



Q3/2023

SORKON

OPPORTUNITY DAY PRESENTATION

22 December 2023

ส. SOR
GROUP

2023 SNAPSHOT

01 Customer Engagement



131M.*
Views

TIKTOK Views
Continues to Grow



Launched SORONE to
increase customer loyalty



02 Glocal Channel



Join hands with MFOOD to
penetrate Wet Market



Penetrated South Korean
Market

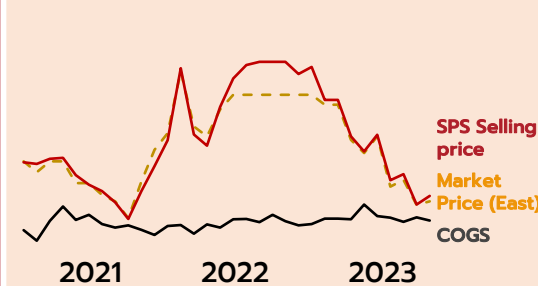


03 Top-Tier Open System Farm

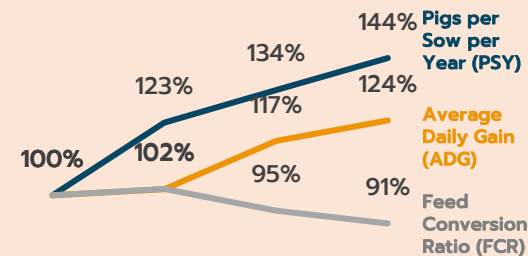


Pig Selling Price

Unit: THB/kg



Efficiency Improvement



2020 2021 2022 9M/2023



04 Best Ever QSR Performance



■ 2022 ■ 2023F ■ 2024F

Revenue Net Profit



2023 HIGHLIGHTS



Performance Update

- During 9M/2023, despite the slowdown of economic activities, the Company have displayed revenue of Baht 2,307 million relatively stable from the same period last year



Enter New Category and Increase Customer Engagement

- SORKON have entered a new category "Gub Gaam" to enjoy SORKON products at parties and events
- As a result, the Company have joined several concerts & events to increase customer engagement



Received the "Best Managed Companies" Award

- SORKON has received the "Best Managed Companies 2023" award from Deloitte, which was received for the third consecutive year
- The award confirms the Company's leadership in Thailand in terms of effective management, while also reinforcing its ongoing commitment to the development and innovation of new product, setting elevated standards for products or services

AGENDA

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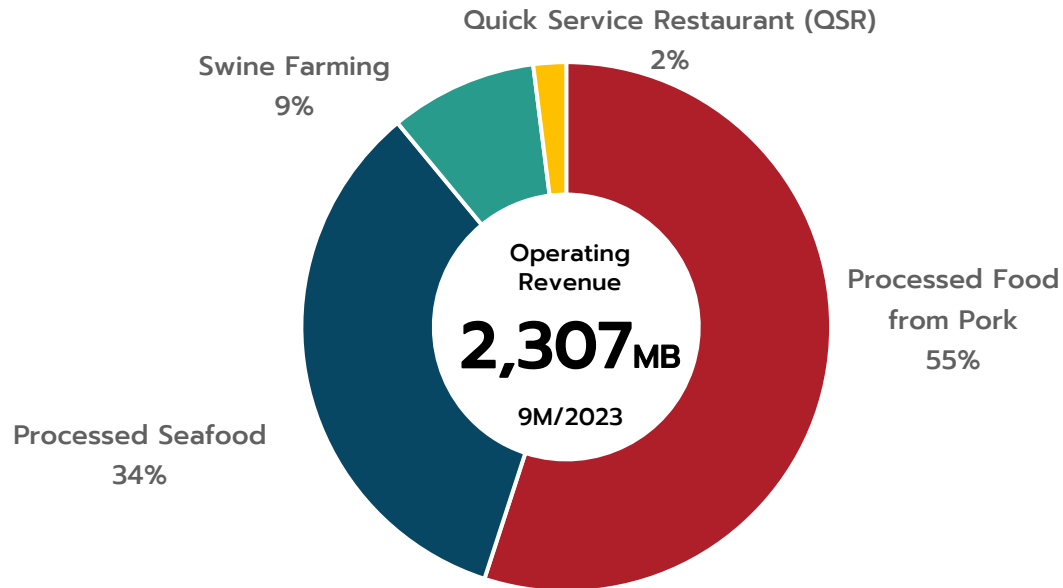
04

