	43,012,022	57,435,565
Increase in right-of-use assets	1,072,554,546	813,567,355	799,483,756	541,616,491

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

..... Director

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MK Restaurant Group Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2022

1. General 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 2022, the Group had operated 710 branches (the Company only: 479 branches) (2021: 703 branches, the Company only: 479 branches).

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	
			2022	2021
			Percent	Percent
<u>Direct 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
Catapult Company Limited	Invest in food business	Thailand	100	100
<u>Indirect subsidiaries</u>				
Laemcharoen Seafood Company Limited (held by Catapult Company Limited)	Restaurant	Thailand	65	65
LCS International Company Limited (held by Laemcharoen Seafood Company Limited)	Invest in food business	Thailand	100	-

- 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.
- 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.

.....Director

.....Director

- 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 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 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

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 2023. 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 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

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

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.

4.9 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.

The Group applies 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 financial statements		Separate financial statements		Transfer pricing policy
	2022	2021	2022	2021	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,227	912	Cost plus margin
Sublease and subservice income	-	-	17	24	At the rate stipulated in the agreements
Management service income	-	-	188	189	At the rate stipulated in the agreements
Sales of fixed assets	-	-	16	8	Net book value plus margin
Rental income	-	-	6	6	At the rate stipulated in the agreements
Operation support service income	-	-	5	-	At the rate stipulated in the agreements
Purchases of goods	-	-	252	181	Market price
Training expenses	-	-	128	141	Market price
Royalty fee expenses	-	-	-	5	At the rate stipulated in the agreements
<u>Transactions with related companies</u>					
Sales of goods	3	2	3	2	Cost plus margin
Purchases of goods	22	-	22	-	Market price
Royalty fee income	1	3	1	3	At the rate stipulated in the agreements
Management service income	5	5	5	5	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	50	36	-	-	At the rate stipulated in the agreements
Rental expenses for operating equipment	41	36	23	21	Market price
Rental expenses for land and construction	45	41	30	41	At the rate stipulated in the agreement
Logistic expenses	172	149	167	147	At the rate stipulated in the agreement
Service expenses	152	98	110	71	Contractually agree prices
Warehousing service expenses	166	135	165	135	At the rate stipulated in the agreement
<u>Transactions with related person</u>					
Sale of investment (Note 11.1)	55	-	55	-	Contractually agree prices

.....Director

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As at 31 December 2022 and 2021, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	152,393	143,154
Joint ventures	1,774	1,713	1,774	1,713
Related companies (related by common directors)	868	630	781	630
Total trade and other receivables - related parties	<u>2,642</u>	<u>2,343</u>	<u>154,948</u>	<u>145,497</u>
Trade and other payable - related parties (Note 16)				
Subsidiaries	-	-	32,234	37,989
Joint ventures	33,996	33,003	33,491	32,072
Related companies (related by common directors)	28,163	27,584	18,996	18,241
Total trade and other payable - related parties	<u>62,159</u>	<u>60,587</u>	<u>84,721</u>	<u>88,302</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 shall continue for a term of one year, and thereafter shall be automatically extended for another 1 year until the subsidiaries give a written notice of termination 3 months prior to its expiration.

.....Director

.....Director

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. On 22 December 2022, the Company entered into the extension of this 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 10 months, from 1 November 2022 to 31 August 2023.

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 0.39 million per month. This agreement is effective from 1 January 2022 to 31 December 2022 (1 January 2021 to 31 December 2021: at a rate of Baht 0.38 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 2022 to 31 December 2022 (1 January 2021 to 31 December 2021: at a rate of Baht 0.59 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 2022 to 31 December 2022.

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 2023.

Directors and management’s benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	192	133	172	116
Post-employment benefits	6	5	5	4
Total	198	138	177	120

During the year 2022, the Company has paid post-employment benefits to its directors and management of approximately Baht 4 million (2021: Baht 13 million).

7. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	116,591	114,260	91,873	91,138
Bank deposits	513,765	382,243	379,127	276,272
Total	630,356	496,503	471,000	367,410

As at 31 December 2022, bank deposits in savings accounts carried interests between 0.05 and 0.125 percent per annum (2021: 0.05 and 0.125 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade accounts receivable -</u>				
<u>related parties</u>				
Aged on the basis of due dates				
Not yet due	768	487	129,811	122,334
Total trade accounts receivable				
- related parties	768	487	129,811	122,334
<u>Trade accounts receivable -</u>				
<u>unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	51,792	96,641	33,643	66,822
Total trade accounts receivable				
- unrelated parties	51,792	96,641	33,643	66,822
Total trade accounts receivable	52,560	97,128	163,454	189,156
<u>Other receivables</u>				
Other receivables - related				
parties	1,874	1,856	25,137	23,163
Advances	10,246	6,409	7,347	5,478
Accrued interest receivable	17,438	14,688	17,438	14,689
Others	38,804	46,652	33,410	34,533
Total other receivables	68,362	69,605	83,332	77,863
Total trade and other				
receivables	120,922	166,733	246,786	267,019

.....Director

.....Director

9. Inventories

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	286,010	233,464	251,834	200,133
Raw materials	43,074	38,502	38,095	32,698
Supplies	85,141	122,265	78,563	114,161
Total	414,225	394,231	368,492	346,992
Less: Reduce cost to net				
realisable value	-	(1,899)	-	(1,899)
Inventories - net	<u>414,225</u>	<u>392,332</u>	<u>368,492</u>	<u>345,093</u>

10. Other financial assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Debt instruments at amortised cost</u>				
Fixed deposits	1,000,001	700,001	1,000,001	700,001
<u>Other financial assets at FVTPL</u>				
Investments in debt instruments	7,641,660	7,310,118	6,519,864	6,443,974
Derivatives-forward exchange contracts	23,445	-	23,445	-
Total other financial assets at FVTPL	<u>7,665,105</u>	<u>7,310,118</u>	<u>7,543,310</u>	<u>6,443,974</u>
Total other financial assets	<u>8,665,106</u>	<u>8,010,119</u>	<u>7,543,310</u>	<u>7,143,975</u>
Consisted of:				
Current	7,148,967	7,192,222	6,027,170	6,326,078
Non-current	1,516,139	817,897	1,516,140	817,897

11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
			(Percent)	(Percent)		
MK Interfood Company Limited	400,000	400,000	100	100	299,050	299,050
MK Service Training Center Company Limited	35,000	35,000	100	100	52,430	52,430
International Food Supply Company Limited	280,000	280,000	100	100	280,000	280,000
Mark One Innovation Center Company Limited	-	60,000	-	100	-	60,000
Catapult Company Limited	2,070,000	2,070,000	100	100	2,070,000	2,070,000
Total					<u>2,701,480</u>	<u>2,761,480</u>

On 12 May 2022, the meeting of the Company's Board of Directors passed a resolution approving the disposal of the whole investment (6 million ordinary shares at the par value of Baht 10 each) in Mark One Innovation Center Company Limited (a subsidiary) to a related person at Baht 54.7 million. The Company sold the investment on 15 June 2022. As a result, the Company recognised gain from sales of investment of approximately Baht 21.0 million in the consolidated financial statements and recognised loss from sales of investment of approximately Baht 5.3 million in the separate financial statements.

The financial statements of Mark One Innovation Center Company Limited have been included in the consolidated financial statements until 14 June 2022, which was the date on which the Company lost control of this subsidiary.

In 2022 and 2021, there were no dividend payments from the above subsidiaries.

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

(Unit: Thousand 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Percent)	(Percent)				
Investment of						
Catapult Company						
Limited ("the						
subsidiary")						
Laemcharoen Seafood	35	35	322,398	314,376	8,022	(10,068)
Company Limited						

.....Director

.....Director

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: Thousand Baht)	
	Laemcharoen Seafood	
	Company Limited	
	<u>2022</u>	<u>2021</u>
Current assets	247,426	170,105
Non-current assets	191,830	212,311
Current liabilities	104,182	97,657
Non-current liabilities	33,795	29,297

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	Laemcharoen Seafood Company Limited	
	For the years ended 31 December	
	<u>2022</u>	<u>2021</u>
Revenue	892,850	606,802
Profit (loss)	45,843	(5,903)
Other comprehensive income	-	-
Total comprehensive income	45,843	(5,903)

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: Thousand Baht)

Joint venture	Nature of business	Country of incorporation	Paid-up capital	Shareholding		Consolidated financial statements		Separate financial statements					
				percentage		Carrying amount based on		Cost		Allowance for		Carrying amount based on	
						equity method				impairment loss		cost method - net	
				<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
				(Percent)	(Percent)								
Plenus and MK Pte Ltd.	Restaurant	Singapore	12.5 million	50.00	50.00	35,538	37,702	149,207	149,207	(106,885)	(106,885)	42,322	42,322
			Singapore dollar										
M-Senko Logistics Co., Ltd.	Warehousing and logistic services	Thailand	Baht 1,750 million	49.75	49.75	814,470	834,817	870,625	870,625	-	-	870,625	870,625
Total						850,008	872,519	1,019,832	1,019,832	(106,885)	(106,885)	912,947	912,947

