

MK Restaurant Group Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month and six-month periods ended
30 June 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of MK Restaurant Group Public Company Limited

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

Scope of review

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

Conclusion

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

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 10 August 2023

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position

As at 30 June 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	Note	2023	2022	2023	2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		578,355	630,356	405,568	471,000
Trade and other receivables	3, 4	122,798	120,922	218,433	246,786
Inventories		371,066	414,225	324,737	368,493
Other current financial assets	5	7,043,733	7,148,966	5,897,753	6,027,170
Other current assets		103,526	111,145	84,325	89,506
Total current assets		8,219,478	8,425,614	6,930,816	7,202,955
Non-current assets					
Other non-current financial assets	5	1,790,538	1,516,140	1,790,538	1,516,140
Investments in subsidiaries	6	-	-	2,701,480	2,701,480
Investments in joint ventures	7	846,160	850,008	870,625	912,947
Property, plant and equipment	8	2,635,258	2,746,843	2,077,420	2,153,875
Right-of-use assets	9	3,137,528	3,210,202	2,303,832	2,469,636
Goodwill		1,477,657	1,477,657	-	-
Intangible assets	10	825,682	844,891	61,243	65,959
Deferred tax assets		265,019	241,261	196,006	180,836
Deposits		586,792	588,461	388,485	386,163
Total non-current assets		11,564,634	11,475,463	10,389,629	10,387,036
Total assets		19,784,112	19,901,077	17,320,445	17,589,991

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

Director

Director

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
Note		2023	2022	2023	2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	3, 11	1,392,322	1,449,021	1,167,998	1,208,623
Deferred income of membership fee		23,984	20,553	14,963	12,405
Current portion of lease liabilities	12	1,098,580	1,071,392	744,667	785,160
Income tax payable		137,188	152,762	129,234	149,107
Other current financial liabilities		4,027	-	4,027	-
Other current liabilities		261,393	244,025	208,668	196,702
Total current liabilities		2,917,494	2,937,753	2,269,557	2,351,997
Non-current liabilities					
Lease liabilities, net of current portion	12	1,948,380	2,022,967	1,488,026	1,590,951
Provision for long-term employee benefits		839,905	810,631	728,499	705,202
Deferred tax liabilities		150,981	153,840	-	-
Other non-current liabilities		209,283	210,701	149,549	151,438
Total non-current liabilities		3,148,549	3,198,139	2,366,074	2,447,591
Total liabilities		6,066,043	6,135,892	4,635,631	4,799,588

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

Director

Director

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 June 2023

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
920,878,100 ordinary shares of Baht 1 each	920,878	920,878	920,878	920,878
Issued and fully paid				
920,878,100 ordinary shares of Baht 1 each	920,878	920,878	920,878	920,878
Share premium	8,785,028	8,785,028	8,785,028	8,785,028
Capital reserve for share-based payment transactions	656,331	656,331	656,331	656,331
Retained earnings				
Appropriated - statutory reserve	92,585	92,585	92,585	92,585
Unappropriated	2,931,795	2,976,350	2,229,992	2,335,581
Other component of shareholders' equity	(15)	11,616	-	-
Equity attributable to owners of the Company	13,386,602	13,442,788	12,684,814	12,790,403
Non-controlling interests of the subsidiaries	331,467	322,397	-	-
Total shareholders' equity	13,718,069	13,765,185	12,684,814	12,790,403
Total liabilities and shareholders' equity	19,784,112	19,901,077	17,320,445	17,589,991
	-	-	-	-