2024 Outlook

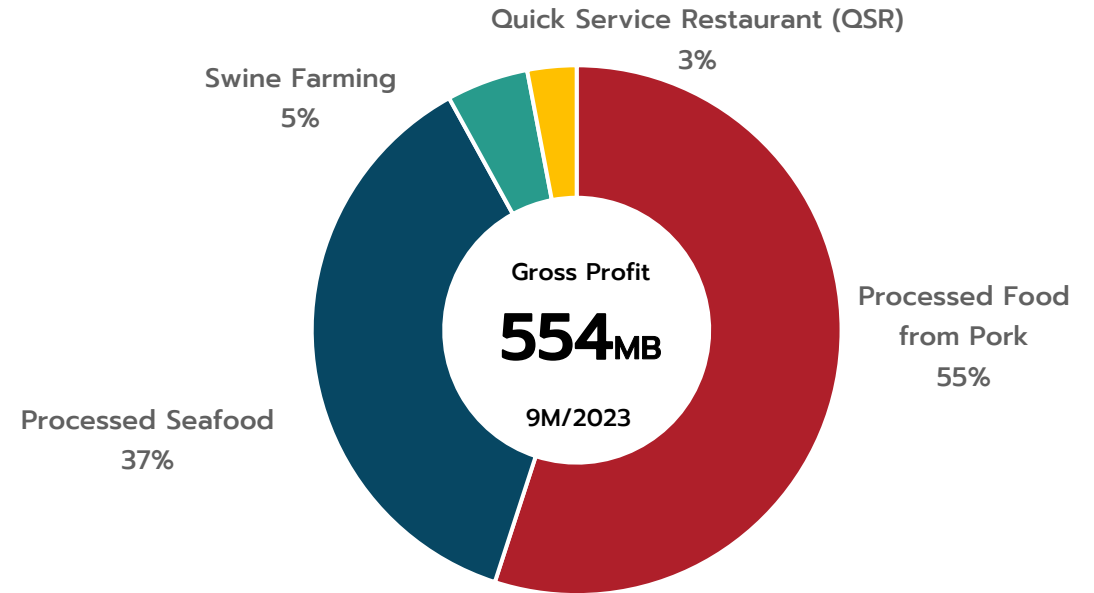


BUSINESS OVERVIEW

➤ Revenue Breakdown by Business Unit



➤ Gross Profit Breakdown by Business Unit



SORKON BUSINESS ALONG THE VALUE CHAIN



Upstream

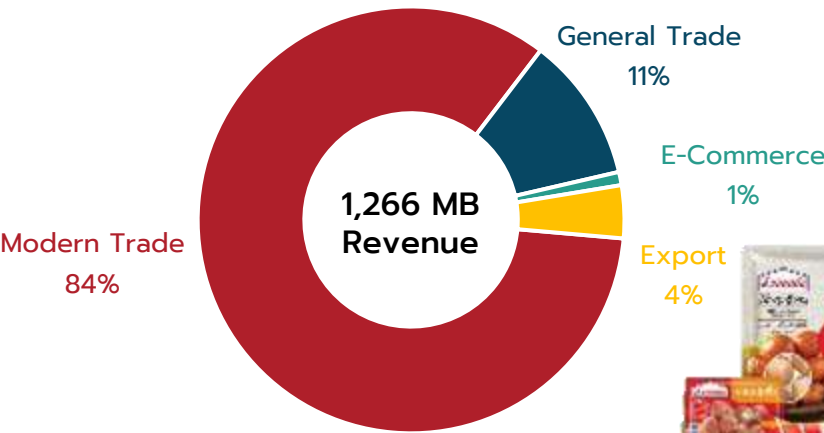
Downstream

- 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"

SORKON BRANDS AND BUSINESS UNITS

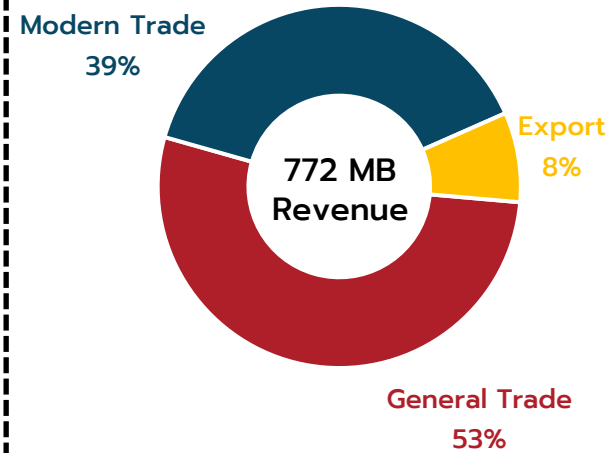
PROCESSED FOOD FROM MEAT

55%



PROCESSED SEAFOOD

34%



Ready to cook & Ready to eat

Chili flake

Thai Native Food

Snack

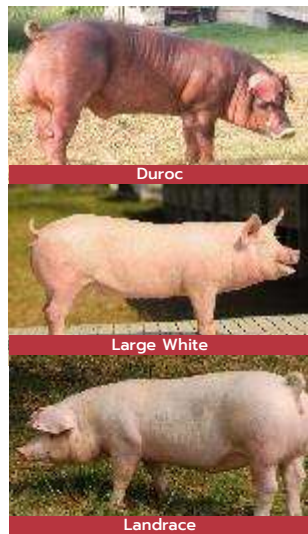
Drinks

SORKON BRANDS AND BUSINESS UNITS

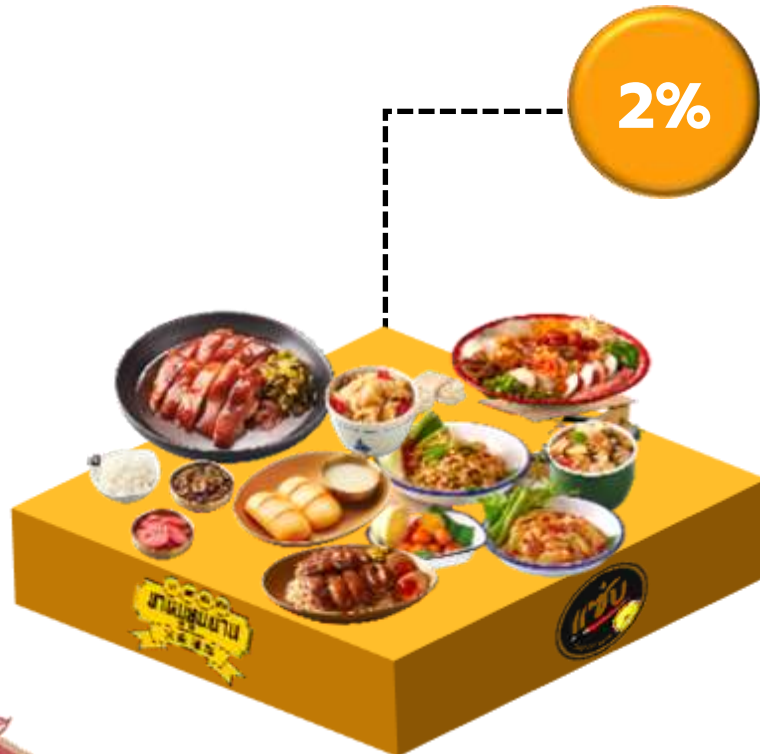
SWINE FARMING

9%

Three breeds from Denmark



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



2%

QUICK SERVICE RESTAURANTS

Zaap Classic

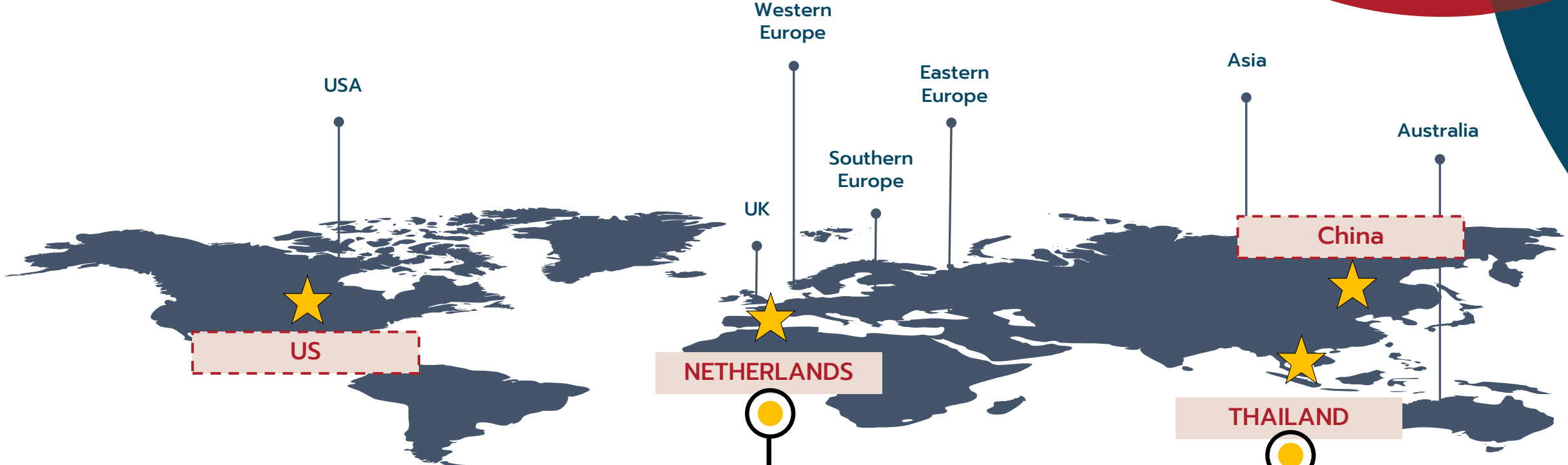
Stores		
6	Restaurant	
-	Kiosk	
-	Food Truck	
1	Franchise	

