



Q1/2023

SORKON

Opportunity Day

21 June 2023

ส. SOR
GROUP

AGENDA

01

Company Overview

02

Strategic Direction & Strategy

03

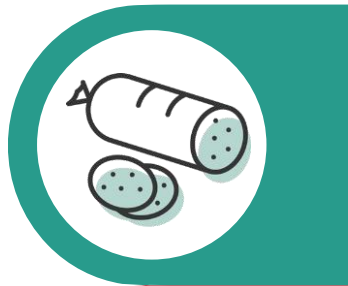
Financial Performance

04

Industry Update and Outlook



SORKON AT A GLANCE



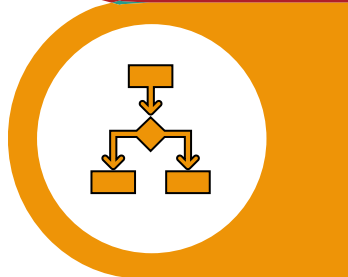
HIGHLY TRUSTED

THAI LOCAL FOOD BRAND



NATIONWIDE TOUCHPOINTS

WITH STRONG FoothOLD IN MODERN TRADE

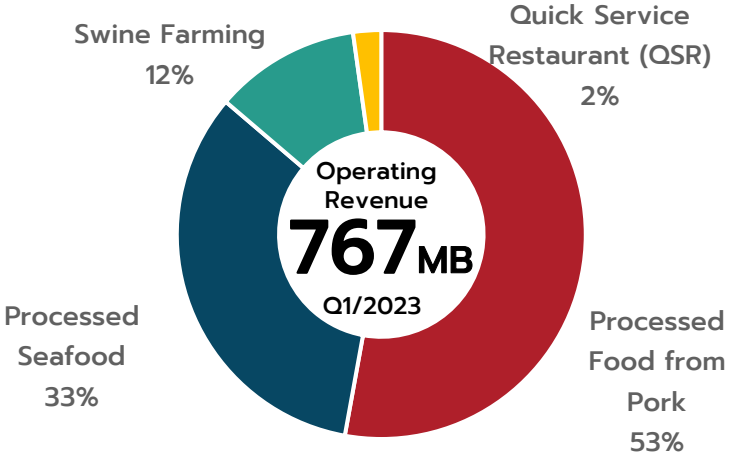


INTEGRATED SUPPLY CHAIN

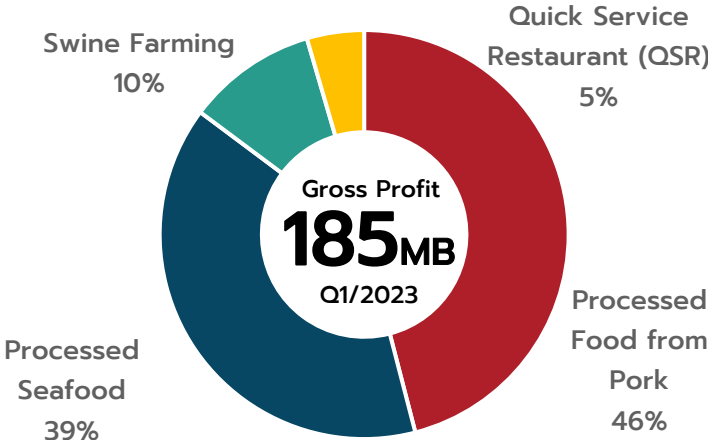
AND UNIQUE ECOSYSTEM

BUSINESS OVERVIEW

➤ Revenue Breakdown by Business Unit



➤ Gross Profit Breakdown by Business Unit

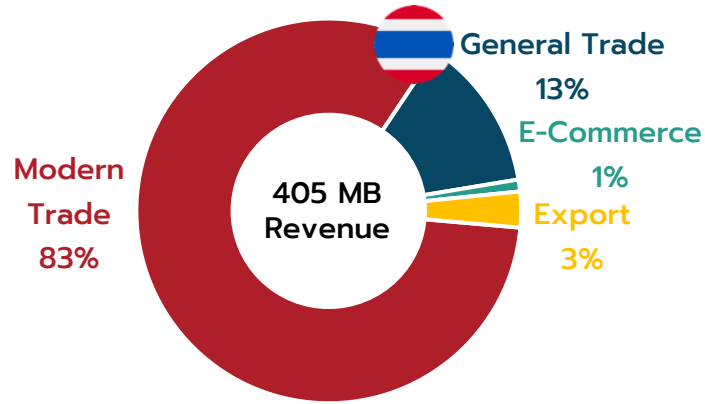


SORKON BUSINESS ALONG THE VALUE CHAIN



- Farming and distribution of swine
- The primary and principal group of products of the Company
- Processed seafood products including fish balls, shrimp balls etc.
- Operated chain restaurants under the brands "Zaap Classic" and "Yunnan"

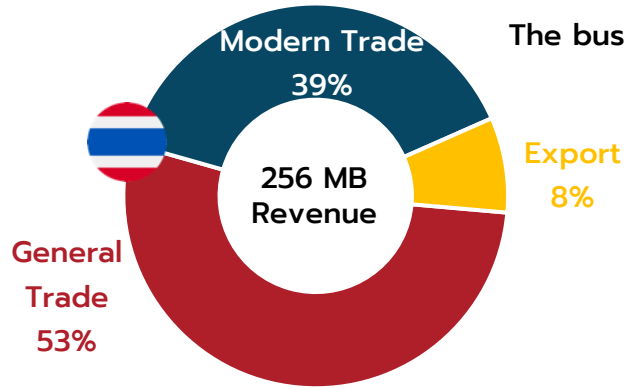
PROCESSED FOOD FROM PORK (53%)



Brand Positioning

Positioning	Thai native food In today's lifestyle	Local favorites from origins by product category			Value leader	Less guilt enjoyment
Customer	Quality & Convenience seeker	Mass in modern trade			Value seeker B2B	<ul style="list-style-type: none"> Modern trade New generation

PROCESSED SEAFOOD (33%)



The business of processed seafood is conducted by a company in the group called Mahachai Foods Co. Ltd. ('Mahachai') Western Europe



Brand Positioning

Positioning
Customer

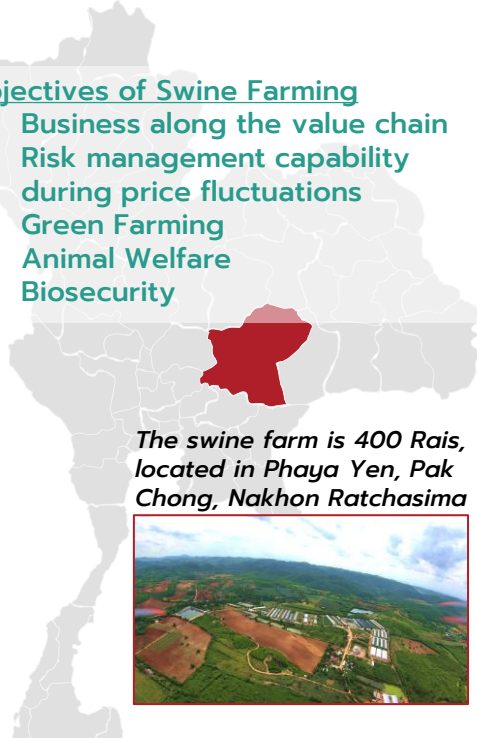
Brand	Positioning	Customer
	Premium Standard of fish balls' market	<ul style="list-style-type: none"> Traditional Trade Food Service
	Modern Trade	<ul style="list-style-type: none"> Export
	Premium Economy of fried fish balls' market	<ul style="list-style-type: none"> Modern & Traditional Trade Food Service
	Premium Economy of fish balls' market	<ul style="list-style-type: none"> Traditional Trade Food Service
	Standard of fish balls' market	<ul style="list-style-type: none"> Modern & Traditional Trade Food Service
	Standard of fish balls' market	<ul style="list-style-type: none"> Modern & Traditional Trade Food Service
	Standard of fish balls' market	<ul style="list-style-type: none"> Modern & Traditional Trade Food Service
	Standard of fish balls' market	<ul style="list-style-type: none"> Modern Trade Export
	Standard of fish balls' market	<ul style="list-style-type: none"> Modern Trade Food Service
	Economy of fish balls' market	<ul style="list-style-type: none"> Traditional Trade Food Service

SWINE FARMING (12%)



Objectives of Swine Farming

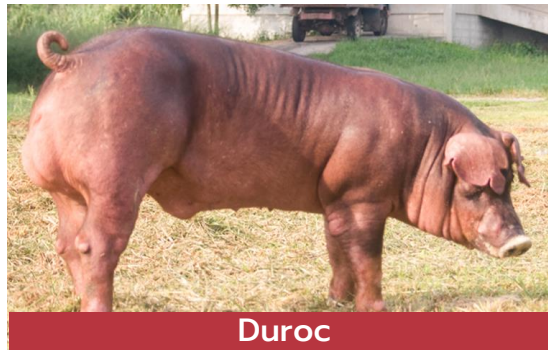
- ✓ Business along the value chain
- ✓ Risk management capability during price fluctuations
- ✓ Green Farming
- ✓ Animal Welfare
- ✓ Biosecurity



The swine farm is 400 Rais, located in Phaya Yen, Pak Chong, Nakhon Ratchasima



Three breeds from Denmark, which were imported for breeding development



Duroc



Large White



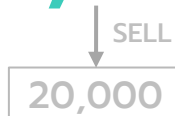
Landrace

Existing Capacity (Approximate)

Unit: No. of Pigs



60,000



Lowest



40,000



Gross Profit when sold



30,000

Highest

Other than selling pigs, the company also earns from selling by-products from farming

By-Products	
• Animal food factory (tons per year)	43,800
• Pig manure (tons)	39

QUICK SERVICE RESTAURANTS (2%)

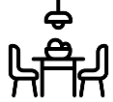




Zaap Classic



Zaap Classic serves the ordinary northeastern Thai cuisine such as grilled chicken, papaya salad (Som Tam), spicy minced meat salad (Laab), spicy salad (Yum), sliced grilled meat salad together with the company's popular products such as fermented pork, Vietnamese sausage, northeastern Thai sausage Etc.