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

Director

Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Income statements

For the three-month period ended 30 June 2023

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Revenues				
Sales and service income	4,435,465	4,016,463	3,728,403	3,368,011
Other income	81,697	41,096	106,723	73,445
Total revenues	4,517,162	4,057,559	3,835,126	3,441,456
Expenses				
Cost of sales and services	1,521,003	1,393,788	1,511,344	1,381,954
Selling and distribution expenses	2,090,143	1,802,239	1,580,217	1,343,519
Administrative expenses	377,504	315,546	286,396	235,852
Total expenses	3,988,650	3,511,573	3,377,957	2,961,325
Profit from operating activities	528,512	545,986	457,169	480,131
Finance income	12,750	8,684	12,608	8,650
Share of loss from investments in joint ventures	(3,616)	(4,475)	-	-
Finance cost	(26,111)	(20,688)	(18,227)	(15,623)
Profit before income tax	511,535	529,507	451,550	473,158
Income tax	(46,617)	(88,703)	(47,508)	(85,098)
Profit for the period	464,918	440,804	404,042	388,060
Profit attributable to:				
Equity holders of the Company	458,918	439,290	404,042	388,060
Non-controlling interests of the subsidiaries	6,000	1,514		
	464,918	440,804		
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	0.50	0.48	0.44	0.42

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

Director

Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of comprehensive income

For the three-month period ended 30 June 2023

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Profit for the period	<u>464,918</u>	<u>440,804</u>	<u>404,042</u>	<u>388,060</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(673)	1,015	-	-
Exchange differences on translation of financial statements in foreign currency recycled to profit or loss due to sale of investment in joint venture	<u>(10,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(11,017)</u>	<u>1,015</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>453,901</u></u>	<u><u>441,819</u></u>	<u><u>404,042</u></u>	<u><u>388,060</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	447,901	440,305	<u>404,042</u>	<u>388,060</u>
Non-controlling interests of the subsidiaries	<u>6,000</u>	<u>1,514</u>		
	<u><u>453,901</u></u>	<u><u>441,819</u></u>		

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

Director

Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Income statements

For the six-month period ended 30 June 2023

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Revenues				
Sales and service income	8,524,320	7,511,285	7,154,177	6,289,713
Other income	136,230	98,521	210,462	163,078
Total revenues	8,660,550	7,609,806	7,364,639	6,452,791
Expenses				
Cost of sales and services	2,947,321	2,597,376	2,932,704	2,581,938
Selling and distribution expenses	4,040,759	3,522,033	3,030,275	2,634,955
Administrative expenses	733,413	603,982	552,840	440,192
Total expenses	7,721,493	6,723,391	6,515,819	5,657,085
Profit from operating activities	939,057	886,415	848,820	795,706
Finance income	25,879	15,315	25,736	15,278
Share of loss from investments in joint ventures	(10,764)	(13,074)	-	-
Finance cost	(49,144)	(42,113)	(36,185)	(31,914)
Profit before income tax	905,028	846,543	838,371	779,070
Income tax	(111,744)	(139,752)	(115,191)	(136,258)
Profit for the period	793,284	706,791	723,180	642,812
Profit attributable to:				
Equity holders of the Company	784,214	710,092	723,180	642,812
Non-controlling interests of the subsidiaries	9,070	(3,301)		
	793,284	706,791		
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	0.85	0.77	0.79	0.70

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

Director

Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Profit for the period	<u>793,284</u>	<u>706,791</u>	<u>723,180</u>	<u>642,812</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	(1,287)	(5)	-	-
Exchange differences on translation of financial statements in foreign currency recycled to profit or loss due to sale of investment in joint venture	<u>(10,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(11,631)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>781,653</u></u>	<u><u>706,786</u></u>	<u><u>723,180</u></u>	<u><u>642,812</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	772,583	710,087	<u>723,180</u>	<u>642,812</u>
Non-controlling interests of the subsidiaries	<u>9,070</u>	<u>(3,301)</u>		
	<u><u>781,653</u></u>	<u><u>706,786</u></u>		

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

Director

Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month period ended 30 June 2023

(Unit: Thousand Baht)

Consolidated financial statements										
Equity attributable to owners of the Company										
						Other component of equity				
						Other comprehensive				
						income				
						Exchange				
						differences on		Equity		
						translation of		attributable to		
						financial		Total equity		
						statements in		attributable to		
								non-controlling		
								interests of		
								Total		