.....Director

.....Director

12.2 Share of loss

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

Joint ventures	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
Plenus and MK Pte Ltd.	(8,787)	(8,810)
M-Senko Logistics Co., Ltd.	(20,347)	(14,627)
	<u>(29,134)</u>	<u>(23,437)</u>

12.3 Summarised financial information about joint ventures

Summarised information about financial position

	(Unit: Thousand Baht)			
	As at 31 December			
	M-Senko		Plenus and MK Pte Ltd.	
	Logistics Co., Ltd.			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current assets	380,213	337,678	61,568	67,731
Non-current assets	1,353,837	1,448,234	138,552	103,659
Total assets	<u>1,734,050</u>	<u>1,785,912</u>	<u>200,120</u>	<u>171,390</u>
Current liabilities	55,493	71,002	24,760	22,779
Non-current liabilities	41,430	36,886	104,285	73,207
Total liabilities	<u>96,923</u>	<u>107,888</u>	<u>129,045</u>	<u>95,986</u>
Net assets	<u>1,637,127</u>	<u>1,678,024</u>	<u>71,075</u>	<u>75,404</u>
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Share of net assets	<u>814,470</u>	<u>834,817</u>	<u>35,538</u>	<u>37,702</u>
Carrying amounts of joint ventures based on equity method	<u>814,470</u>	<u>834,817</u>	<u>35,538</u>	<u>37,702</u>

Summarised information about comprehensive income

(Unit: Thousand Baht)

For the year ended 31 December				
	M-Senko			
	Logistics Co., Ltd.		Plenus and MK Pte Ltd.	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue	483,916	394,971	271,031	242,481
Other income	5,651	5,860	1,439	31,107
Cost of sales and services	(497,629)	(399,441)	(64,011)	(58,333)
Selling and administrative expenses	(32,836)	(30,791)	(226,034)	(232,875)
Loss for the year	(40,898)	(29,401)	(17,575)	(17,620)
Other comprehensive income	-	-	-	-
Total comprehensive income	(40,898)	(29,401)	(17,575)	(17,620)
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Comprehensive income as shareholding percentage	(20,347)	(14,627)	(8,787)	(8,810)
Share of loss from investments in joint ventures	(20,347)	(14,627)	(8,787)	(8,810)

.....Director

.....Director

13. Property, plant and equipment

(Unit: Thousand 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 2020	325,076	22,437	520,619	2,800,937	2,526,297	1,985,162	224,683	2,975,534	88,700	26,245	11,495,690
Additions	-	-	55	2,326	18,051	42,278	6,483	72,203	-	150,885	292,281
Transfers in (out)	-	-	549	42,780	50,550	8,509	470	34,398	-	(137,256)	-
Disposals/write-off	-	-	-	(88,419)	(75,135)	(25,285)	-	(70,613)	-	(3,289)	(262,741)
31 December 2021	325,076	22,437	521,223	2,757,624	2,519,763	2,010,664	231,636	3,011,522	88,700	36,585	11,525,230
Additions	-	-	333	4,840	17,404	85,917	51,391	232,375	-	183,450	575,710
Transfers in (out)	-	-	-	61,350	50,056	6,259	-	45,539	-	(163,279)	(76)
Decrease from sale of investment in subsidiary	-	-	-	-	-	(73)	-	(1,392)	-	-	(1,465)
Disposals/write-off	(11,489)	-	(15,442)	(25,998)	(24,098)	(31,052)	(44)	(34,566)	(35,508)	(7,835)	(186,032)
31 December 2022	313,587	22,437	506,114	2,797,815	2,563,125	2,071,715	282,983	3,253,478	53,192	48,921	11,913,367
Accumulated depreciation											
31 December 2020	-	22,246	371,554	1,404,817	1,813,683	1,655,338	156,802	2,640,124	79,345	-	8,143,909
Depreciation for the year	-	68	18,889	165,233	180,434	120,822	14,878	138,602	4,766	-	643,692
Depreciation on disposals/write-off	-	-	-	(54,583)	(57,602)	(22,998)	-	(68,537)	-	-	(203,720)
31 December 2021	-	22,314	390,443	1,515,467	1,936,515	1,753,162	171,680	2,710,189	84,111	-	8,583,881
Depreciation for the year	-	56	14,646	162,487	168,755	111,232	20,085	157,939	1,083	-	636,283
Decrease from sale of investment in subsidiary	-	-	-	-	-	(22)	-	(354)	-	-	(376)
Depreciation on disposals/write-off	-	-	(7,780)	(19,699)	(21,599)	(28,956)	(44)	(40,871)	(32,427)	-	(151,376)
31 December 2022	-	22,370	397,309	1,658,255	2,083,671	1,835,416	191,721	2,826,903	52,767	-	9,068,412

.....Director

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(Unit: Thousand Baht)

Consolidated financial statements(cont.)