Stores

	8*
Restaurant	
	-
Kiosk	
	-
Food Truck	

Yunnan



" The perfect savor of low fat pork leg stew mixed with various herbs, recipe inspired from Yunnan is ready for everyone to experience today. S.Khonkaen guarantees the delicious taste as always. "

Stores

	3
Restaurant	
	1
Kiosk	
	3
Food Truck	
	5
Franchise	

AGENDA

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03 Financial Performance

04 Industry Update and Outlook



SORKON STRATEGIC DIRECTION

2023

Foundation Excellence and Strategies Validation

- Market Fit Product Development
- Glocal Distributors Selection
- QSR Operation Excellence
- Validating New Businesses & Expansion Plan
- SOR Mgt. System Finetune
- Digital Transformation
- Group Synergy
- Lean



Rebranding of SOR GROUP

2024

Business Breakthrough and Growth Acceleration

- Extensive Coverage in Glocal Channels
- Scale Up New Businesses & Expansion Plan
- Automation
- Profit Optimization



2025

Sharing Food Ecosystem

- Corporate Branding External Launch
- Multinational Company
- Integrated Swine Supply Chain
- Venture Builder



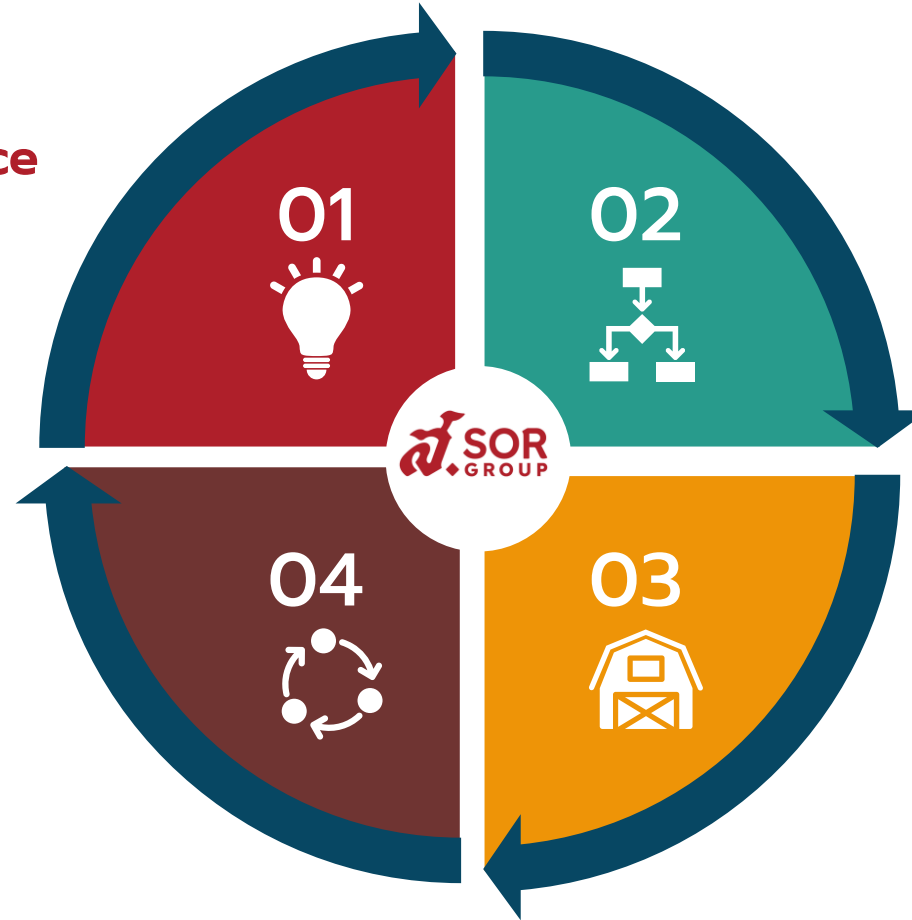
SOR GROUP STRATEGIES (2023-2025)

Wow Product Experience

- Strengthening FMCG Existence
 - Building Foundation
 - Business Growth
- Recover QSR Performance
- Enhancing Partnership Opportunities (Venture Builder)

Sharing Ecosystem

- SOR Group Branding
- Sor Tower Utilization
- Talent Tank
- Shared Service
- SOR Management System
- Digital Transformation
- Source of Fund



E-Glocal and Own Channels

- General Trade: Wet Market, LMT, Mom&Pop, Food Service
- Oversea market: EU, USA, China, Korea
- E-Commerce: Company Own, Shopee, Lazada
- Food Aggregator: Grab, LINEMAN
- Franchising

Sustainable Supply Chain Integration

- Increasing Capacity of Swine Farm
 - Swine Chain Balancing
- Cost Improvement & ESG
 - Logistics Group Synergy
 - Automation
 - Central Kitchen for QSR
 - ESG : Solar Rooftop, Biogas

1.1 FMCG

2023 – Foundation Excellence

01 WOW PRODUCT EXPERIENCE



1.1 FMCG

2023 – Business Growth Validation

➤ Local souvenir to Thai meat snack

➤ Seek for New High Value Product Generator

➤ Portfolio Management and Diversify Product Offerings

Develop local dried products to be Thai meat snack that is more convenient, standardized and available everywhere



Tourist Series



Introduce Products with Lower Limitations

- Longer Shelf Life
- Export Friendly

Less Reliant on Pork & Chicken, Offer Products to Capture New Generation

- Continuous R&D
- Seeking for New Products
- Increasing Product Offering at Restaurant



01 
WOW
PRODUCT
EXPERIENCE

1.2 QSR

2023 – Foundation Excellence

➤ Customer Experience Management

- Customer Centric Culture
- Evidence Based QSC Score
- Effective Promotion Campaign

แบบฟอร์มการประเมินผลการปฏิบัติงานสาขา (ยูนิฟาร์ม)

สาขา: _____ วันที่ประเมินผล: _____
 ชื่อผู้ทำการประเมิน: _____ ชื่อผู้ทำการตรวจ: _____


รายละเอียดทั่วไปในช่วงเวลาการตรวจประเมิน

เวลาเริ่มทำการตรวจ: _____ เวลาสิ้นสุดการตรวจ: _____

จำนวนลูกค้าใช้บริการ: Dine In _____ โต๊ะ _____
 Delivery _____ โต๊ะ _____
 TW _____ โต๊ะ _____

จำนวนพนักงานมาปฏิบัติงาน: _____ คน

ส่วนงาน (Section)	จำนวนข้อบกพร่อง	คะแนนเต็ม	คะแนนที่ได้	% คะแนนที่ได้	มี % Critical	% มีผลถึง Critical	% คะแนนที่ไม่ถึง
Section Q - Quality & Safety	50%						
Section S - Service	25%						
Section C - Cleanliness	20%						
Section D - Document	5%						
รวมทั้งหมด	100%						





ร้านข้าวหมูขนาน สาขา ปตท. กิ่งแก้ว โดย ล.ออบแก้ว

3.6 ★★★★★ (36)

ร้านอาหาร - 32 King Kaeo Rd
Closed - Opens 7:30 AM

Dine-in · Takeaway · Delivery







ข้าวหมูขนาน สาขาบรกดกทอง (จุฬา18)

3.0 ★★★★★ (3)

อาหารรถบด - 1604 ถนน บรรดกทอง
Closed - Opens 8 AM

Dine-in · Kerbside pickup · No-contact delivery






ข้าวหมูขนาน

3.0 ★★★★★ (2)

รับ - ปตท.บ้านกล้วย-ไทรน้อย เขต 177/10
น.3 Thanon Kanchanaphisek

Dine-in · Takeaway



➤ Central Kitchen Utilization

- Simplify Process
- Transfer Production from factory to central kitchen



➤ Back Office Improvement

- Restructuring System Connecting
- Lean

01 
WOW
PRODUCT
EXPERIENCE

1.3 Partnerships

2023 – New Investments to Capture New Opportunities

➤ Clean Food Segment

LEANLICIOUS - Healthy products

- *Capture Health-conscious consumers*
- *Distribute through Freezer consignment in healthy food stores, online channels*



➤ Restaurants in Thailand

ZAAP MUSEUM

- *Thai Restaurant to capture tourists*



CNY

- *Capturing the Mala trend in Thailand*



01 
WOW
PRODUCT
EXPERIENCE

2. Expanding Channels

➤ **General Trade: Wet Market, LMT, Mom&Pop, Food Service**

➤ **E-Commerce: Company Own, Shopee, Lazada**

➤ **Overseas Market**

02 E-GLOCAL & OWN CHANNELS

Penetrate Traditional Market

- Suitable Product Format
- Develop partnership with Distributor & Maximize group synergy