Yunnan

Stores		
6	Restaurant	
1	Kiosk	
2	Food Truck	
5	Franchise	

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

SORKON PRODUCTION AND DISTRIBUTION



US

NETHERLANDS

THAILAND



 Country of production base

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SORKON STRATEGIC DIRECTION



2023

Foundation Excellence and Strategies Validation

- Market-Fit Product Development
- Global Distributors Selection
- QSR Operational Excellence
- SAP

Rebranding of SOR GROUP

2024

Business Breakthrough and Growth Acceleration

- Wow Customer Experience
- E-Global and Own Channels
- Group Synergy
- Foundation Excellence

2025

SOR Group Profit maximization

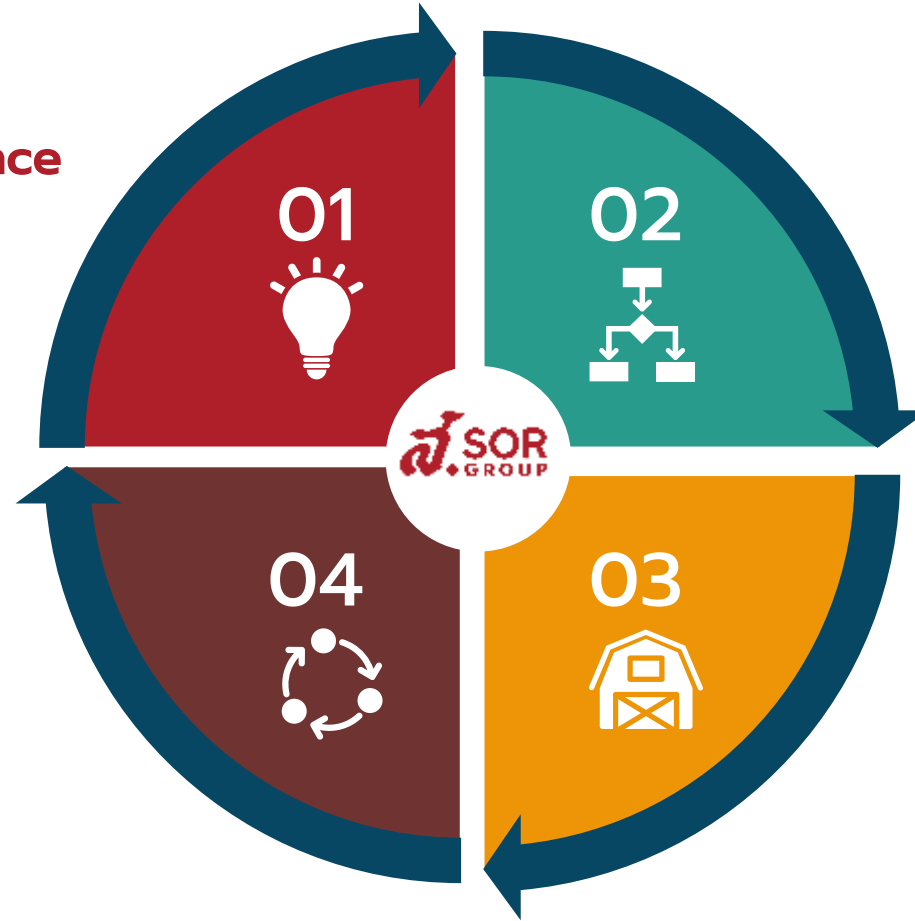
- Corporate Branding External Launch
- Sustainable Supply Chain Integration



2024 SOR GROUP STRATEGY

Wow Customer Experience

- Customer Centric & Product Experience Design



E-Global and Own Channels

- New Growth in Diversified Channels

Foundation Excellence

- Strengthen People and Foundation to Serve Future Growth

Sustainable Supply Chain Integration

- Maximize Collaboration Among Group and increase competitiveness throughout Supply Chain

01 WOW CUSTOMER EXPERIENCE

- Local souvenir to Thai meat snack
- Seek for New High Value Product Generator
- Portfolio Management and Diversify Product Offerings

1.1 FMCG

2023 – Business Growth Validation

➤ Launching New NPDs

i) Expanding SKU for Tourists



ii) New Flavors of existing snack



iii) New SKU for traditional trade



➤ Join Events to Increase Customer Engagement



➤ SORONE Membership Scheme



➤ Maintain TIKTOK Performance to Convert to Sales



131 M VIEWS

#สขอนแก่น
#sorkhonkaen

01 WOW CUSTOMER EXPERIENCE

➤ Turnaround QSR Business

1.2 QSR

2023 – Foundation Excellence

➤ **Turning Around QSR Business**



2023
Validating Business

- Customer experience validation
- New store format validation
- Operational excellence validation



2024
Turnaround Business

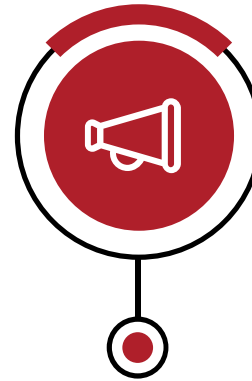
- Enhance customer experience
- Expand right store format
- Margin Maximization

Strategies



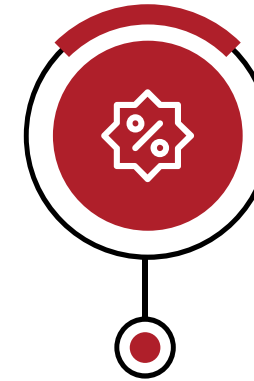
Enhance Experience

- Improve serving/ presentation format
- Brand Communication



Margin Improvement

- Menu Engineering: adjust sales mix
- High value NPD: introduce new menu



Consistent Expansion

- New store format expansion



Operational Excellence

- Customer Review
- Increase Service Quality
- Ensure high yeild, low waste

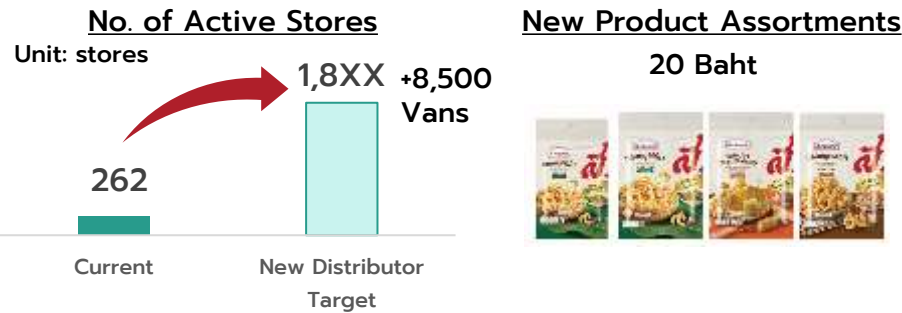
02 E-GLOCAL & OWN CHANNELS

- General Trade: Wet Market, LMT, Mom&Pop, Food Service
- E-Commerce: Company Own, Shopee, Lazada
- Oversea Market