	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 2020	-	-	-	-	-	98,112	-	-	-	-	98,112
Increase	-	-	-	-	-	1,056	-	-	-	-	1,056
31 December 2021	-	-	-	-	-	99,168	-	-	-	-	99,168
Decrease	-	-	-	-	-	(1,056)	-	-	-	-	(1,056)
31 December 2022	-	-	-	-	-	98,112	-	-	-	-	98,112
Net book value											
31 December 2021	325,076	123	130,780	1,242,157	583,248	158,334	59,956	301,333	4,589	36,585	2,842,181
31 December 2022	313,587	67	108,805	1,139,560	479,454	138,187	91,262	426,575	425	48,921	2,746,843
Depreciation for the year											
2021 (Baht 111.2 million included in producing cost, and the balance in selling and administrative expenses)											643,692
2022 (Baht 110.9 million included in producing cost, and the balance in selling and administrative expenses)											636,283

.....Director

.....Director

(Unit: Thousand 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 2020	303,337	22,437	457,640	2,335,636	2,047,632	1,334,974	145,370	2,465,493	88,007	28,300	9,228,826
Additions	-	-	55	1,864	15,140	28,684	6,484	67,937	-	84,069	204,233
Transfers in (out)	-	-	549	26,496	32,717	164	500	19,460	-	(79,886)	-
Disposals/write-off	-	-	-	(72,264)	(63,008)	(24,649)	-	(67,412)	-	(3,290)	(230,623)
31 December 2021	303,337	22,437	458,244	2,291,732	2,032,481	1,339,173	152,354	2,485,478	88,007	29,193	9,202,436
Additions	-	-	21	3,575	14,737	64,269	47,790	223,587	-	134,388	488,367
Transfers in (out)	-	-	-	43,395	28,944	(152)	-	31,908	-	(104,129)	(34)
Disposals/write-off	-	-	-	(18,657)	(15,684)	(33,852)	(44)	(53,089)	(35,508)	(7,835)	(164,669)
31 December 2022	303,337	22,437	458,265	2,320,045	2,060,478	1,369,438	200,100	2,687,884	52,499	51,617	9,526,100
Accumulated depreciation											
31 December 2020	-	22,246	339,392	1,202,028	1,524,367	1,142,831	131,153	2,230,427	78,555	-	6,670,999
Depreciation for the year	-	68	15,740	127,366	136,580	70,894	6,957	94,436	4,739	-	456,780
Depreciation on disposals/write-off	-	-	-	(46,357)	(49,169)	(18,398)	-	(58,507)	-	-	(172,431)
31 December 2021	-	22,314	355,132	1,283,037	1,611,778	1,195,327	138,110	2,266,356	83,294	-	6,955,348
Depreciation for the year	-	56	12,231	122,623	126,100	64,676	12,147	114,316	1,083	-	453,232
Depreciation on disposals/write-off	-	-	-	(13,794)	(13,351)	(23,864)	(44)	(32,471)	(32,428)	-	(115,952)
31 December 2022	-	22,370	367,363	1,391,866	1,724,527	1,236,139	150,213	2,348,201	51,949	-	7,292,628

.....Director

.....Director

(Unit: Thousand Baht)

	Separate financial statements(cont.)										
	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 2020	-	-	-	-	-	79,597	-	-	-	-	79,597
Increase	-	-	-	-	-	1,056	-	-	-	-	1,056
31 December 2021	-	-	-	-	-	80,653	-	-	-	-	80,653
Decrease	-	-	-	-	-	(1,056)	-	-	-	-	(1,056)
31 December 2022	-	-	-	-	-	79,597	-	-	-	-	79,597
Net book value											
31 December 2021	303,337	123	103,112	1,008,695	420,703	63,193	14,244	219,122	4,713	29,193	2,166,435
31 December 2022	303,337	67	90,902	928,179	335,951	53,702	49,887	339,683	550	51,617	2,153,875
Depreciation for the year											
2021 (Baht 94.9 million included in producing cost, and the balance in selling and administrative expenses)											456,780
2022 (Baht 95.5 million included in producing cost, and the balance in selling and administrative expenses)											453,232

As at 31 December 2022 and 2021, 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 6,033 million and Baht 5,533 million, respectively (the Company only: Baht 4,979 million and Baht 4,686 million, respectively).