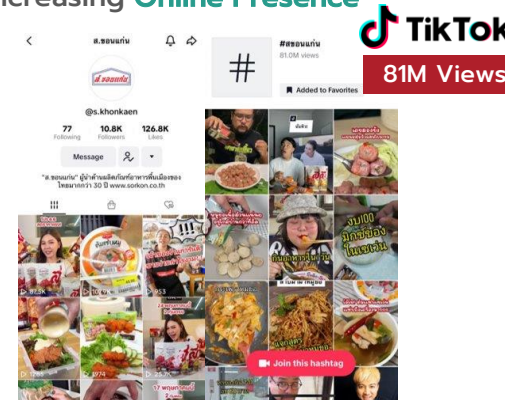


Increasing Presence in Convenient Store

- Suitable Product to Capture New Segment



Increasing Online Presence



Developing New Community and Build Loyalty Program on LINEOA Platform



Leverage Data to Capture Growth



Exports Seafood to more Countries

- Asia

Capturing New Strategic Countries

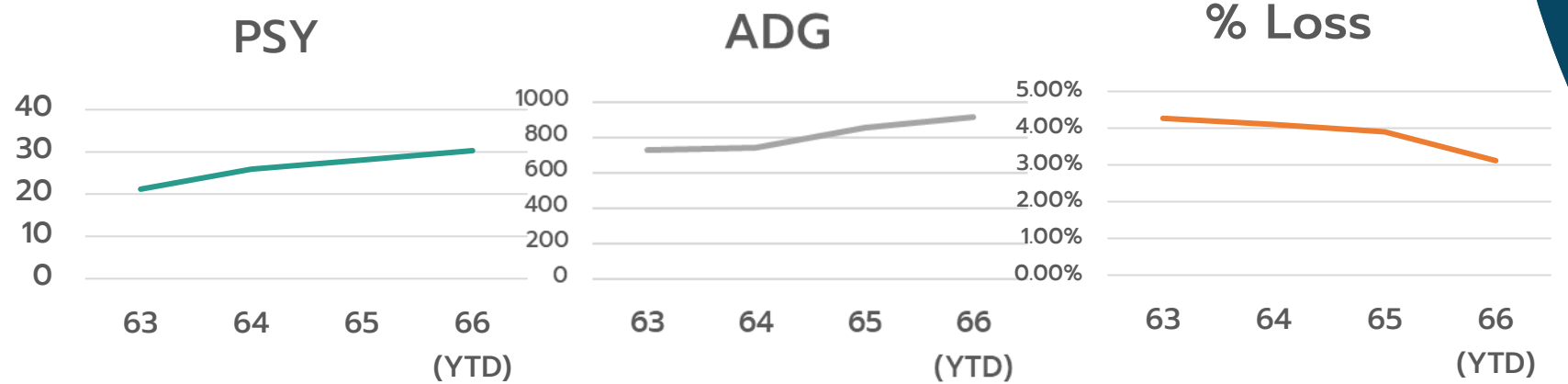
- China
- US
- Europe



03 SUSTAINABLE SUPPLY CHAIN INTEGRATION

3.1 Swine Farm

➤ Efficiency Improvement



➤ Farm Expansion



➤ Raw Material Management (Expand WH)

- Increasing capacity for stocking seasonal raw mat
- Gaining more margin from seasonal raw mat



➤ Bio Gas

- Capacity of 1.4 million units per year
- Cost saving of Baht 6 million per year
- Target date: July 2023



➤ Operation Excellence

- Redistribute spaces between pigs to enhance their productivity
- Adjust the concentration of semen to increase reproductivity rate
- E-Learning (sharing knowledge within the farm)



3.2 Cost Improvement and ESG

03 SUSTAINABLE SUPPLY CHAIN INTEGRATION



➤ Logistic Group Synergy

SORKON Logistics Synergy with MFood



X



- Outsource logistics services
 - Seek for 3rd party Transportation services

➤ Automation

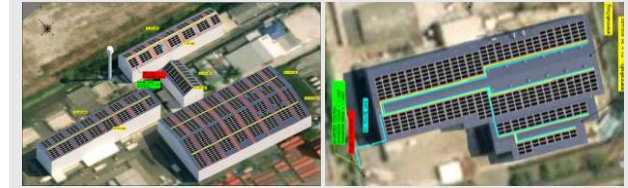
Implement Machineries to reduce labor count and enhance productivity



➤ ESG

Solar Rooftop

- Capacity of 1.2 million units per year
- Cost saving of Baht 13-3 million per year
- Reduce up to 600 tons of carbon emission per year
- Target date: November 2023



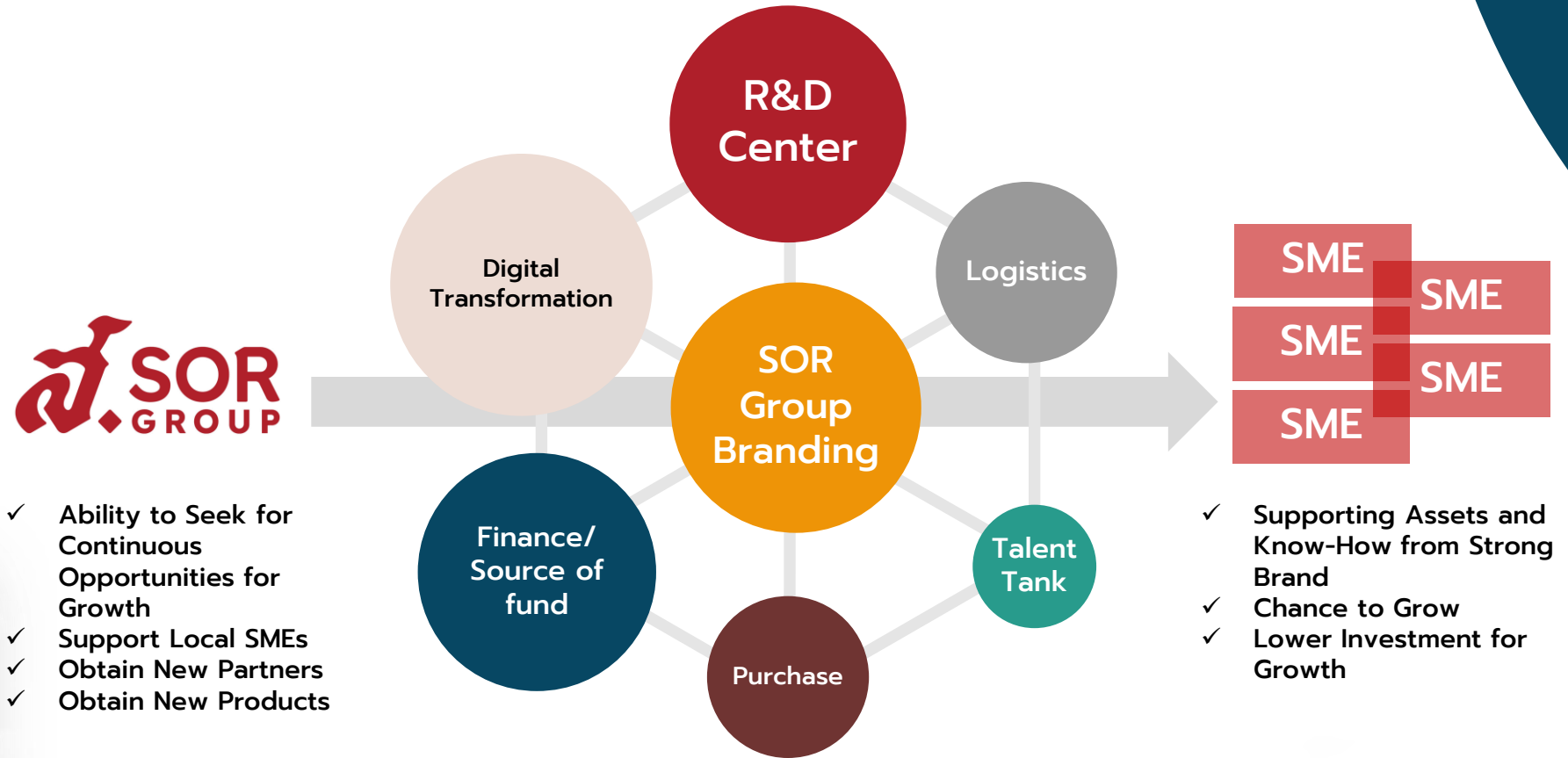
Decrease Carbon Emissions

- Reduce up to 766 tons of carbon emission per year from BIO Gas project

4. Sharing Ecosystem

➤ Strengthening Ecosystem for the Company and to Partners

04 SHARING ECOSYSTEM



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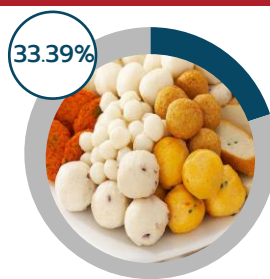
Q1/2023 Financial Highlights

Total Q1/2023 sales : 767.06 MB

Product Group



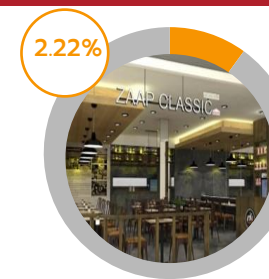
405 MB
Processed Food
from Meat



256 MB
Processed Seafood



88 MB
Swine Farm



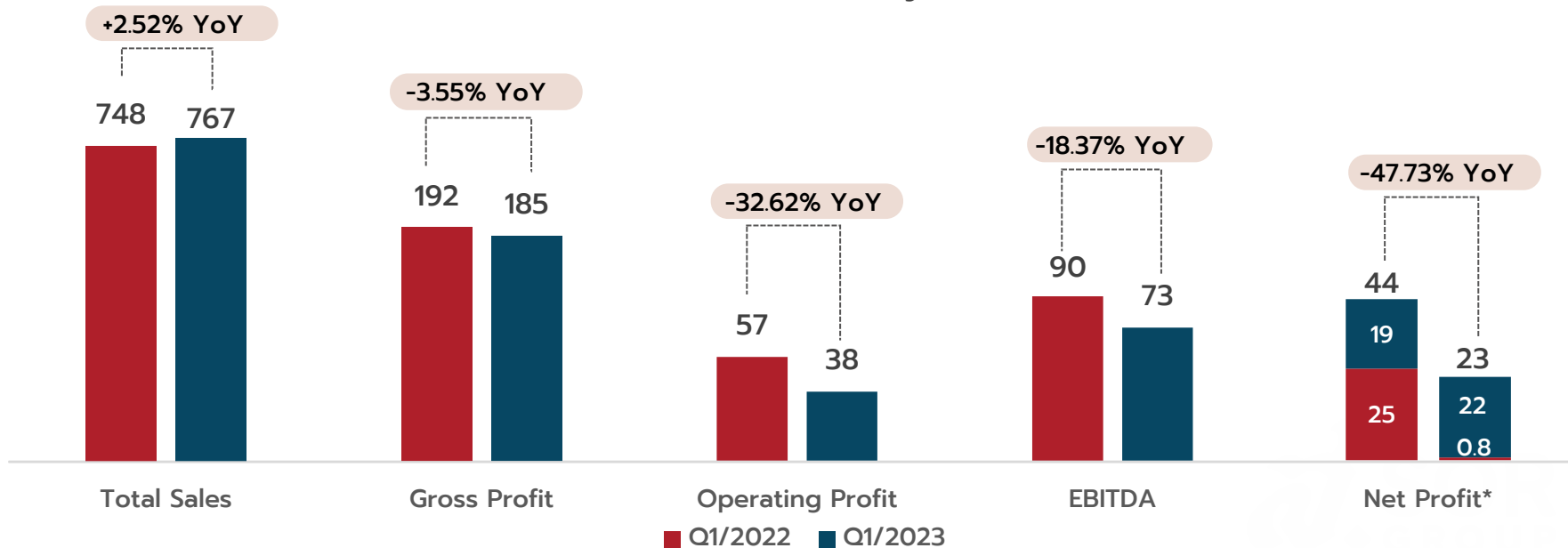
17 MB
Quick Service Restaurant
(QSR)