2. Expanding Channels

➤ Penetrating Traditional Trade

- **Other Traditional Trade:** Signing contract with new distributor to begin engagement in 2024



- **Wet Market:** New SKU to penetrate Wet Market under the Brand: กล้วย by S.Khonkaen by collaboration with MFood



➤ Oversea Markets Production and Sales

- 🇰🇷 MFOOD exports to South Korea display increasing performance
- 🇺🇸 SORKON targets production and sales in the US during early-2024
- 🇨🇳 SORKON target sales in China during late-2024

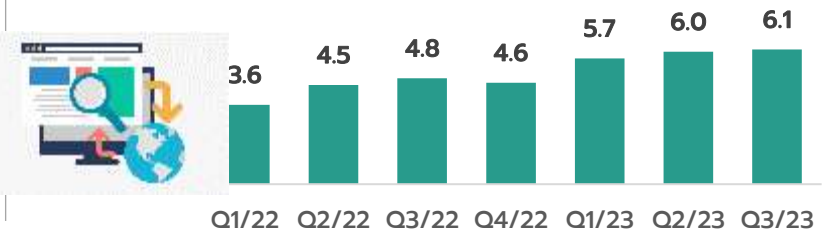


➤ Online Becomes a Driver for Growth

- SORKON online performance display continuous growth

SORKON Online Performance

Unit: Million Baht

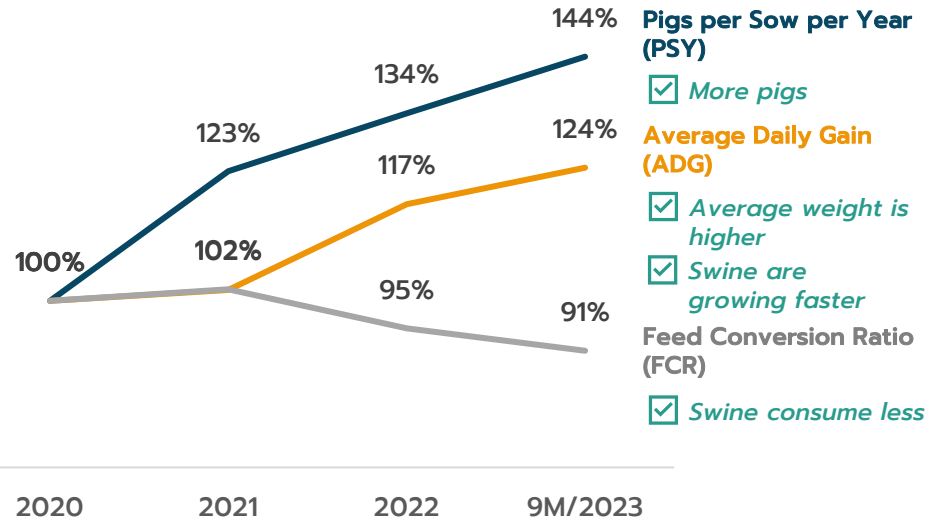


03 SUSTAINABLE SUPPLY CHAIN INTEGRATION

- Efficiency Improvement
- PCF Plant renovation
- Farm Expansion
- Operation Excellence

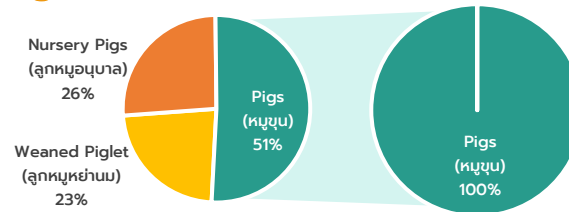
3. Operational Excellence

➤ Efficiency Improvement (Swine Farm)



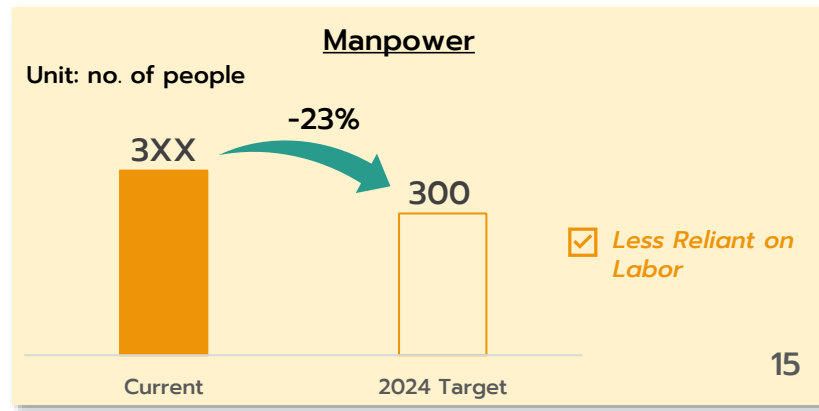
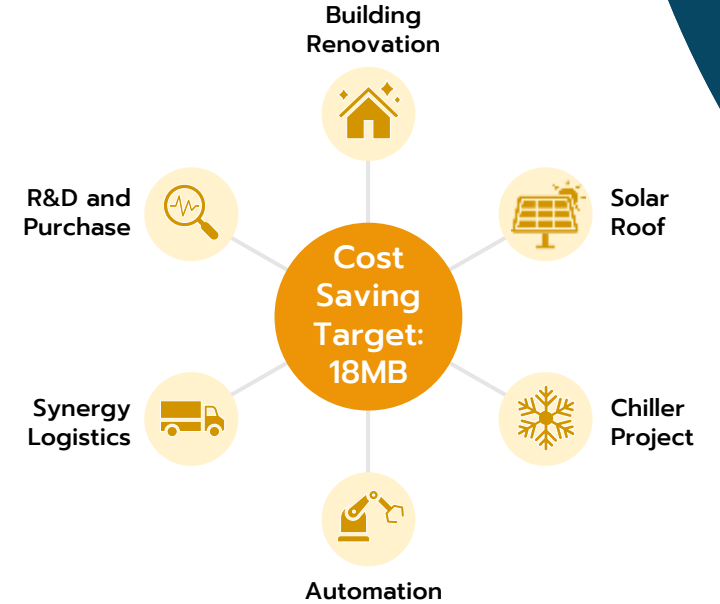
➤ Increase proportion of Pigs (κνύζα) which yields higher margin

- ✓ Changing Product Mix
- ✓ Contract Farming
- ✓ Farm Expansion



Expansion Plan					Capacity: 800 pigs (κνύζα) /barn
No.	2023		2024		
	Nov	Dec	Jan	Feb	
Barn 1-2	Finish				
Barn 3-4		Finish			
Barn 5-6			Finish		
Barn 7-8				Finish	

