

YE/2023

SORKON OPPORTUNITY DAY PRESENTATION

22th March 2024

ส. SOR
GROUP

AGENDA

01

Company Snapshot

02

2023 Financial Performance

03

Strategic Direction & Strategy

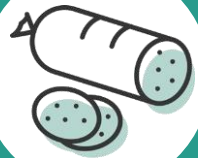
04

2024 Outlook



ส. SOR
GROUP

SORKON AT A GLANCE

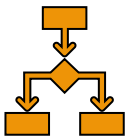


HIGHLY TRUSTED

THAI LOCAL FOOD BRAND



OVER **20,000** TOUCHPOINTS IN THAILAND
WITH STRONG Foothold IN MODERN TRADE



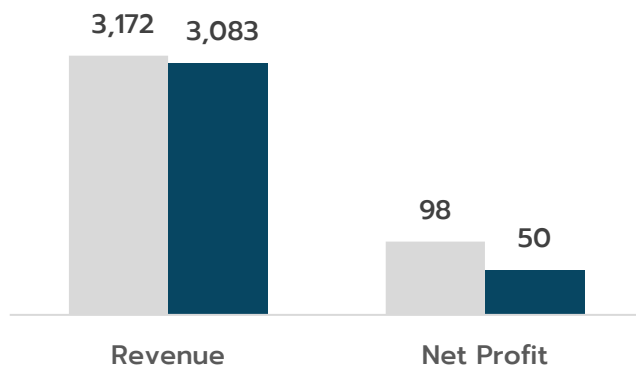
INTEGRATED SUPPLY CHAIN

AND UNIQUE ECOSYSTEM

2023 SNAPSHOT

SORKON PERFORMANCE

2022 vs 2023



Revenue decreased mainly from swine farm due to decline in swine prices

Net Profit decrease due to:



Strong **fair value impact of swine farm** due to decline in pork prices

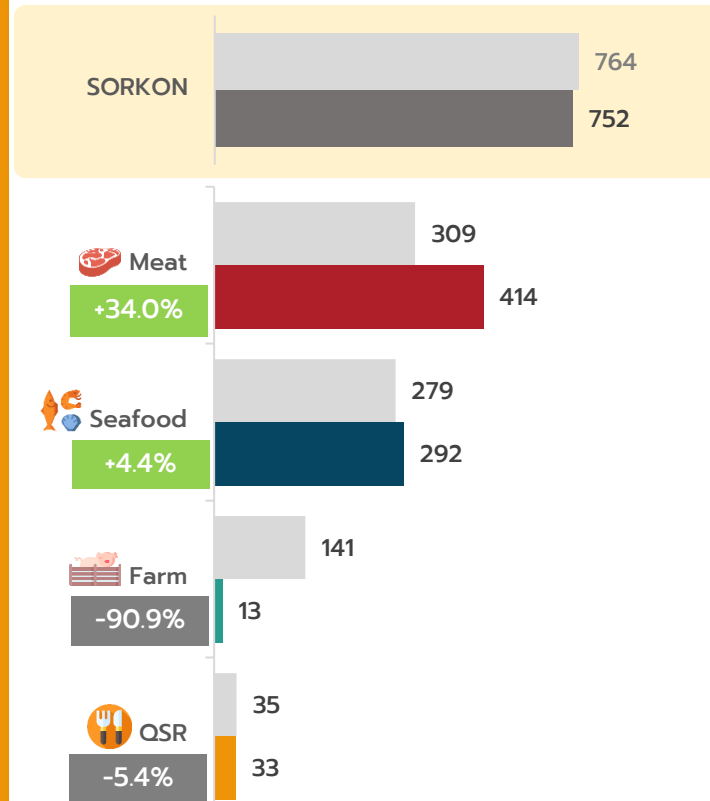


Increase in SG&A from the increase in headcount to support business expansion

01

GROSS PROFIT BY BU

2022 vs 2023



02

KEY TAKEAWAY



- Revenue and gross profit of meat and seafood achieve target growth of the Company
- In 2024, the Company will ensure to strengthen the Meat and seafood segment to drive business growth



- Farm have received strong impact from decline in swine price for both top line and fair value impairment
- In 2024, SORKON had constructed 8 new barns to support full grown pigs thus improve margin in 2024 onward
- Company targets a balanced supply chain for 2025