Q1/2023 Sales growth 2.52%
YoY to
19 MB

ROA and ROE
4.34 % **6.15** %

Financial Summary

Unit: Million Baht, %

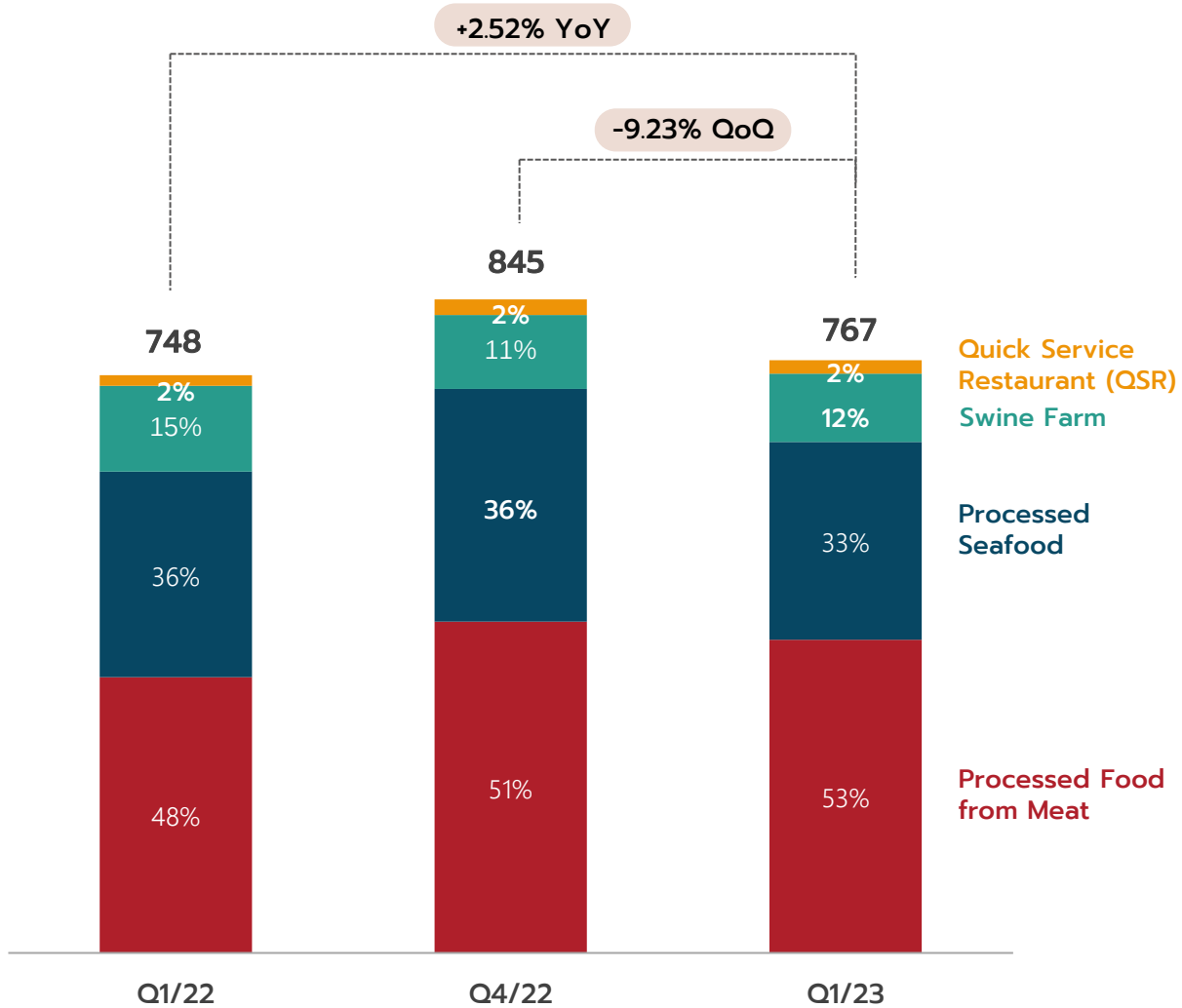


Note: Net profit from the profit attributable to equity holders of the company and adjusted excluding fair value less cost to sale of biological assets
The fair value less the cost of sales of biological assets incurred from the recognition of the value of biological assets of the swine farm business at the end of the period is calculated in accordance with accounting standards, which is the unrealized profit or loss.

OPERATING REVENUE

OPERATING REVENUE BREAKDOWN BY PRODUCT GROUP

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

+2.52%

Operating Revenue was Baht 767 million, increased by Baht 78 million mainly due to:

- **Processed Food from Meat:** increased due to sales growth via Modern Trade channels and the launch of new Thai traditional food products Spicy Fermented Sausage with Gooseberry Leaf at the end of 2022
- **Processed Seafood:** decreased due to the impact on sales volume and discontinue the sale of unprofitable items
- **Quick Service Restaurant (QSR):** increased due to relaxation of the COVID-19 resulted in shop and department store reopening

QoQ: Q1/23 vs Q4/22

-9.23%

Operating Revenue was Baht 767 million, decreased by Baht 19 million mainly due to:

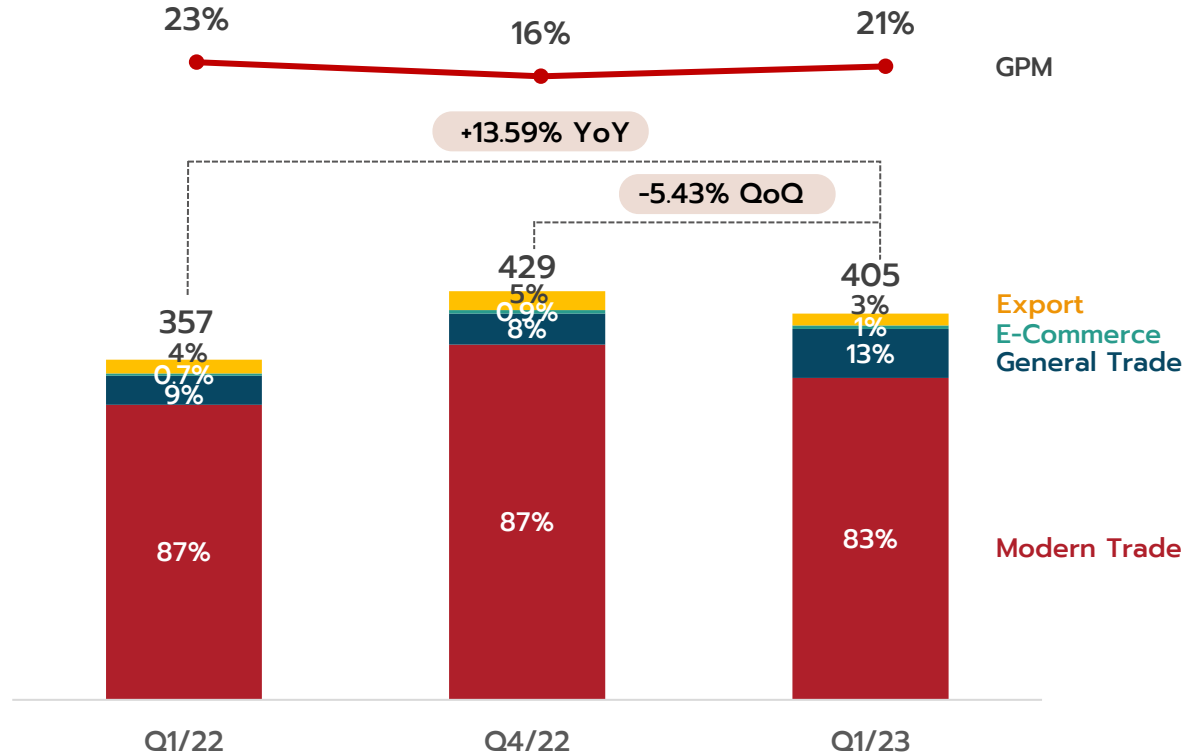
- **Processed Food from Meat and Processed Seafood:** decreased in demand due to Q4 was the high season for the business as it occupies festival season
- **Swine Farm:** decreased due to lower volume and market price has decreased
- **Quick Service Restaurant (QSR):** decreased demand due to Q4 was the high season for the business as it occupies festival season

REVENUE FROM PROCESSED FOOD FROM MEAT

Revenue increased YoY corresponding to the increasing demand from the relaxation of COVID-19 and organizing promotions as well as the launch of new Thai traditional food products

Revenue by Channel

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

Revenue from processed food from meat was increased by Baht 48 million or 13.59% due to sales growth via Modern Trade from the relaxation of COVID-19 and organizing promotions in conjunction with Modern Trade. In addition, sales via General Trade and E-Commerce channels also increased