➤ Factory Renovation & Automation



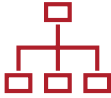








04

FOUNDATION EXCELLENCE

- People
- Process & System
- Infrastructure

4. Foundation Excellence

➤ Strengthening Company Foundations

People	Process and System	Infrastructure
 Organizational Structure Re-design to support business growth and enhance synergy	 NPD & Demand/Supply Planning Improve core process	 Plant Renovation Automation
 Talent Acquisition Acquire new talents to support business growth	 Excellent Accounting System Implement SAP	 Plant Relocation Maximize cost & efficiency
 Engagement Increase satisfaction in workplace and promote teamwork	 Data Visualization Data analytics and visualization	 Cyber Security Ensuring security within system

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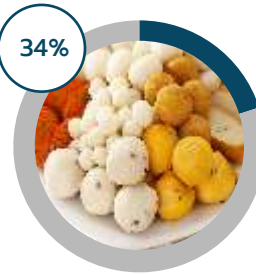
9M/2023 Financial Highlights

Total 9M/2023 sales : 2,307 MB

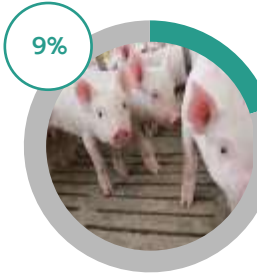
Product Group



1,266 MB
Processed Food from Meat



772 MB
Processed Seafood



217 MB
Swine Farm

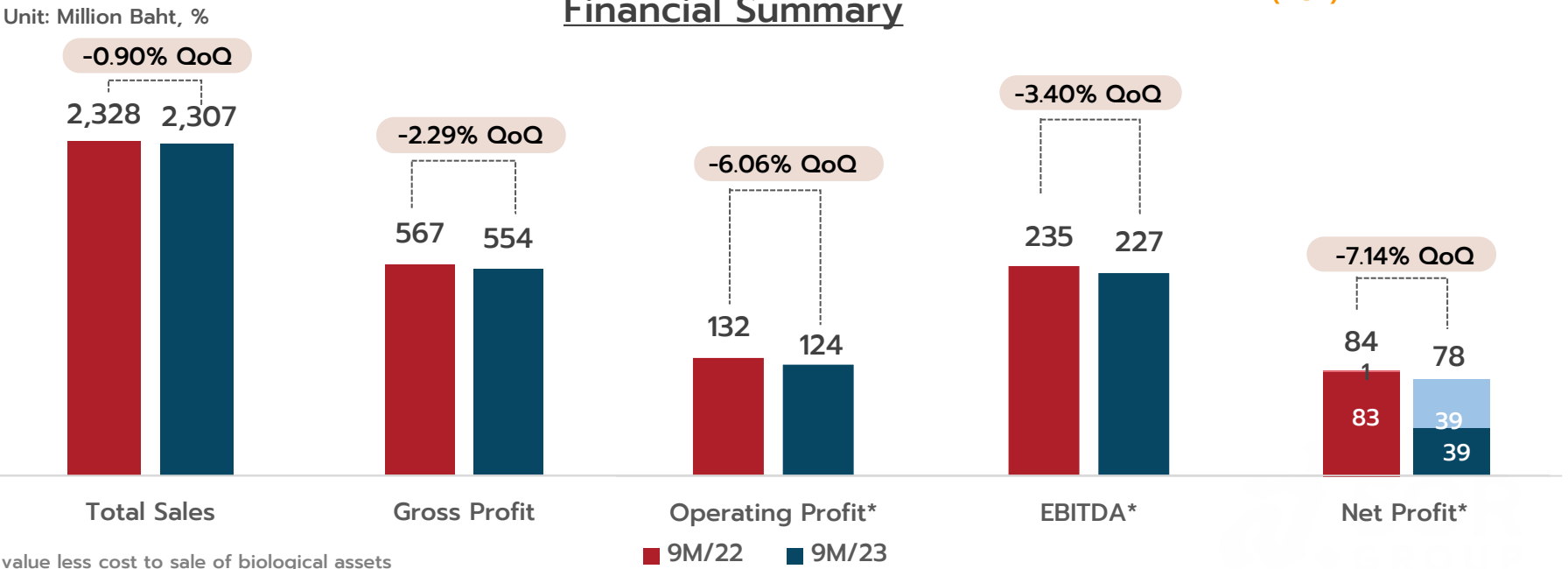


52 MB
Quick Service Restaurant (QSR)

9M/2023 Sales growth -0.90% YoY to
▼ **21** MB

9M/2023 ROA and ROE
3.4% 4.8%

Financial Summary

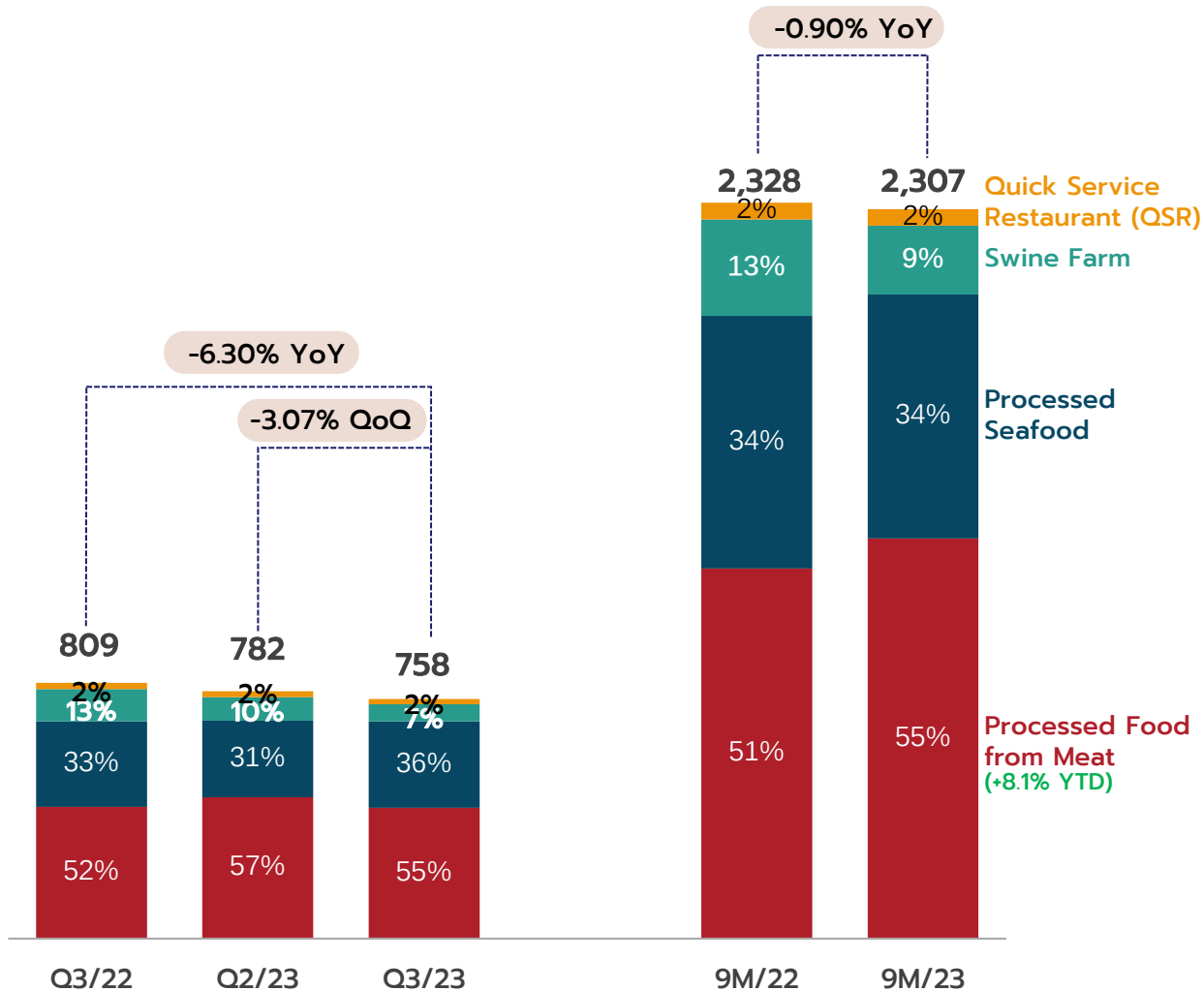


Note: Operating profit and EBITDA before adjusted excluding fair value less cost to sale of biological assets
 Net profit from the profit attributable to equity holders of the Company and adjusted excluding fair value less cost to sale of biological assets