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Separate financial statements					
			Capital reserve	Retained earnings		
			of share-based	Appropriated -		
	Issued and paid-up share capital	Share premium	payment transactions	statutory reserve	Unappropriated	Total
Balance as at 1 January 2022	920,878	8,785,028	656,331	92,585	2,211,665	12,666,487
Profit for the period	-	-	-	-	642,812	642,812
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	642,812	642,812
Dividend paid (Note 13)	-	-	-	-	(736,682)	(736,682)
Balance as at 30 June 2022	<u>920,878</u>	<u>8,785,028</u>	<u>656,331</u>	<u>92,585</u>	<u>2,117,795</u>	<u>12,572,617</u>
Balance as at 1 January 2023	920,878	8,785,028	656,331	92,585	2,335,581	12,790,403
Profit for the period	-	-	-	-	723,180	723,180
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	723,180	723,180
Dividend paid (Note 13)	-	-	-	-	(828,769)	(828,769)
Balance as at 30 June 2023	<u>920,878</u>	<u>8,785,028</u>	<u>656,331</u>	<u>92,585</u>	<u>2,229,992</u>	<u>12,684,814</u>

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

Director

Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries**Statements of cash flows****For the six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	905,028	846,543	838,371	779,070
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(26,577)	(15,331)	(21,441)	(13,747)
Loss(gain) on change in value of investment in debt instruments	(7,752)	37,682	(5,805)	37,638
Unrealised gain(loss) on exchange	1,774	(6,301)	1,774	(6,301)
Share of loss from investment in joint ventures	10,764	13,074	-	-
Loss (gain) from sale of investments in subsidiary and joint venture	(9,666)	(20,991)	11,843	5,300
Loss from damaged inventories	5,634	441	5,634	441
Reversal of reduce cost of inventories to net realisable value	-	(1,899)	-	(1,899)
Amortisation of prepaid expenses	18,776	18,189	15,956	15,088
Reversal of allowance for impairment loss on assets	-	(1,056)	-	(1,056)
Depreciation and amortisation	1,025,792	983,492	710,959	705,048
Loss (gain) on disposals and write-off of equipment, right-of-use assets and intangible assets	17,580	(22,285)	14,891	(3,403)
Provision for long-term employee benefits	37,942	36,630	31,687	30,660
Realisation of gift voucher, net of sales and cash received during the period	(31,472)	(8,247)	(21,620)	(3,096)
Realisation of deferred income, net of sales and cash received during the period	(15,567)	(6,144)	(9,500)	(4,108)
Interest income	(25,853)	(15,315)	(25,736)	(15,278)
Interest expenses	49,144	41,350	36,185	31,382
Profit from operating activities before changes in operating assets and liabilities	1,955,547	1,879,832	1,583,198	1,555,739

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

..... Director

..... Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	3,318	37,339	33,547	46,154
Inventories	37,525	(21,326)	38,122	(24,862)
Other current assets	(8,660)	51,732	(10,775)	53,844
Deposits	1,669	(19,803)	(2,322)	(13,182)
Operating liabilities increase (decrease)				
Trade and other payables	(41,207)	(110,385)	(25,778)	(83,114)
Other current liabilities	48,840	7,908	33,586	(908)
Deferred income	18,998	12,114	12,058	8,475
Provision for long-term employee benefits	(8,668)	(926)	(8,390)	(926)
Other non-current liabilities	524	573	(132)	178
Cash from operating activities	2,007,886	1,837,058	1,653,114	1,541,398
Cash received from interest income	20,659	21,503	20,542	21,467
Cash paid for income tax	(156,431)	(52,703)	(150,233)	(50,392)
Net cash from operating activities	1,872,114	1,805,858	1,523,423	1,512,473

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

..... Director

..... Director

(Unaudited but reviewed)