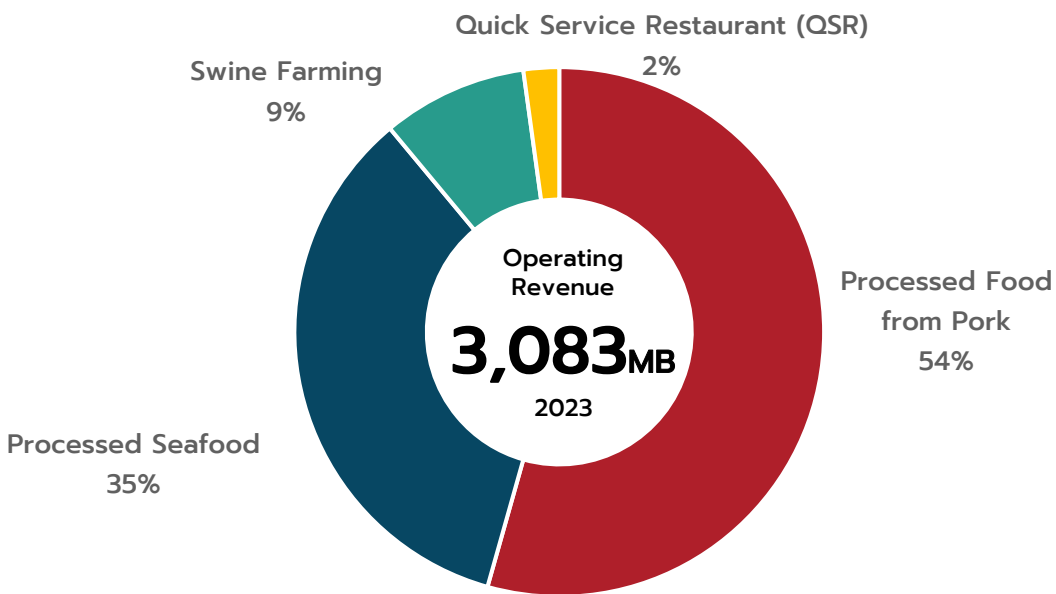


- First time operating profit turnaround for QSR during December 2023 due to cost management and branch profitability rationalization
- In 2024, SORKON will continue momentum