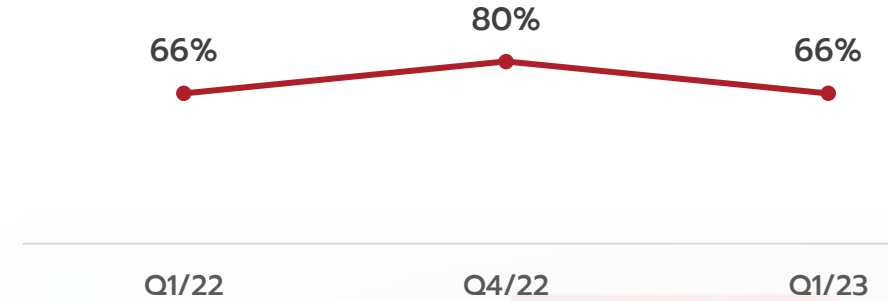
QoQ: Q1/23 vs Q4/22

Revenue from processed food from meat was decreased by Baht 24 million or 5.43% due to decreased demand due to Q4 was the high season for the business

Key Driver

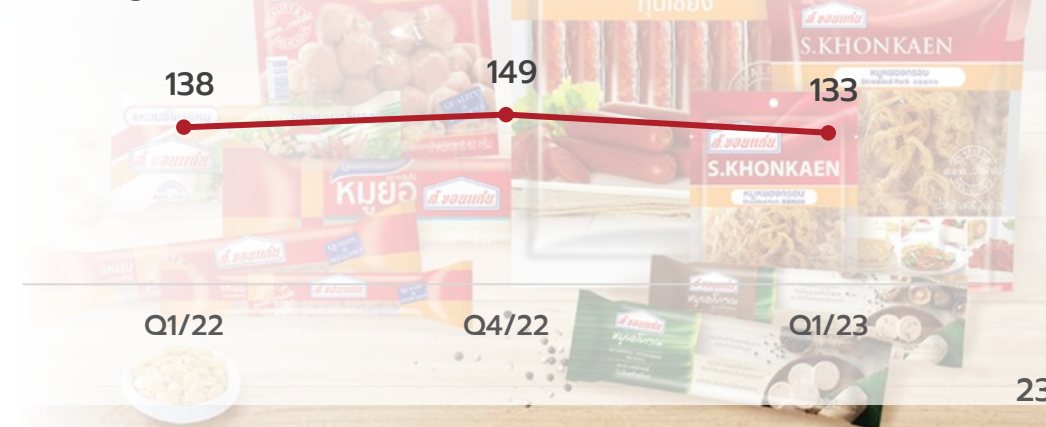
Production Capacity

Unit: %



Average Raw Material Price (Pork)

Unit: Baht/Kg

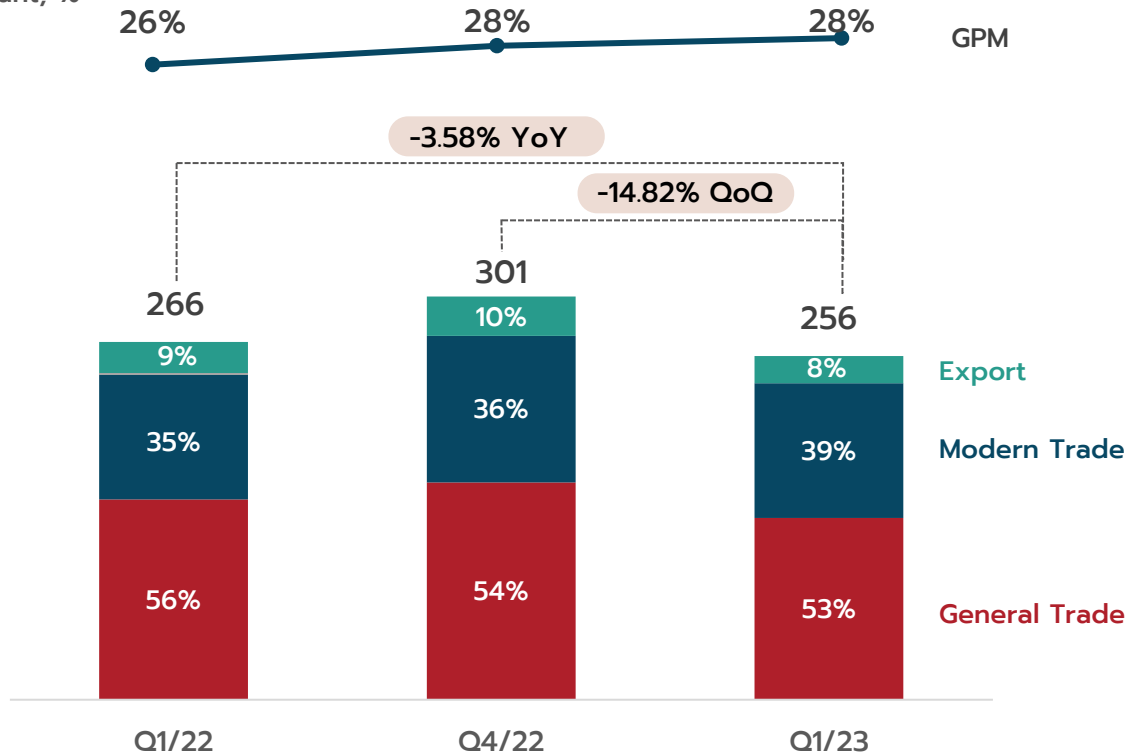


REVENUE FROM PROCESSED SEAFOOD

Revenue decreased YoY and QoQ from the rising price of seafood. However, the company has expanded distribution channels for ready-to-eat products and discontinued the sale of unprofitable items

Revenue by Channel

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

Revenue from processed seafood was decreased by Baht 10 million or 3.58% mainly due to the impact on sales volume of general trade channel from the rising prices of seafood. However, the company has expanded distribution channels for ready-to-eat products through modern trade channels to reach more new consumer groups and discontinued the sale of unprofitable items.

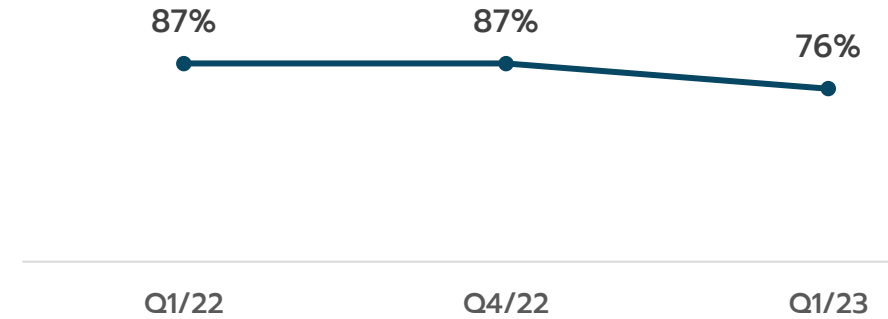
QoQ: Q1/23 vs Q4/22

Revenue from processed seafood was decreased by Baht 45 million or 14.82% due to decreased demand due to Q4 was the high season for the business.

Key Driver

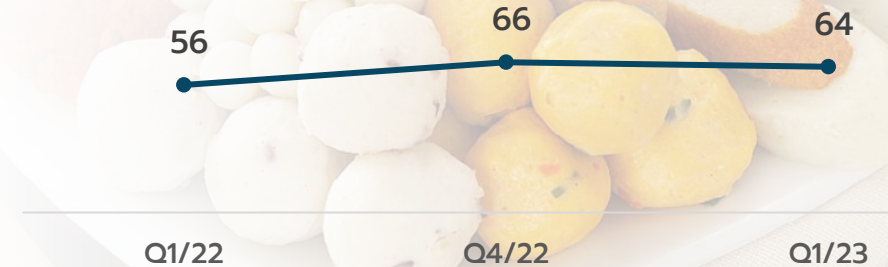
Production Capacity

Unit: %



Average Raw Material Price (Fish)

Unit: Baht/Kg

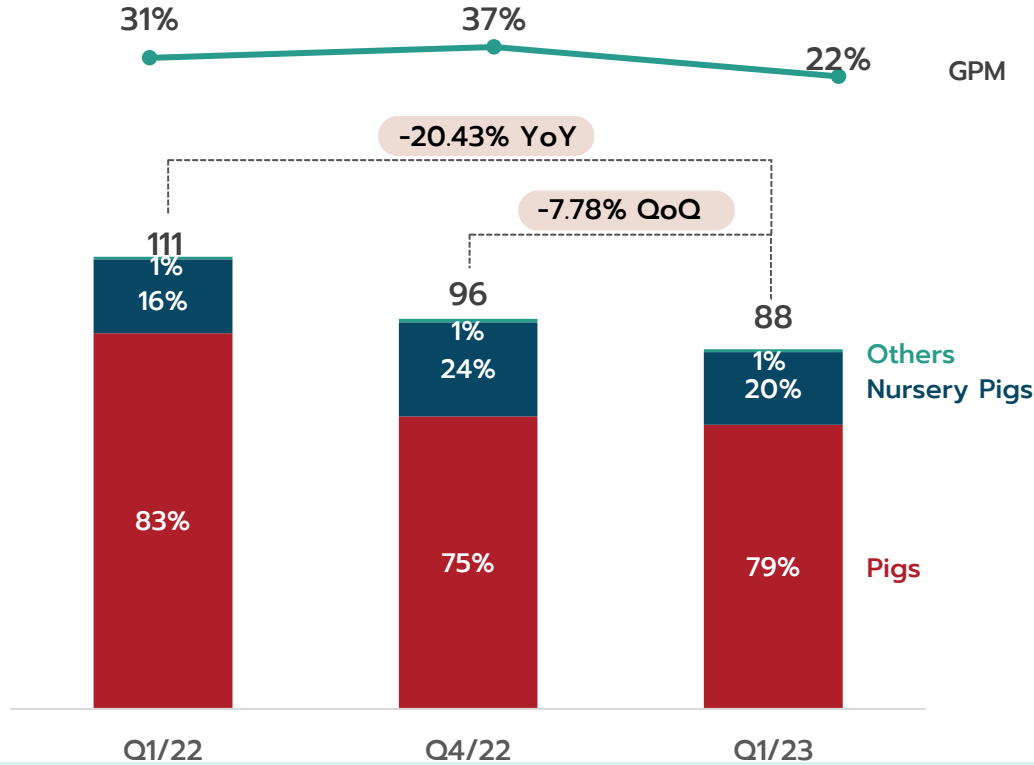


REVENUE FROM SWINE FARM

Revenue decreased YoY and QoQ from affected by the swine price drop and lower volume

Revenue by Type of Pig

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22

Revenue from swine farm was decreased by Baht 23 million or 20.43% due to the affected by the swine price drop and lower volume. However, the company has focused on cost management to reduce the overall cost effect.