.....Director

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14. Goodwill

Goodwill arising from the acquisition of indirect interest in Laemcharoen Seafood Company Limited which has been invested by Catapult Company Limited (“a subsidiary”). The Group has reviewed for impairment of goodwill annually.

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	11.4

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: Thousand Baht)				
	Consolidated			Separate	
	financial statements			financial statements	
	Computer software	Trademark	Total	Computer software	Total
Cost					
31 December 2020	241,555	857,310	1,098,865	223,643	223,643
Additions	9,262	-	9,262	7,506	7,506
Write-off	(137)	-	(137)	(76)	(76)
31 December 2021	250,680	857,310	1,107,990	231,073	231,073
Additions	12,017	-	12,017	10,438	10,438
Decrease from sale of investment in subsidiary	(732)	-	(732)	-	-
Write-off	(19)	-	(19)	-	-
31 December 2022	261,946	857,310	1,119,256	241,511	241,511
Accumulated amortisation					
31 December 2020	148,634	30,958	179,592	141,338	141,338
Amortisation for the year	19,338	28,577	47,915	17,581	17,581
Amortisation on write-off	(92)	-	(92)	(16)	(16)
31 December 2021	167,880	59,535	227,415	158,903	158,903
Amortisation for the year	18,488	28,577	47,065	16,649	16,649
Decrease from sale of investment in subsidiary	(96)	-	(96)	-	-
Amortisation on write-off	(19)	-	(19)	-	-
31 December 2022	186,253	88,112	274,365	175,552	175,552
Net book value					
31 December 2021	82,800	797,775	880,575	72,170	72,170
31 December 2022	75,693	769,198	844,891	65,959	65,959
Amortisation for the year					
2021	19,338	28,577	47,915	17,581	17,581
2022	18,488	28,577	47,065	16,649	16,649

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16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade accounts payable -related party	-	2,423	28,871	31,413
Trade accounts payable - unrelated parties	433,902	407,962	393,160	363,135
Other payables - related parties	62,159	58,164	55,850	56,889
Other payables - unrelated parties	75,351	62,657	60,430	54,678
Accounts payable for purchases of plant and equipment	49,626	71,686	43,012	57,435
Accrued expenses	801,801	729,635	605,455	552,898
Others	26,182	22,388	21,845	18,554
Total	<u>1,449,021</u>	<u>1,354,915</u>	<u>1,208,623</u>	<u>1,135,002</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 2022 and 2021 are summarised below:

(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 2021	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
Additions	987,168	160,877	-	-	-	1,148,045
Write-off	(81,801)	(3,689)	-	-	-	(75,490)
Decrease from sale of investment in subsidiary	(1,230)	-	-	-	-	(1,230)
Depreciation for the year	(1,229,569)	(46,897)	(4,894)	(5,239)	(26,760)	(1,313,359)
31 December 2022	2,918,715	167,555	7,469	7,994	108,469	3,210,202

(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 2021	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
Additions	764,468	95,468	-	-	-	859,936
Write-off	(60,453)	-	-	-	-	(60,453)
Depreciation for the year	(894,578)	(33,031)	(4,894)	(5,238)	(25,412)	(963,153)
31 December 2022	2,237,197	116,012	7,469	7,994	100,964	2,469,636

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b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Lease payments	3,307,502	3,474,130	2,552,889	2,650,004
Less: Deferred interest expenses	(213,143)	(192,800)	(176,778)	(156,724)
Total	3,094,359	3,281,330	2,376,111	2,493,280
Less: Portion due within one year	(1,071,392)	(1,074,621)	(785,160)	(789,799)
Lease liabilities - net of current portion	<u>2,022,967</u>	<u>2,206,709</u>	<u>1,590,951</u>	<u>1,703,481</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 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	3,281,330	3,691,073	2,493,280	2,848,587
Add: Additions during the period	1,144,100	884,461	858,056	601,535
Accretion of interest	83,662	82,081	63,636	65,078
Less: Payments during the period	(1,336,446)	(1,009,262)	(976,601)	(767,714)
Reduction in lease payments by lessors	-	(300,811)	-	(199,126)
Decrease from cancelation of lease agreements	(76,946)	(66,212)	(62,260)	(55,080)
Decrease from sale of investment in subsidiary	(1,342)	-	-	-
Balance at end of year	<u>3,094,358</u>	<u>3,281,330</u>	<u>2,376,111</u>	<u>2,493,280</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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation expense of right-of-use assets (net of reduction in lease payments by lessors)	1,313,359	1,032,632	963,153	788,133
Interest expense on lease liabilities	83,662	66,219	63,636	53,807
Expense relating to leases of low-value assets	295	225	294	218
Expense relating to variable lease payments that do not depend on an index or a rate	19,900	11,554	16,119	8,915

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

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 1,357 million (2021: Baht 1,021 million) (the Company only: Baht 993 million, 2021: Baht 777 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.