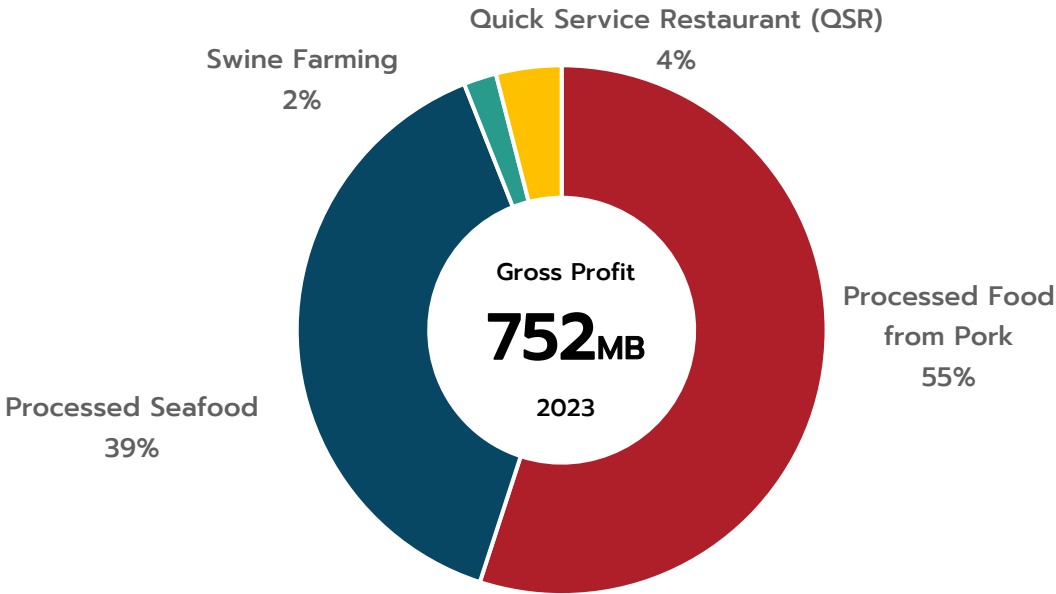
03

BUSINESS OVERVIEW

➤ Revenue Breakdown by Business Unit



➤ Gross Profit Breakdown by Business Unit



SORKON BUSINESS ALONG THE VALUE CHAIN

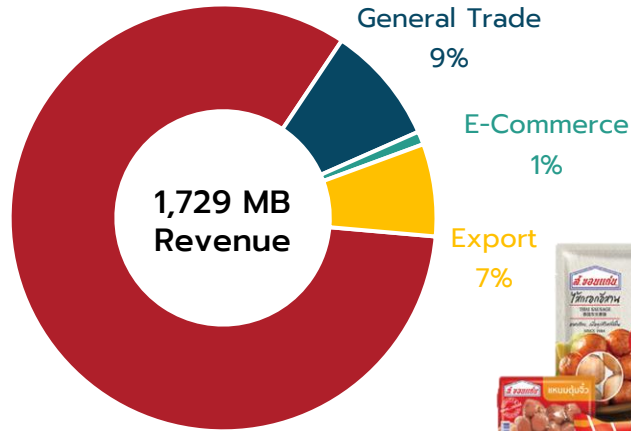


- Farming and distribution of swine
- The primary and principal group of products of the Company
- Processed seafood products including fish balls, shrimp balls etc.
- Operated chain restaurants under the brands "Zaap Classic" and "Yunnan"

SORKON BRANDS AND BUSINESS UNITS

PROCESSED FOOD FROM MEAT

54%



Modern Trade
83%



Thai Native Food



Snack

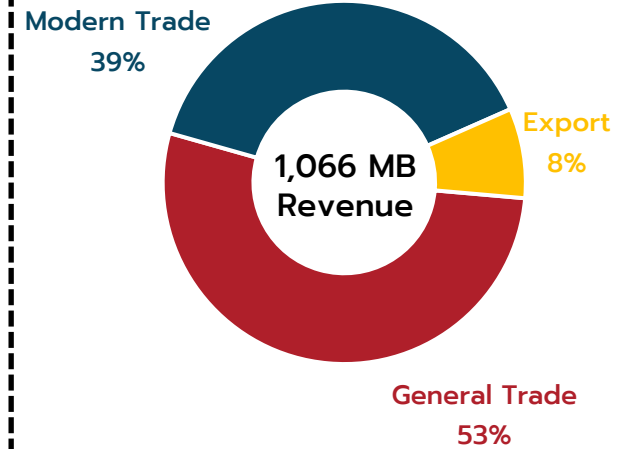


Drinks



35%

PROCESSED SEAFOOD



Modern Trade
39%

Export
8%

General Trade
53%

Chili flake



**Ready to cook &
Ready to eat**



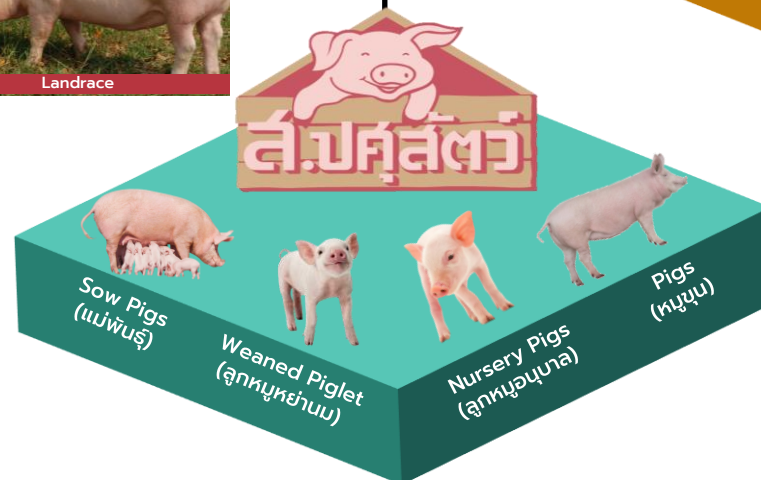
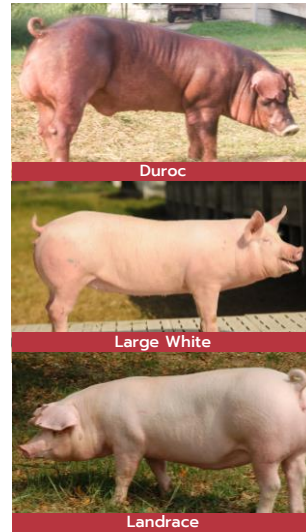
Note: Revenue breakdown by channel may differ from operating revenue in consolidated financial statements due to intercompany elimination