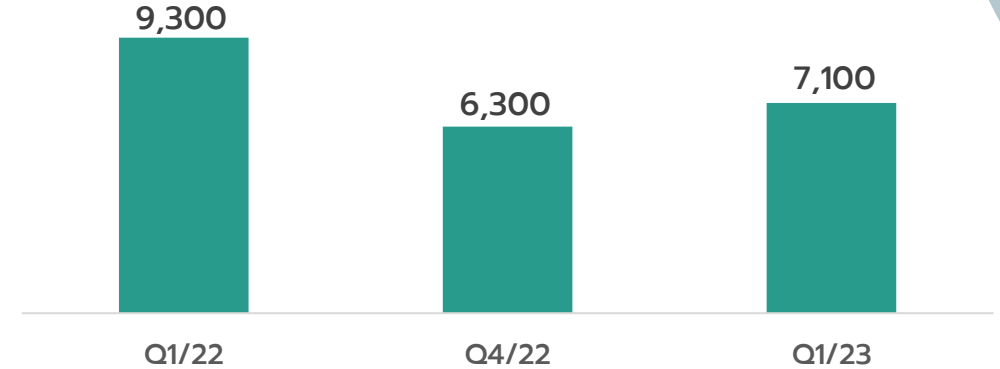
QoQ: Q1/23 vs Q4/22

Revenue from swine farm was decreased by Baht 8 million or 7.78% due to the affected by the swine price drop and lower volume. However, the company has focused on cost management to reduce the overall cost effect.

Key Driver

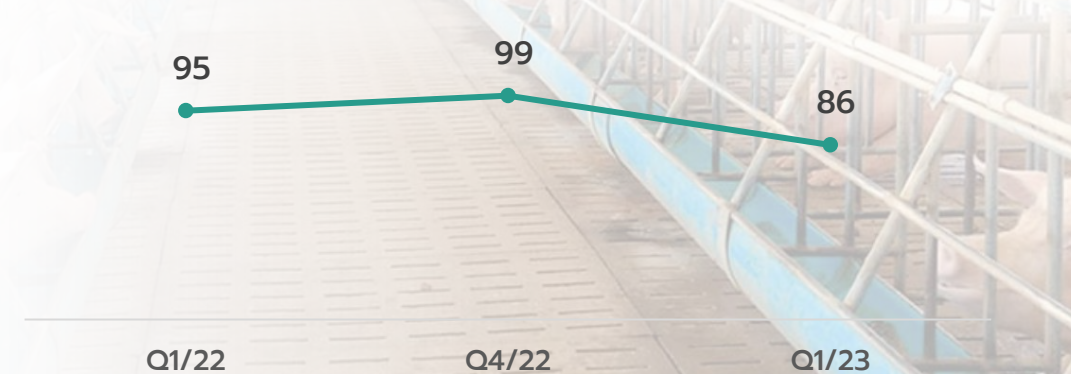
Number of Pigs sold

Unit: Pigs



Average Swine Market Price

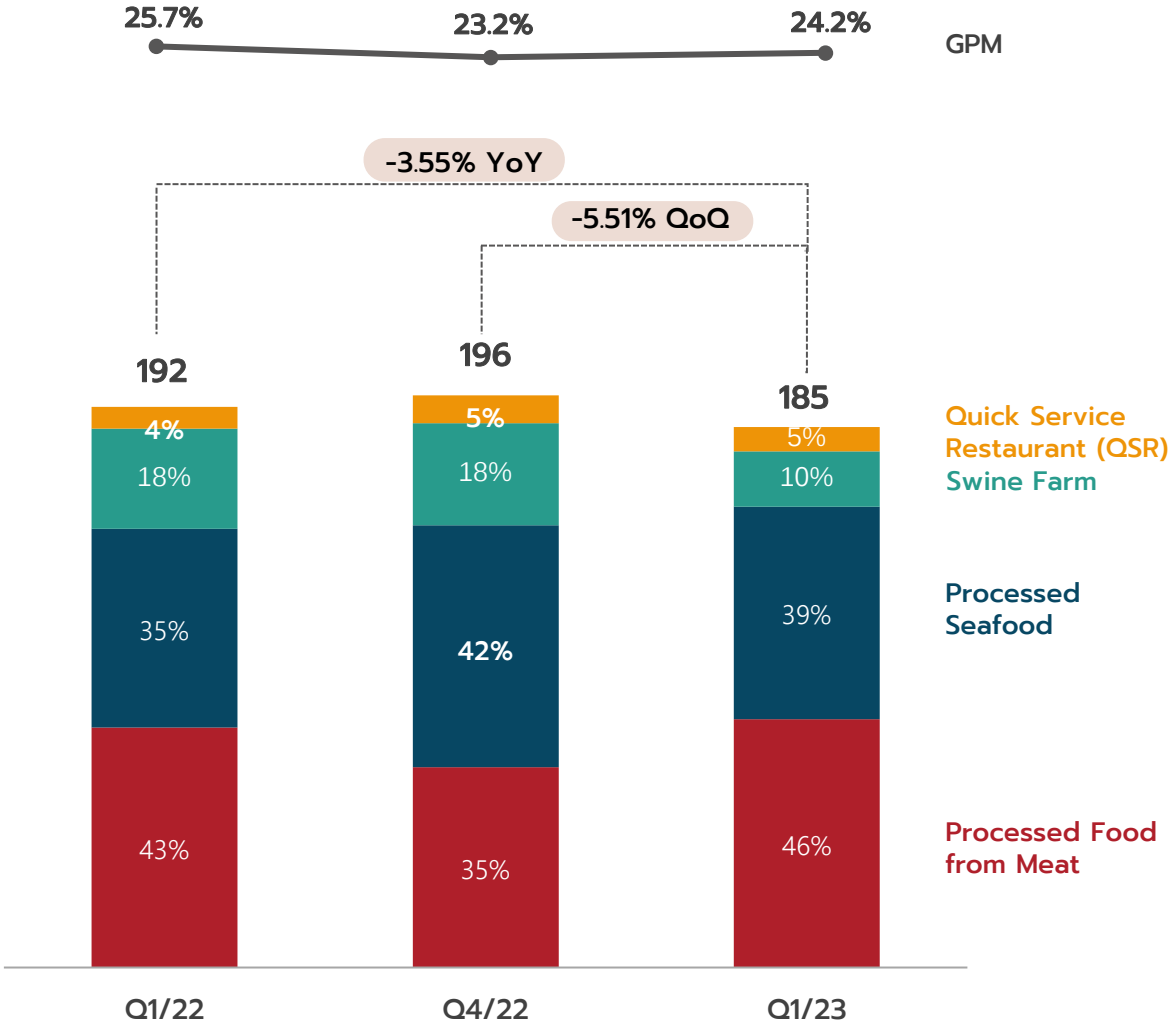
Unit: Baht



GROSS PROFIT AND GROSS PROFIT MARGIN

GPM improved QoQ due to the ability to manage costs and products more efficiently

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22 -3.55%

- Gross Profit was Baht 185 million, decreased by Baht 7 million and **Gross Profit Margin in Q1/2023 was 24.2%, decreased from 25.7%** mainly due to rising electricity and labor costs, sales discount from NPD products in 2022, while Swine farm declined according to market prices
- However, the company focused on cost management by the stock of raw materials at reasonable prices, expanding distribution channels, and closing certain branches with high operating losses