 The fair value less the cost of sales of biological 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, %



3M

Operating Revenue decreased by Baht 51 million or 6.30% YoY and decreased by Baht 24 million or 3.07% in QoQ mainly due to:

- **Processed Food from Meat:** decreased in line with the decrease in the number of fresh products sold in hypermarkets and the fewer new product launches at the department store
- **Processed Seafood:** increased from higher sales volume, especially from Korean customers
- **Swine farm:** decreased as a result of the swine price drop

9M

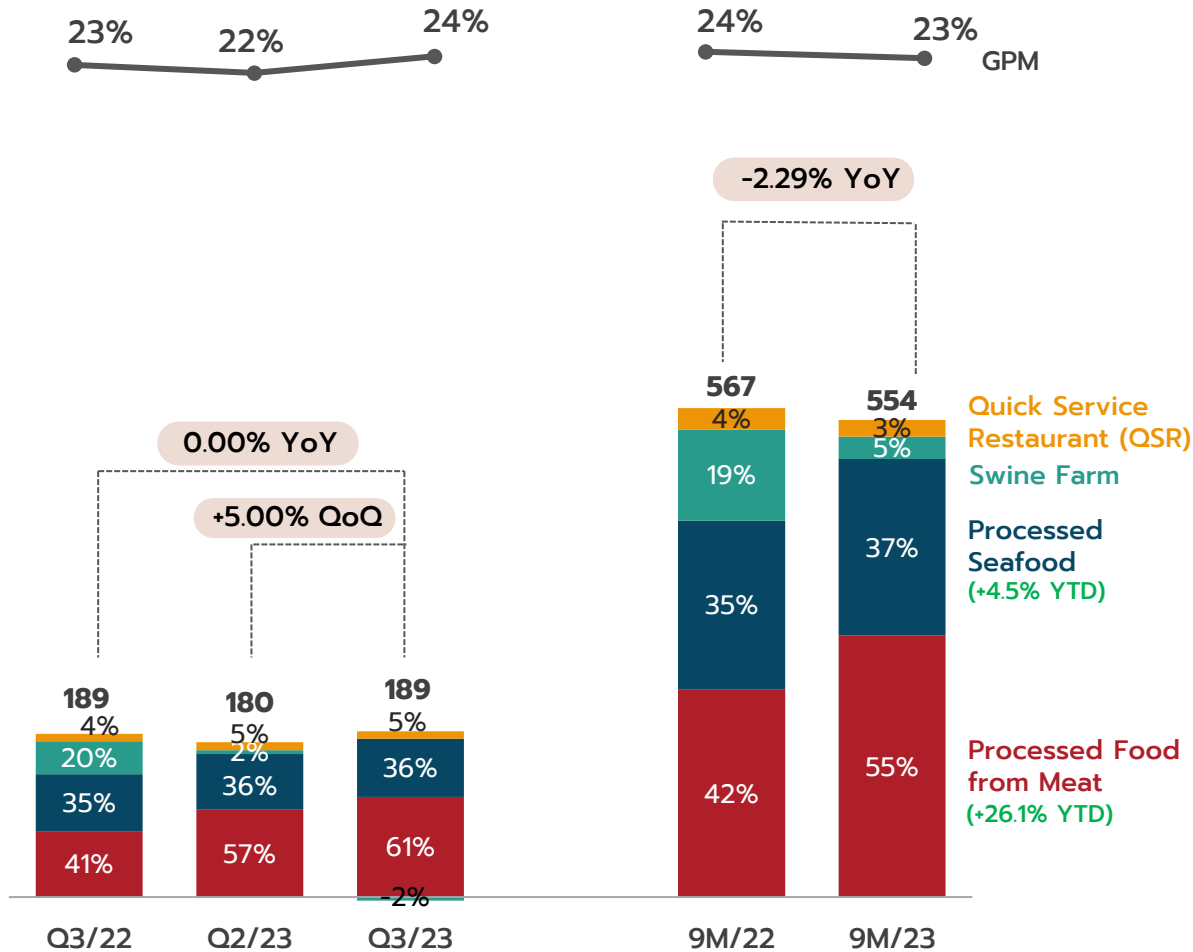
Operating Revenue decreased by Baht 21 million or 0.90% YoY mainly due to:

- **Processed Food from Meat:** increased sales through Modern Trade, General Trade, and E-Commerce, along with the launch of new products could be distributed as planned
- **Processed Seafood:** decreased due to the impact on sales volume, fluctuation of seafood prices and the discontinuation of unprofitable items
- **Swine Farm:** decreased as a result of the swine price drop

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross Profit and GPM increased QoQ due to decreased average cost of raw materials for processed meat products

Unit: Million Baht, %



3M

Gross Profit is similar to Q3/2022 and **GPM increased by 1% from Q3/22** despite a decrease in swine farm revenue reflecting the market pork price decline, the Company's ability to maintain its profit level was supported by a decrease in the average cost of raw materials for processed food from meat.