MK Restaurant Group Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Cash flows from investing activities				
Increase in investments in debt instruments				
and fixed deposits	(132,582)	(159,281)	(115,483)	(52,781)
Cash paid for investment in joint venture	(39,361)	-	-	-
Cash paid for purchases of equipment	(223,770)	(298,410)	(173,459)	(252,041)
Cash paid for purchases of intangible assets	(4,376)	(4,360)	(3,641)	(4,033)
Proceeds from disposals of property, plant and equipment	2,486	50,948	8,105	16,977
Proceeds from disposals of investment in subsidiary	-	53,471	-	54,700
Proceeds from investment in joint venture	30,479	-	30,479	-
Net cash used in investing activities	(367,124)	(357,632)	(253,999)	(237,178)
Cash flows from financing activities				
Cash paid to settle liabilities under lease liabilities	(728,222)	(666,245)	(506,087)	(489,938)
Dividend paid	(828,769)	(736,682)	(828,769)	(736,682)
Net cash used in financing activities	(1,556,991)	(1,402,927)	(1,334,856)	(1,226,620)
Net increase (decrease) in cash				
 and cash equivalents	(52,001)	45,299	(65,432)	48,675
Cash and cash equivalents at beginning of period	630,356	496,503	471,000	367,410
Cash and cash equivalents at end of period	578,355	541,802	405,568	416,085
	-		-	
Supplement disclosure of cash flows information				
Non-cash transactions				
Accounts payable for purchases of plant				
and equipment	34,134	42,392	28,165	33,035
Increase in right-of-use assets	621,556	441,465	316,162	277,591

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

..... Director

..... Director

MK Restaurant Group Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2023

1. General information

1.1 Corporate information

As at 30 June 2023, the Group had operated 698 branches (the Company only: 469 branches) (31 December 2022: 710 branches, the Company only: 479 branches).

1.2 Basis of preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These consolidated financial statements include the financial statements of MK Restaurant Group Public Company Limited (herein after called "the Company") and its subsidiaries which were incorporated in Thailand (herein after called "the subsidiaries") (collectively as "the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2022, with the changes in the group structure resulting from the additional investments in subsidiaries during the period as described in Note to interim financial statements no.6.

2. Significant accounting policies

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

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

3. Related party transactions

During the periods, 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 Company, its subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2023	2022	2023	2022	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	336	315	Cost plus margin
Sublease and subservice income	-	-	4	6	At the rate stipulated in the agreements
Management service income	-	-	52	47	At the rate stipulated in the agreements
Sales of fixed assets	-	-	2	3	Net book value plus margin
Rental income	-	-	2	2	At the rate stipulated in the agreements
Operation support service income	-	-	1	-	At the rate stipulated in the agreement
Purchases of goods	-	-	71	68	Market price
Training expenses	-	-	41	29	Market price
<u>Transactions with related companies</u>					
Sales of fixed assets	1	-	1	-	Net book value plus margin
Purchases of goods	12	2	12	2	Market price
Management service income	1	1	1	1	At the rate stipulated in the agreement
Operation support service income	2	2	2	2	At the rate stipulated in the agreement
Royalty fee income	9	-	-	-	At the rate stipulated in the agreement
Rental expenses for operating equipment	10	10	6	6	Market price
Rental expenses for land and construction	13	8	10	5	At the rate stipulated in the agreement
Logistic expenses	46	43	45	42	At the rate stipulated in the agreement
Service expenses	56	32	46	23	Contractually agree prices
Warehousing service expenses	44	44	43	43	At the rate stipulated in the agreement
<u>Transactions with related person</u>					
Sale of investment in subsidiary	-	55	-	55	At the rate stipulated in the agreement