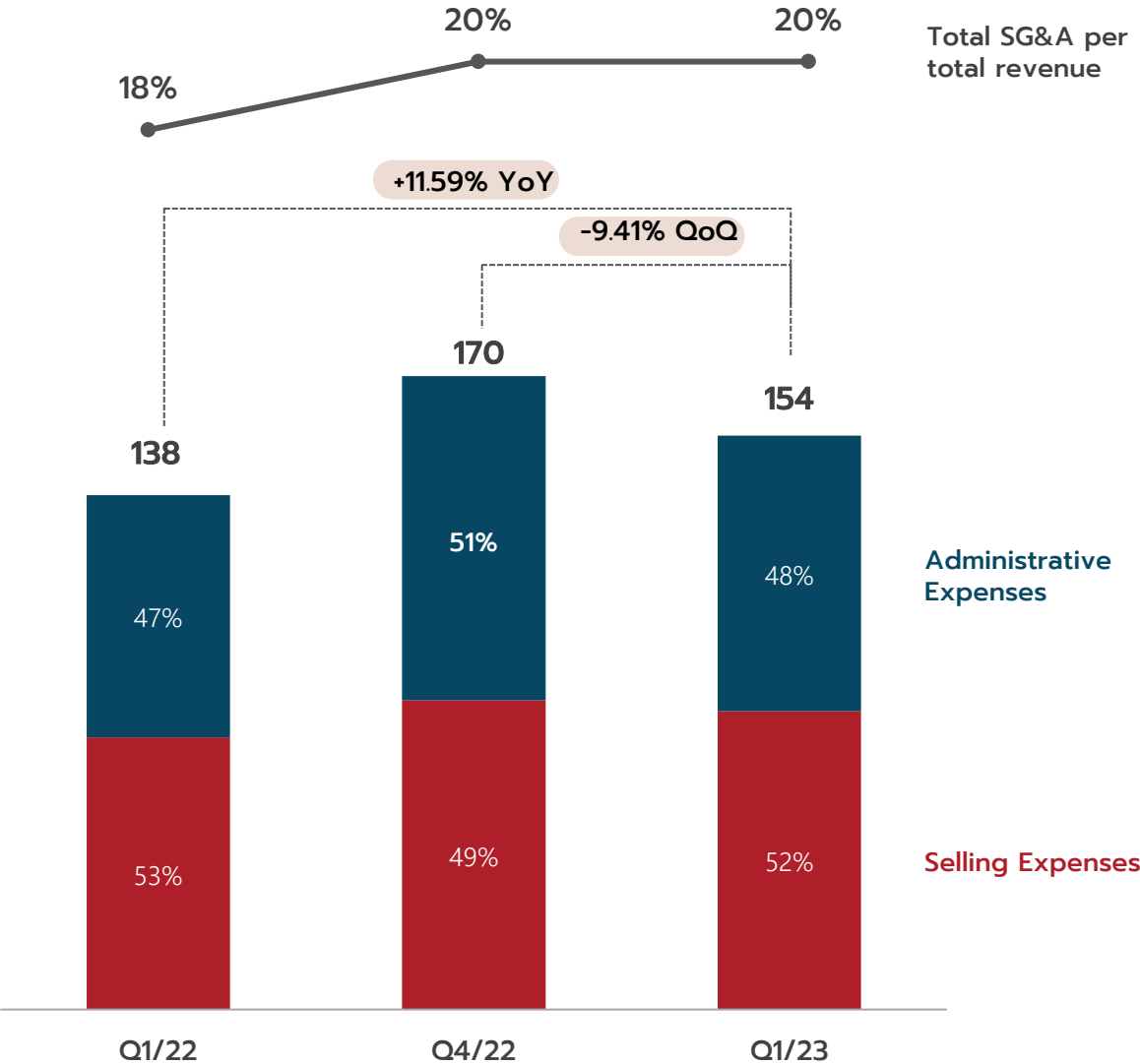
QoQ: Q1/23 vs Q4/22 -5.51%

- Gross Profit was Baht 185 million, decreased by Baht 11 million and **Gross Profit Margin in Q1/2023 was 24.2%, improved from 23.2%**. Although the company's revenue decreased in all businesses compared to Q4/22, which was a high season, this resulted in full production efficiency and an economy of scale. But, in Q1/23, the company has the ability to manage costs and products more efficiently, resulting in improved GPM

SELLING & ADMINISTRATIVE EXPENSES

SG&A decreased QoQ mainly due to decreased in advertising and employee-related expense

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22 +11.59%

SG&A was Baht 154 million, increased by Baht 16 million and SG&A to Total Revenue in Q1/23 was 20%, increased from 18% mainly due to

- Increased depreciation cost according to the number of seafood freezer increase
- Increased transportation costs due to higher oil price and sales volume
- While administrative expenses increased from employee-related expenses and consulting fees of PCF and Swine farm

QoQ: Q1/23 vs Q4/22 -9.41%

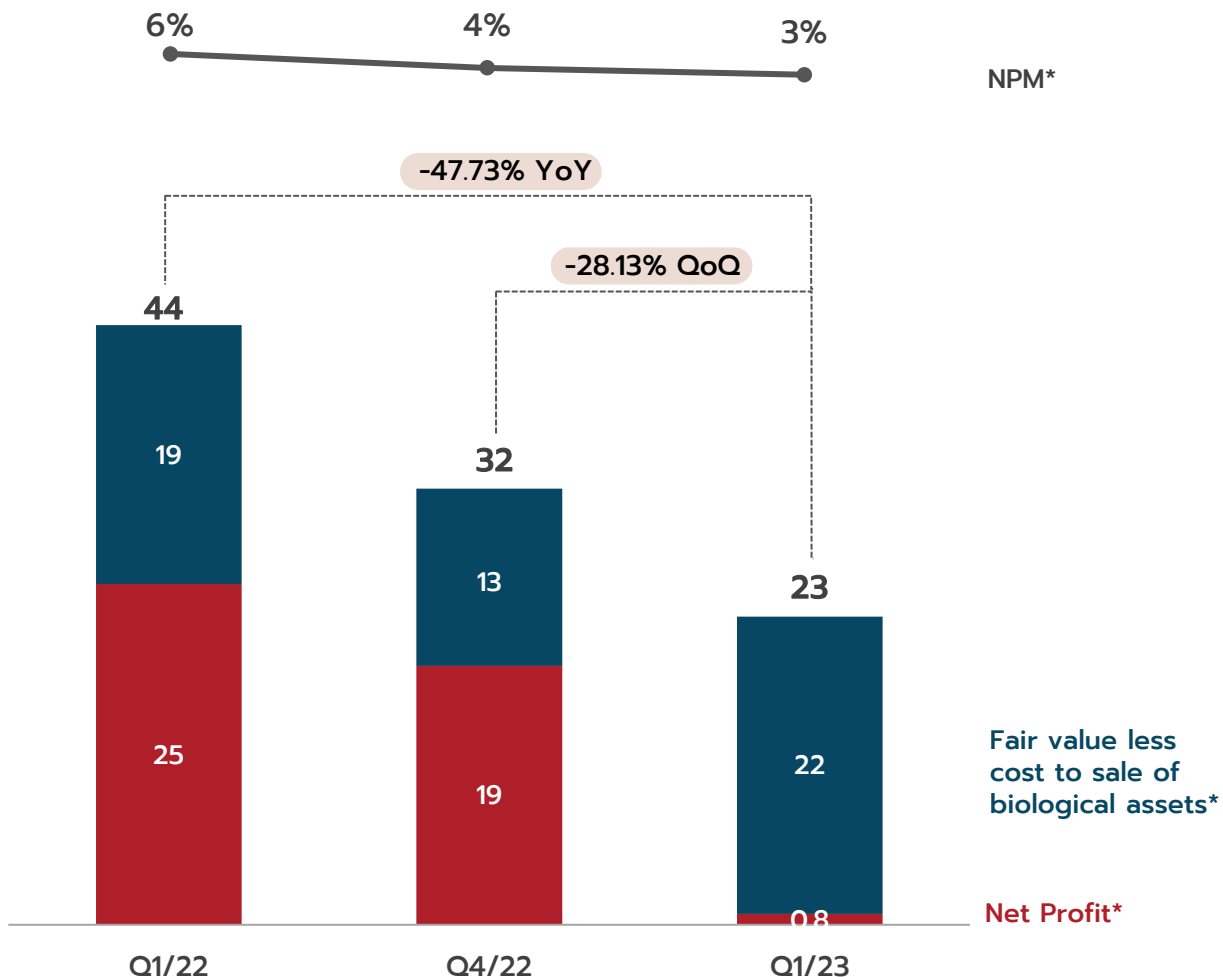
SG&A was Baht 154 million, decreased by Baht 16 million and SG&A to Total Revenue in Q1/2023 was 20%, unchanged from Q4/22 mainly due to

- Decreased in television and online advertising expense as in Q4/22 has high NPD's advertising expense
- Decreased administrative expenses due to decrease in employee-related expenses as the number of employees decreased

NET PROFIT & NET PROFIT MARGIN (OPERATING)

Net profit & NPM decreased YoY and QoQ mainly due to higher interest rate corresponding to the policy rate

Unit: Million Baht, %



YoY: Q1/23 vs Q1/22 -47.73%

- Net Profit was Baht 23 million, decreased by Baht 21 million and NPM in Q1/2023 was 3%, decreased from 6% mainly due to rising electricity and labor costs, sales discount from NPD products in 2022 and increased SG&A as well as higher interest rate corresponding to the policy rate
- However, the company focused on cost management by the stock of raw materials at reasonable prices, expanding distribution channels, and closing certain branches with high operating losses