Gross Profit increased by Baht 9 million or 5.00% in QoQ and **GPM increased by 2% from Q2/23** mainly due to decreased average cost of raw materials for processed food from meat following the decline in the market pork prices

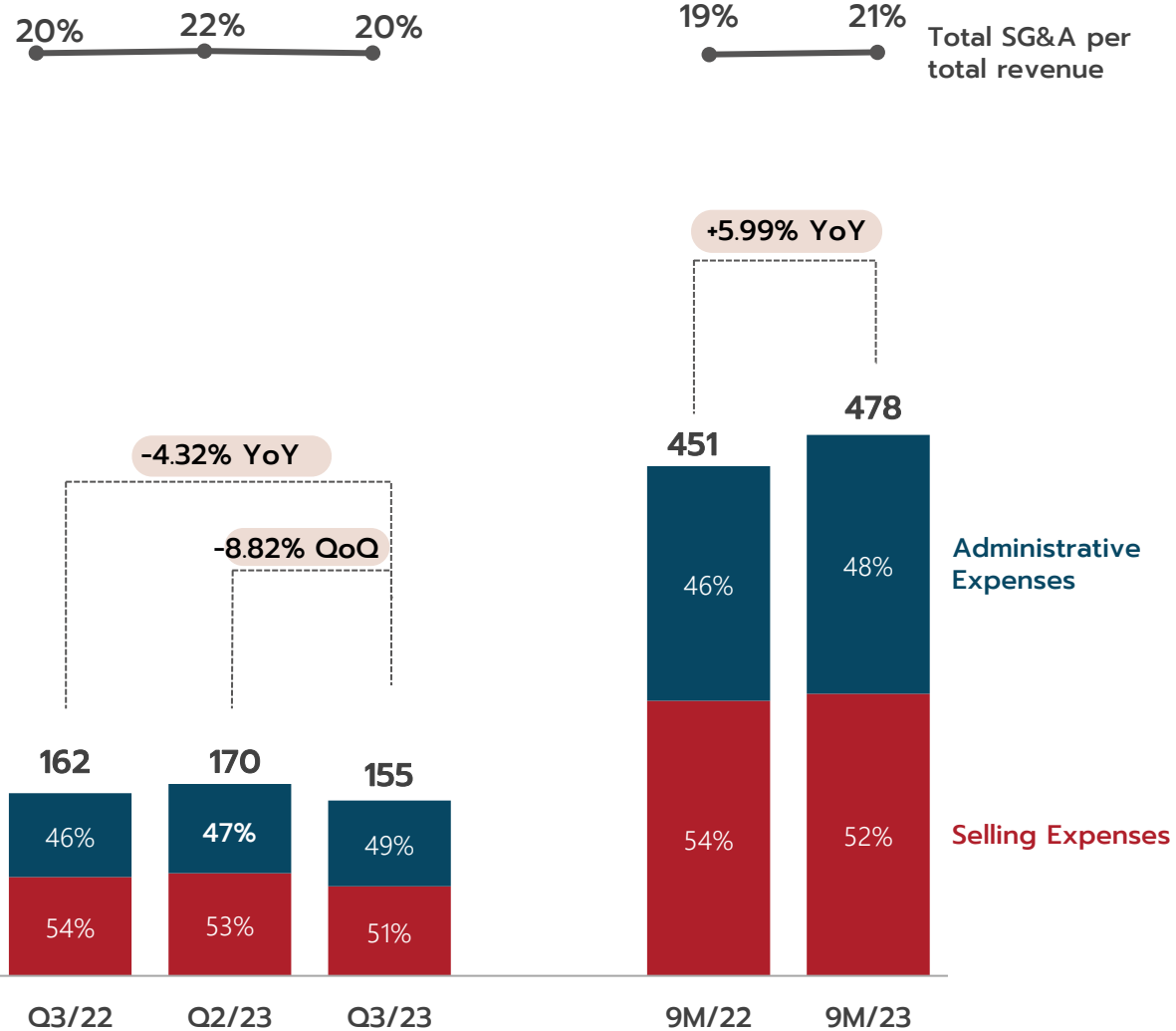
9M

Gross Profit decreased by Baht 13 million or 2.29% and **GPM decreased by 1% from 9M/22** due to decreased revenue from the swine farm, higher feedstuff costs, and the average cost of raw materials still remains higher than the current prices as well as an increase in electricity and labor costs. However, the Company focused on cost management by stocking raw materials at reasonable prices, expanding distribution channels, and closing certain branches with high operating losses

SELLING & ADMINISTRATIVE EXPENSES

SG&A decreased YoY and QoQ according to decreased marketing expenses related to a decrease in sales

Unit: Million Baht, %



3M

- SG&A decreased by Baht 7 million or 4.32% YoY, and SG&A to total revenue unchanged from Q3/22 according to decreased marketing expenses related to a decrease in sales, while administrative expenses increased from employee-related expenses.
- SG&A decreased by Baht 15 million or 8.82% QoQ, and SG&A to total revenue decreased by 2% from Q2/23 according to decreased marketing expenses related to a decrease in sales and a decrease in administrative expenses from extraordinary expenses from land sales in Q2/2023.