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 2022 and 2021 as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Within 1 year	978	3,387	12,228	15,214
Over 1 and up to 5 years	-	808	8,302	4,621
Total	978	4,195	20,530	19,835

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 by using the percentage 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 2022, the contributions of the Group amounting to Baht 24 million (2021: Baht 24 million) and of the Company amounting to Baht 20 million (2021: Baht 20 million) were recognised as expenses.

18.2 Defined benefit plans and other long-term employee benefits

(Unit: Thousand Baht)

	Consolidated financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	660,403	58,063	718,466
Included in profit or loss:			
Current service cost	52,628	6,894	59,522
Interest cost	10,757	956	11,713
Benefits paid during the year	(27,259)	(4,360)	(31,619)
As at 31 December 2021	696,529	61,553	758,082
Included in profit or loss:			
Current service cost	54,457	6,109	60,566
Interest cost	11,789	877	12,666
Decrease from sale of investment in subsidiary	(458)	(13)	(471)
Benefits paid during the year	(13,512)	(6,700)	(20,212)
As at 31 December 2022	748,805	61,826	810,631

(Unit: Thousand Baht)

	Separate financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	580,716	49,432	630,148
Included in profit or loss:			
Current service cost	44,006	5,653	49,659
Interest cost	9,436	789	10,225
Transferred in	1,069	-	1,069
Benefits paid during the year	(25,130)	(3,600)	(28,730)
As at 31 December 2021	610,097	52,274	662,371
Included in profit or loss:			
Current service cost	45,369	4,902	50,271
Interest cost	10,310	741	11,051
Benefits paid during the year	(12,801)	(5,690)	(18,491)
As at 31 December 2022	652,975	52,227	705,202

The Group expects to pay Baht 15.87 million for long-term employee benefits during the next year (separate financial statements: Baht 13.06 million) (2021: Baht 23.75 million, separate financial statements: Baht 21.43 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefits of the Group is 13 years (Separate financial statements: 13 years) (2021: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated financial statements/ Separate financial statements	
	<u>2022</u>	<u>2021</u>
Discount rate	1.7	1.7
Future salary increase rate (depending on age of employees)	4.0 - 5.5	4.0 - 5.5

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The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below.

31 December 2022

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Employee retirement benefits	(90.4)	108.7	104.7	(89.2)
Other long-term employee benefits	(2.4)	2.7	-	-

(Unit: Million Baht)

	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase	Decrease	Increase	Decrease
	1%	1%	1%	1%
Employee retirement benefits	(82.5)	99.1	95.5	(81.4)
Other long-term employee benefits	(2.1)	2.4	-	-

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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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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest income on bank deposits	5,969	697	5,895	639
Interest received from investment in				
debt instruments at FVTPL	33,044	20,048	33,039	20,048
Other	5	10	5	10
Total	39,018	20,755	38,939	20,697

21. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expenses on provision for				
decommissioning	3,047	2,953	2,143	2,117
Interest expenses on lease liabilities	83,662	66,219	63,636	53,807
Total	86,709	69,172	65,779	55,924

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Salaries, wages and other employee benefits	4,428,648	3,637,881	3,402,164	2,830,265
Raw materials and consumables used	2,995,137	2,304,310	2,642,055	2,002,467
Rental and service expenses from operating lease agreements	979,880	563,626	434,973	174,324
Depreciation of plant and equipment and amortisation of intangible assets	683,348	691,597	469,881	474,361
Depreciation of right-of-use assets	1,313,359	1,032,632	963,153	788,133
Utilities expenses	695,538	546,328	516,844	408,742
Advertising expenses	153,261	105,408	99,335	68,156
Logistic expenses	175,525	153,427	170,174	148,762
Repair and maintenance expenses	239,355	167,540	180,214	128,494
Training expenses	7,473	4,894	131,222	143,285
Property tax expenses	77,538	7,406	60,398	7,654
Travelling expenses	16,854	11,062	10,606	7,070
Changes in finished goods	(52,546)	2,187	(51,701)	6,916