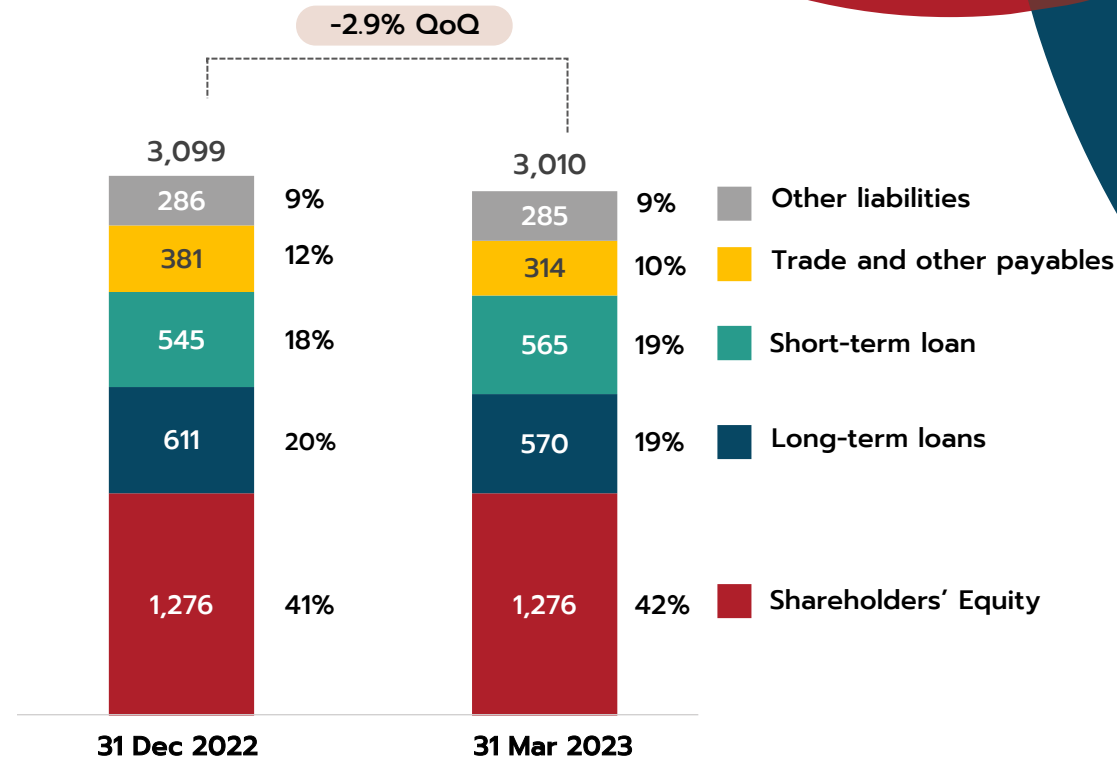
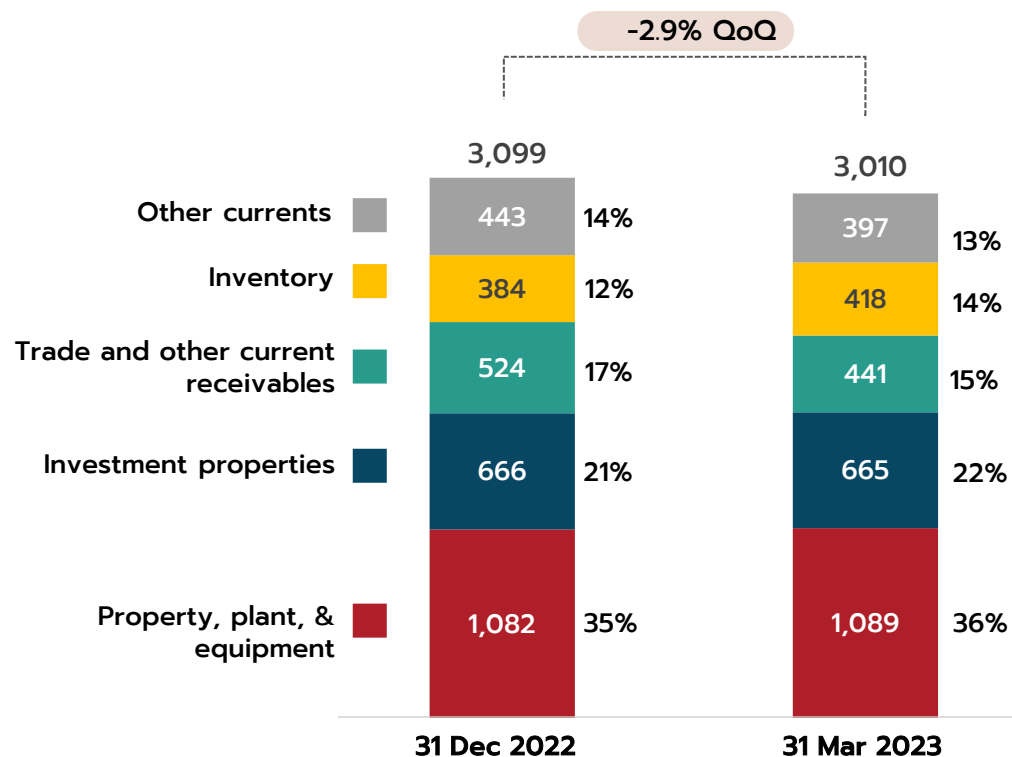
QoQ: Q1/23 vs Q4/22 -28.13%

- Net Profit was Baht 23 million, decreased by Baht 9 million and NPM in Q1/2023 was 3%, decreased from 4% mainly due to higher interest rate corresponding to the policy rate

Note: Net profit and Net profit margin from the profit attributable to equity holders of the company and adjusted excluding fair value less cost to sale of biological assets
 The fair value less the cost of sales of biological assets incurred from the recognition of the value of biological assets of the swine farm business at the end of the period is calculated in accordance with accounting standards, which is the unrealized profit or loss.

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



Asset

As of 31 March 2023, the total assets were Baht 3,010 million decrease by Baht 89 million or 2.9% from 31 December 2022 mainly due to:

- **Trade and other current receivables:** decreased by Baht 83 million decreased due to receiving payment for processed food from customers
- **Inventory:** increased by Baht 34 million from the stock of raw materials for production during the prices of raw materials drop

Liabilities

As of 31 March 2023, the total liabilities were Baht 1,734 million decrease by Baht 89 million or 4.9% from 31 December 2022 mainly due to:

- **Trade and other payables:** decreased by Baht 67 million due to repayment during stock up period
- **Long-term loans:** decreased by Baht 41 million from repayment of loans to financial institutions

Shareholders' Equity

As of 31 March 2023, the total Shareholders' equity were Baht 1,276 million, due to a slight increase in profits, causing the shareholders' equity to remain unchanged

KEY FINANCIAL RATIOS

Current Ratio

Unit: Times



2021 2022 Q1/2023

Cash Cycle

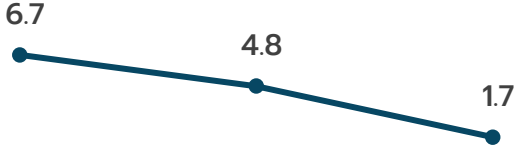
Unit: Days



2021 2022 Q1/2023

Interest Coverage Ratio

Unit: Times



2021 2022 Q1/2023

D/E Ratio

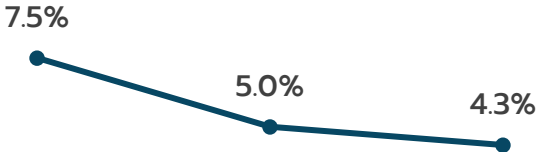
Unit: Times



2021 2022 Q1/2023

ROA

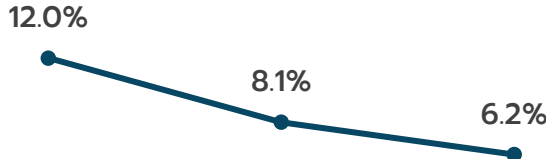
Unit: %



2021 2022 Q1/2023

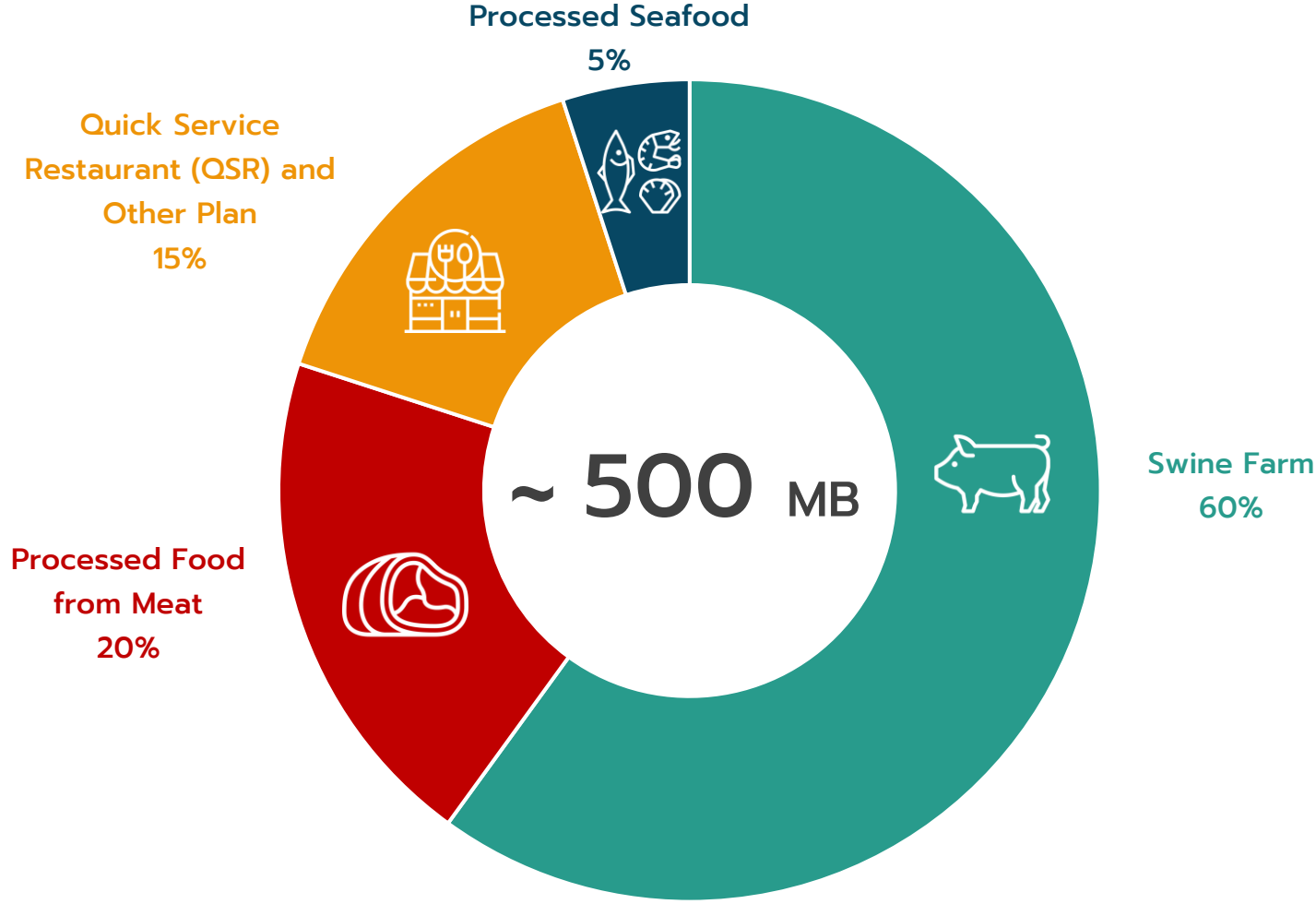
ROE

Unit: %



2021 2022 Q1/2023

2023 INVESTMENT AND FINANCING ACTIVITY



Note: The investment budget may be adjusted according to the situation and business conditions.

AGENDA

01 Company Overview

02 Strategic Direction & Strategy

03 Financial Performance

04 Industry Update and Outlook



2023 OUTLOOK

Sharing Ecosystem



- Optimizing all resources in our group
- Venture Builder

Strengthen Non-MT Channel



- Expanding traditional trade by developing partnership with Distributor & Maximize group synergy

Expand Existing Farm



- Expand the capacity of existing farm



THANK YOU



Please kindly give us your feedback