.....Director

.....Director

	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2023	2022	2023	2022	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	652	588	Cost plus margin
Sublease and subservice income	-	-	7	12	At the rate stipulated in the agreements
Management service income	-	-	104	94	At the rate stipulated in the agreements
Sales of fixed assets	-	-	6	5	Net book value plus margin
Rental income	-	-	3	3	At the rate stipulated in the agreements
Operation support service income	-	-	2	2	At the rate stipulated in the agreement
Purchases of goods	-	-	133	129	Market price
Training expenses	-	-	71	58	Market price
<u>Transactions with related companies</u>					
Sales of goods	2	1	2	1	Market price
Sales of fixed assets	1	-	1	-	Net book value plus margin
Purchases of goods	24	2	24	2	Market price
Management service income	3	2	3	2	At the rate stipulated in the agreement
Operation support service income	4	4	4	4	At the rate stipulated in the agreement
Royalty fee income	9	-	-	-	At the rate stipulated in the agreement
Rental expenses for operating equipment	21	20	12	12	Market price
Rental expenses for land and construction	28	17	21	10	At the rate stipulated in the agreement
Logistic expenses	88	82	86	80	At the rate stipulated in the agreement
Service expenses	101	58	78	44	Contractually agree prices
Warehousing service expenses	85	81	84	80	At the rate stipulated in the agreement
<u>Transactions with related person</u>					
Sale of investment in subsidiary	-	55	-	55	At the rate stipulated in the agreement

As at 30 June 2023 and 31 December 2022, the balances of the accounts between the Group and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Trade and other receivables - related parties				
Subsidiaries	-	-	132,053	152,393
Joint ventures	11,713	1,774	2,756	1,774
Related companies (related by common directors)	335	868	335	781
Total trade and other receivables - related parties	12,048	2,642	135,144	154,948
Trade and other payable - related parties				
Subsidiaries	-	-	41,183	32,234
Joint ventures	29,353	33,996	28,967	33,491
Related companies (related by common directors)	24,593	28,163	19,167	18,996
Total trade and other payable - related parties	53,946	62,159	89,317	84,721

Significant agreements with related parties

There is no significant change in significant agreements with related parties during the six-month period ended 30 June 2023. During the period, there were the extension of the agreement term and the increase in the service fee under the existing agreements as of 31 December 2022.

However, during the current period the Company's subsidiary has entered into a franchise agreement with a related company as follow:

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

During the period, Laemcharoen Seafood Company Limited (“the subsidiary”) entered into a franchise agreement with MT Restaurant Sdn Bhd, a related party in Malaysia, in order to grant the latter the right to use the trademark and the servicemark in its operating of the Thai restaurants in Malaysia. A monthly royalty fee is charged at a rate stipulated in the agreement. The agreement shall continue for a term of 5-year, and thereafter shall be automatically renewed on a 5-year basis until being terminated by either party by giving a written notice 12 months prior to the expiration of such contract.

Directors and management’s benefits

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

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	46	49	94	90
Post-employment benefits	2	2	3	3
Total	<u>48</u>	<u>51</u>	<u>97</u>	<u>93</u>

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	42	43	86	79
Post-employment benefits	1	1	2	2
Total	<u>43</u>	<u>44</u>	<u>88</u>	<u>81</u>

During the six-month period ended 30 June 2023, the Company has paid post-employment benefits to its directors and management Baht 6 million.

4. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,195	768	109,697	129,811
Total trade accounts receivable				
- related parties	1,195	768	109,697	129,811
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	25,313	51,792	17,702	33,643
Total trade accounts receivable				
- unrelated parties	25,313	51,792	17,702	33,643
Total trade accounts receivable	26,508	52,560	127,399	163,454
<u>Other receivables</u>				
Other receivables - related parties	10,853	1,874	25,447	25,137
Advances	19,718	10,246	13,872	7,347
Accrued interest receivable	22,632	17,438	22,632	17,438
Others	43,087	38,804	29,083	33,410
Total other receivables	96,290	68,362	91,034	83,332
Total trade and other receivables	122,798	120,922	218,433	246,786

5. Other financial assets

As at 30 June 2023, other financial assets investments consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<u>Other financial assets at amortised cost</u>		
Fixed deposits	300,001	300,001
<u>Other financial assets at FVTPL</u>		
Investments in debt instruments	8,534,270	7,388,290
Total other financial assets	8,834,271	7,688,291
Consisted of :		
Other current financial assets	7,043,733	5,897,753
Other non-current financial assets	1,790,538	1,790,538

6. Investments in subsidiaries

- 6.1 During the current period, Laemcharoen Seafood Company Limited, indirect subsidiary of the Company, has invested in the following subsidiaries.