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23. Income tax

23.1 Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	305,339	63,051	299,201	58,699
Adjustment in respect of income tax of previous year	634	-	634	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,717	(72,570)	(7,802)	(24,815)
Income tax reported in the income statements	307,690	(9,519)	292,033	33,884

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2022 and 2021 is presented below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2022	2021	2022	2021
Accounting profit before tax	1,754,525	111,392	1,613,057	314,454
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	350,905	22,278	322,611	62,890
Adjustment in respect of income tax of previous year	634	-	634	-
Effects of:				
Income not subject to tax	(2,634)	(788)	(1,887)	(240)
Promotional privileges (Note 23.2)	(7,331)	(4,972)	(3,891)	(2,359)
Non-deductible expenses	5,086	8,830	4,045	1,554
Unrecognised tax losses of subsidiaries	13	836	-	-
Additional expense deductions allowed	(38,983)	(35,703)	(29,479)	(27,962)
Total	(43,849)	(31,797)	(31,212)	(29,006)
Income tax reported in the income statements	307,690	(9,519)	292,033	33,884

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

(Unit: Thousand Baht)

	Statements of financial position as at 31 December			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets				
Allowance for impairment of assets	19,622	19,833	15,919	16,131
Allowance for reduce cost of inventory to net realisable value	-	380	-	380
Provision for long-term employee benefits	157,047	146,563	140,827	132,260
Lease	38,126	32,164	29,403	24,862
Derivative contract payable	-	4,689	-	4,689
Unused tax losses	31,537	50,219	-	-
Others	3,014	1,954	2,189	1,556
Total	249,346	255,802	188,338	179,878
Deferred tax liabilities				
Intangible assets	153,840	159,555	-	-
Unrealised gain on changes in value of investments in debt in instruments	3,396	7,109	2,813	6,844
Derivative contract receivable	4,689	-	4,689	-
Total	161,925	166,664	7,502	6,844
Net deferred tax assets	87,421	89,138	180,836	173,034

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As at 31 December 2022 and 2021, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets	241,261	248,693	180,836	173,034
Deferred tax liabilities	(153,840)	(159,555)	-	-
Total deferred tax assets - net	<u>87,421</u>	<u>89,138</u>	<u>180,836</u>	<u>173,034</u>

As at 31 December 2022, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 31.5 million (2021: Baht 50.7 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 25.1 million will expire by 2023.

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:

Company name	International Food Supply Company Limited	MK Restaurant Group Public Company Limited
Certificate No.	58-2617-1-00-1-0	64-0540-1-04-1-0
1. Certificate date	18 December 2015	24 May 2021
2. Promotional privileges for	Manufacture of foods and semi-frozen foods	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
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 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	-
3.4 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
3.5 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
4. Date of first earning of operating income	7 July 2016	1 August 2021

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The Group's operating revenues for the years ended 31 December 2022 and 2021, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Sales	935	882	14,793	10,300	15,728	11,182

(Unit: Million Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Sales	758	752	12,405	8,671	13,163	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. 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.

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 2022 and 2021, 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 2022 and 2021 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>Year 2022</u>				
Dividend on 2021 profit	Annual General Meeting of the shareholders on 27 April 2022	736.7	0.8	25 May 2022
Interim dividend from the operating period 1 January 2022 to 30 June 2022	Board of Directors' meeting on 10 August 2022	460.4	0.5	8 September 2022
Total		<u>1,197.1</u>	<u>1.3</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	460.4	0.5	25 May 2021
Total		<u>460.4</u>	<u>0.5</u>	

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2022, the Group had significant outstanding capital commitments in respect of agreements related to purchase of machinery and equipment of Baht 7.4 million, the Company only: Baht 7.4 million (2021: Baht 54.9 million, the Company only: Baht 54.9 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 2022 and 2021, the Group had payments and services fee payables under these lease and other service agreements were summarised below:

	Consolidated financial		(Unit: Million Baht)	
	statements		Separate financial	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Payable within:				
Less than 1 year	578	587	429	434
1 to 5 years	882	998	672	750
More than 5 years	89	65	82	51

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 2022, the Group had outstanding bank guarantees of approximately Baht 26.2 million and the Company's was Baht 25.9 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.

27.5 Guarantees to related party

As at 31 December 2022, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. (“a subsidiary”) of Baht 45 million (2021: Baht 45 million).

28. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had the financial 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 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,642	-	7,642
Derivatives - forward exchange contracts - gain	-	23	-	23

(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)

	Separate financial statements			
	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	6,520	-	6,520
Derivatives - forward exchange contracts - gain	-	23	-	23

(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

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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.