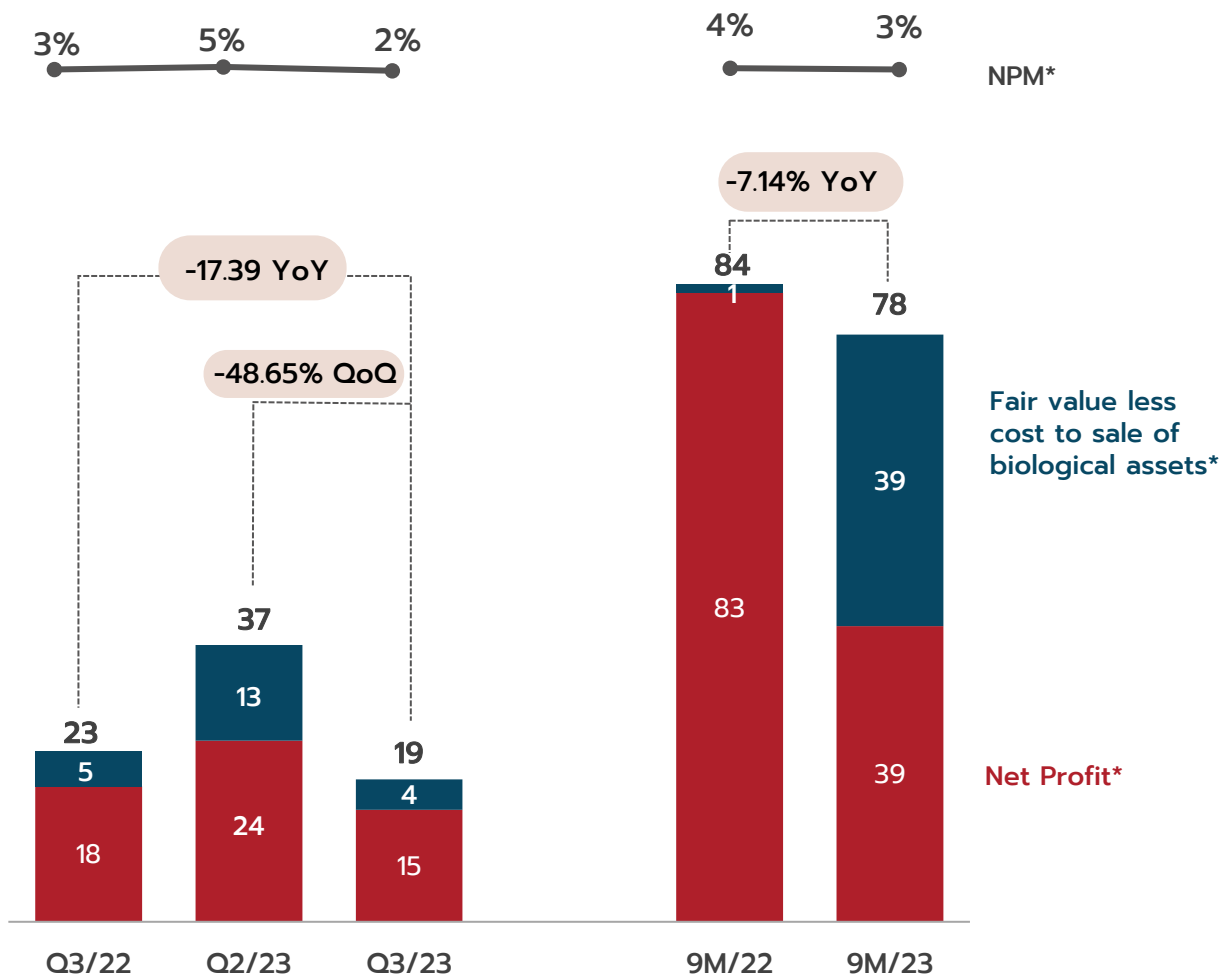
9M

- SG&A increased by Baht 27 million or 5.99%, and SG&A to total revenue increased by 2% from 9M/22 impacted by higher marketing expenses due to increased sales of processed food from meat and higher administrative expenses associated with new overseas expansion projects and extraordinary expenses from land sales.

NET PROFIT & NET PROFIT MARGIN (OPERATING)

Net profit & NPM decreased YoY and QoQ mainly due to swine farm's revenue decline, reflecting the market pork prices, higher feedstuff costs and raw materials remaining above current prices

Unit: Million Baht, %



3M

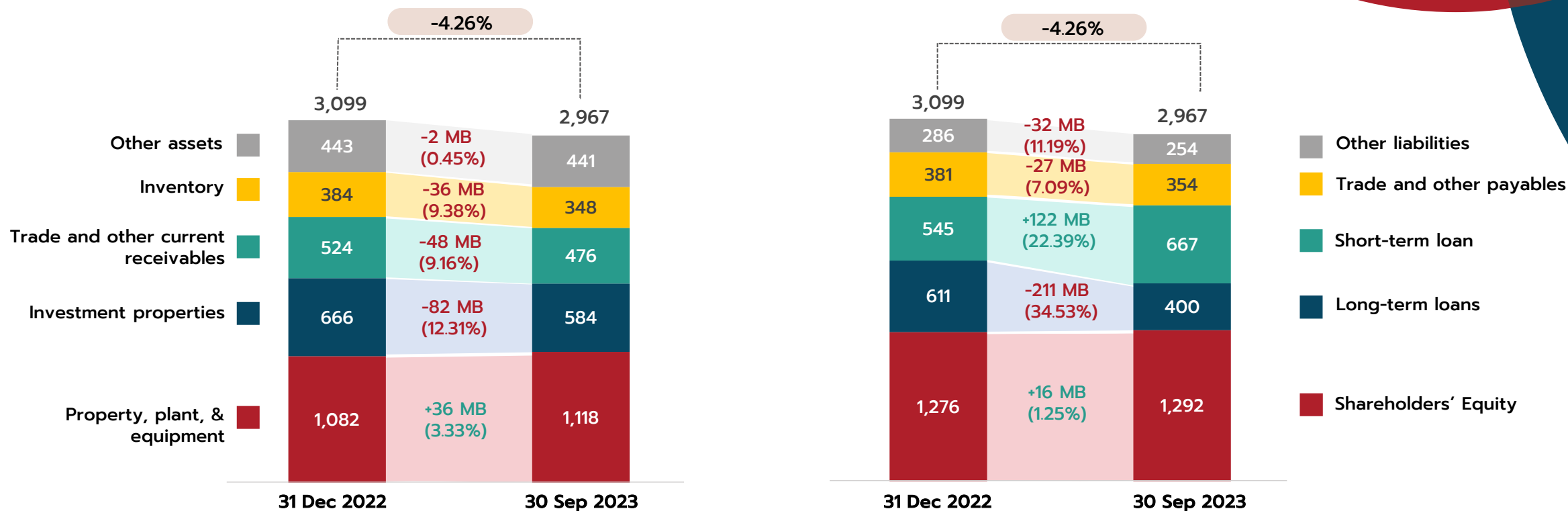
- **Net Profit** decreased by Baht 4 million or 17.39% YoY, and **NPM decreased by 1% from Q3/22** as a result of declining swine farm revenue, reflecting the decline in market pork prices, and rising employee-related expenses
- **Net Profit** decreased by Baht 18 million or 48.65% QoQ, and **NPM decreased by 3% from Q2/23** due to a decrease in swine farm revenue, reflecting the decline in market pork prices and higher feedstuff costs

9M

- **Net Profit** decreased by Baht 6 million or 7.14% and **NPM decreased by 1% from 9M/22** mainly due to swine farm's revenue decline, reflecting the market pork prices, along with higher feedstuff costs and the average cost of raw materials still remains higher than the current prices, along with increased marketing expenses, overseas expansion costs, and extraordinary land sale expenses

STATEMENT OF FINANCIAL POSITION

Unit: Million Baht, %



Asset

As of 30 September 2023, the total assets were Baht 2,967 million decrease by Baht 132 million or 4.26% from 31 December 2022 mainly due to:

- **Trade and other current receivables:** decreased related to the decrease in sales
- **Investment properties** decreased from the sale of land

Liabilities

As of 30 September 2023, the total liabilities were Baht 1,675 million decrease by Baht 148 million or 8.12% from 31 December 2022 mainly due to:

- **Trade and other payables:** decreased from repayment during stock up period
- **Long-term loans:** decreased from loan repayment to financial institutions

Shareholders' Equity

As of 30 September 2023, the total Shareholders' equity was Baht 1,292 million increased from 31 December 2022 corresponding to the Company's performance.

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2024 OUTLOOK



Penetrate Traditional Trade and Wet Market



- New distributor partner begin to support the growth of traditional trade starting 2024
- Introduce new SKU (10-20 Baht) for traditional trade
- Increase sales from wet market channel through leveraging existing customer base of MFood



New Source of Revenue from International Markets



- Begin to recognize revenue from US market in early-2024
- Business Model in China will be finalized during late-2024



QSR Turnaround



- Target to breakeven during Q1/24



Strengthening S. Khonkaen Brand



- Strengthening S. Khonkaen brand by entering a new category and increasing engagement with customers



Farm Product Mix Management



- SORKON will enhance efficiency and performance of farm through product mix management



THANK YOU



Please kindly give us your feedback