LCS International Company Limited

On 18 January 2023, the Meeting of the Board of Directors of Laemcharoen Seafood Company Limited passed a resolution to approve an additional investment in LCS International Company Limited ("the subsidiary") of Baht 38.5 million. The registered share capital of such subsidiary increased from Baht 1.0 million to Baht 39.5 million (3.95 million ordinary shares, at Baht 10 per share), in which Laemcharoen Seafood Company Limited's shareholding remains at 99.99% percent. Such subsidiary registered the share capital increase with the Ministry of Commerce on 2 February 2023.

LCS Food Supply Co., Ltd.

On 10 February 2023, the meeting of the Board of Directors of Laemcharoen Seafood Company Limited passed the resolution to approve the establishment of LCS Food Supply Co., Ltd. with the registered capital of Baht 1.0 million, comprising 0.1 million ordinary shares of Baht 10 each, in which Laemcharoen Seafood Company Limited holds 99.99% interest. This subsidiary company registered its establishment with the Ministry of Commerce on 20 February 2023.

On 26 April 2023, the Extraordinary General Meeting of shareholders of the LCS Food Supply Co., Ltd. (indirect subsidiary of the Company) passed a resolution to increase the registered share capital by Baht 30.098 million (3.0098 million ordinary shares of Baht 10 each) from Baht 1.0 million (0.1 million ordinary shares of Baht 10 each) to Baht 31.098 million (3.1098 million ordinary shares of Baht 10 each). This subsidiary registered the share capital increase with the Ministry of Commerce on 10 May 2023.

7. Investment in joint ventures

- 7.1 In the first quarter of 2023, LCS International Company Limited (an indirectly - held local subsidiary) entered into a joint venture agreement with a foreign joint investor to establish a joint venture named “MT Restaurant Sdn Bhd”. This joint venture has the registered share capital of MYR 10 million. LCS International Company Limited’s shareholding was 50 percent of issued and paid-up capital and made fully payment of share capital on 10 February 2023. Any decision made on related activities must be approved by the joint ventures.
- 7.2 On 11 May 2023, the meeting of the Company’s Board of Directors passed a resolution approving the Company to sell the whole investment in Plenus and MK Pte Ltd. (the Company’s joint ventures) to Plenus Co., Ltd. (a company incorporated in Japan) with the selling price at SGD 1.17 million or equivalent to Baht 30.5 million. The Company recognised gain from sale of this investment, after the net effect of exchange differences on translation of financial statements in foreign currency recycled to profit or loss due to sale of investment, of Baht 9.67 million in the consolidated financial statements (the Company only: loss from sale of investment of Baht 11.84 million)

8. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	2,746,843	2,153,875
Acquisitions - at cost		
Decrease in accounts payable for purchases of equipment during the period	(15,492)	(14,847)
Cash paid for purchases of equipment	223,770	173,459
Total	208,278	158,612
Disposals and write-off - net book value at disposal and write-off date		
Proceeds from disposals of equipment	(2,486)	(8,105)
Gain on disposals of equipment	506	914
Loss on write-off of equipment	(9,904)	(7,238)
Total	(11,884)	(14,429)
Depreciation for the period	(307,979)	(220,638)
Net book value as at 30 June 2023	2,635,258	2,077,420

9. Right-of-use assets

Movements in the right-of-use assets account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	3,210,202	2,469,636
Increase during the period	686,151	379,227
Write-off	(64,595)	(63,065)
Depreciation for the period	(694,230)	(481,966)
Net book value as at 30 June 2023	3,137,528	2,303,832