As at 31 December 2022 and 2021, 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			
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	10.2	10.1	10.2	10.1	34.3913	33.2469
Japanese yen	1.2	1.1	1.2	1.1	0.2573	0.2869
Financial liabilities						
Singapore dollar	0.2	0.2	-	-	26.0167	25.0254
Japanese yen	-	8.4	-	8.4	0.2645	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 2022 the Group had outstanding foreign exchange forward contracts which the Group measured at fair value, and recognised unrealised gain on fair value adjustment presented as part of other current financial assets (2021: recognised unrealised loss on fair value adjustment presented as part of other current financial liabilities). Details are summarised below.

Derivatives - Forward exchange contracts

	(Unit: Million Baht)	
	Consolidated	
	financial statements /	
	Separate	
	financial statements	
	<u>2022</u>	<u>2021</u>
Derivative assets		
Derivative assets not designated as hedging instruments		
Forward exchange contracts	23	-
Total derivative assets	<u>23</u>	<u>-</u>

	(Unit: Million Baht)	
	Consolidated financial statements / Separate financial statements	
	<u>2022</u>	<u>2021</u>
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 (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<u>As at 31 December 2022</u>			
Sold amount			
US dollar	10.0	34.39	July 2024
<u>As at 31 December 2021</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 2022 and 2021, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and 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 2022						
	Fixed interest rates			Floating	Non-interest	Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing	Total
						interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	-	513	117	630
Trade and other receivables	-	-	-	-	121	121
Other financial assets	1,023	345	-	-	7,297	8,665
	1,023	345	-	513	7,535	9,416
Financial liabilities						
Trade and other payables	-	-	-	-	1,449	1,449
Lease liabilities	1,071	1,765	258	-	-	3,094
	1,071	1,765	258	-	1,449	4,543

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2021						
	Fixed interest rates			Floating	Non-interest	Effective
	Within 1 year	1 - 5 years	Over 5 years	interest rate	bearing	Total
						interest rate
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	-	374	122	496
Trade and other receivables	-	-	-	-	167	167
Other financial assets	700	818	-	-	6,492	8,010
	700	818	-	374	6,781	8,673
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
	1,098	1,976	230	-	1,355	4,659

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(Unit: Million Baht)

Separate financial statements as at 31 December 2022

	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	-	-	-	379	92	471	0.05 - 0.13
Trade and other receivables	-	-	-	-	247	247	-
Other financial assets	1,023	345	-	-	6,175	7,543	0.50 - 3.03
	1,023	345	-	379	6,514	8,261	
Financial liabilities							
Trade and other payables	-	-	-	-	1,209	1,209	-
Lease liabilities	785	1,346	245	-	-	2,376	1.68 - 3.65
	785	1,346	245	-	1,209	3,585	

(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
	700	818	-	269	5,991	7,778	
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
	813	1,498	205	-	1,135	3,651	

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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 2022 and 2021, 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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	2022			
	Within	Over		Total
	1 year	1 - 5 years	5 years	
Non-derivatives				
Trade and other payables	1,449	-	-	1,449
Lease liabilities	1,071	1,765	258	3,094
Total non-derivatives	2,520	1,765	258	4,543

(Unit: Million Baht)

	Consolidated financial statements			
	2021			
	Within	Over		Total
	1 year	1 - 5 years	5 years	
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)

	Separate financial statements			
	2022			
	Within	Over		Total
	1 year	1 - 5 years	5 years	
Non-derivatives				
Trade and other payables	1,209	-	-	1,209
Lease liabilities	785	1,346	245	2,376
Total non-derivatives	1,994	1,346	245	3,585

(Unit: Million Baht)

	Separate financial statements			
	2021			
	Within	Over		Total
	1 year	1 - 5 years	5 years	
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

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 2022, the Group's debt-to-equity ratio was 0.45:1 (2021: 0.45:1) and the Company's was 0.38:1 (2021: 0.37:1).

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31. Events after the reporting period

On 23 February 2023, the meeting of the Company's Board of Directors no. 1/2023 passed the resolution to recommend to the 2023 Annual General Meeting of Shareholders for approval of an annual dividend payment for the year 2022 of Baht 1.40 per share or Baht 1,289.22 million in total. As an interim dividend of Baht 0.50 per share totaling Baht 460.43 million was paid by the Company on 8 September 2022, the final dividend of Baht 0.9 per share totaling Baht 828.79 million, subject to the approval of the shareholders, will be paid on 24 May 2023.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.