10. Intangible assets

Movements in the intangible assets account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2023	844,891	65,959
Acquisitions during the period - at cost	4,376	3,641
Write-off	(2)	(2)
Amortisation for the period	(23,583)	(8,355)
Net book value as at 30 June 2023	<u>825,682</u>	<u>61,243</u>

11. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
Trade accounts payable - related parties	2,542	-	24,557	28,871
Trade accounts payable - unrelated parties	336,788	433,902	313,711	393,160
Other payables - related parties	51,404	62,159	64,760	55,850
Other payables - unrelated parties	67,499	75,351	54,716	60,430
Accounts payable for purchases of plant and equipment	34,134	49,626	28,165	43,012
Accrued expenses	868,591	801,801	656,910	605,455
Others	31,364	26,182	25,179	21,845
Total	<u>1,392,322</u>	<u>1,449,021</u>	<u>1,167,998</u>	<u>1,208,623</u>

12. Lease liabilities

Lease liabilities as at 30 June 2023 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Lease liabilities	3,260,121	2,406,964
Less: Deferred interest expenses	(213,161)	(174,271)
Total	3,046,960	2,232,693
Less: Portion due within one year	(1,098,580)	(744,667)
Lease liabilities - net of current portion	1,948,380	1,488,026

Movements in lease liabilities during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2023	3,094,359	2,376,111
Add: Additions during the period	684,920	378,744
Accretion of interest	47,615	35,116
Less: Payments during the period	(728,222)	(506,087)
Decrease from cancelation of lease agreements	(51,712)	(51,191)
Balance as at 30 June 2023	3,046,960	2,232,693

13. Dividends

Dividend declared for the six-month periods ended 30 June 2023 and 2022 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>Year 2023</u>				
Dividend on 2022 profit	Annual General Meeting of the shareholders on 26 April 2023	828.8	0.9	24 May 2023
Total		828.8	0.9	
<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
Total		736.7	0.8	

14. 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 are engaged in two business segments which are restaurant business and other businesses that support restaurant business including training service provider, 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.

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 30 June 2023 and 31 December 2022, the Group had capital commitments as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Furniture, fixtures and office equipment	20.3	7.4	20.3	7.4

15.2 Lease of the low-value assets and other service commitments

The Group has entered into several long-term contracts in respect of the lease of the low-value assets and related services. The terms of the agreements are generally between 3 and 30 years.

As at 30 June 2023, future lease and service fees payables under these lease and service contracts were as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Payable within:		
Less than 1 year	563	412
1 year to 5 years	808	616
More than 5 years	97	91

15.3 Futures contracts

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

15.4 Guarantees

15.4.1 Bank guarantees

As at 30 June 2023, there were outstanding letters of guarantee issued by the banks on behalf of the Group of approximately Baht 26.2 million (the Company only: Baht 25.9 million) (31 December 2022: Baht 26.2 million, the Company only: Baht 25.9 million), in respect of certain performance bonds as required in the normal course of business, such as guarantee payments due to creditors and facility usage.

15.4.2 Guarantees to related party

As at 30 June 2023, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. (“a subsidiary”) of Baht 45 million (31 December 2022: Baht 45 million).

16. Fair value hierarchy

As of 30 June 2023, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	Level 2	Level 2
Financial assets measured at fair value		
Investment in debt instruments	8,534	7,388
Financial liabilities measured at fair value		
Derivative - forward exchange contracts - loss	4	4

During the current period, there were no transfers within the fair value hierarchy.

17. Fair values of financial instruments

Since the majority of the Group’s financial instruments are classified as short-term or carrying interest at rates close to the market interest rates, their fair value is estimated to approximate the carrying amount presented in the statements of financial position.

18. Events after the reporting period

On 10 August 2023, the Meeting of the Board of Directors of the Company passed the resolution approving the interim dividend payment in respect of the profit for the six-month period ended 30 June 2023 to the Company’s shareholders at Baht 0.60 per share, totaling Baht 552.5 million, which will be paid to the shareholders in September 2023.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company’s Board of Directors on 10 August 2023.