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

6

Restaurant

-

Kiosk

-

Food Truck

-

Franchise



Yunnan

4

Restaurant

2

Kiosk

1

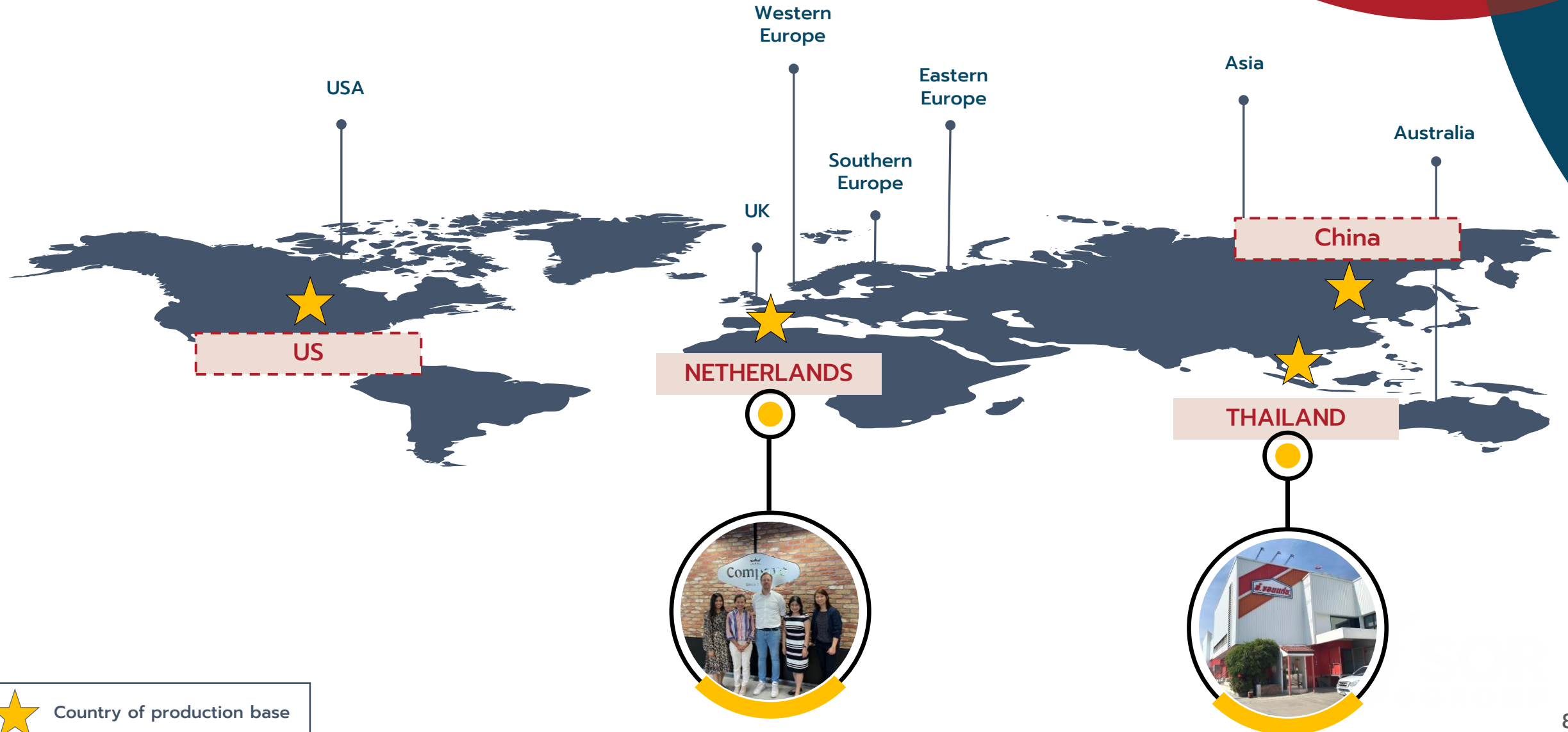
Food Truck

3

Franchise



SORKON PRODUCTION AND DISTRIBUTION



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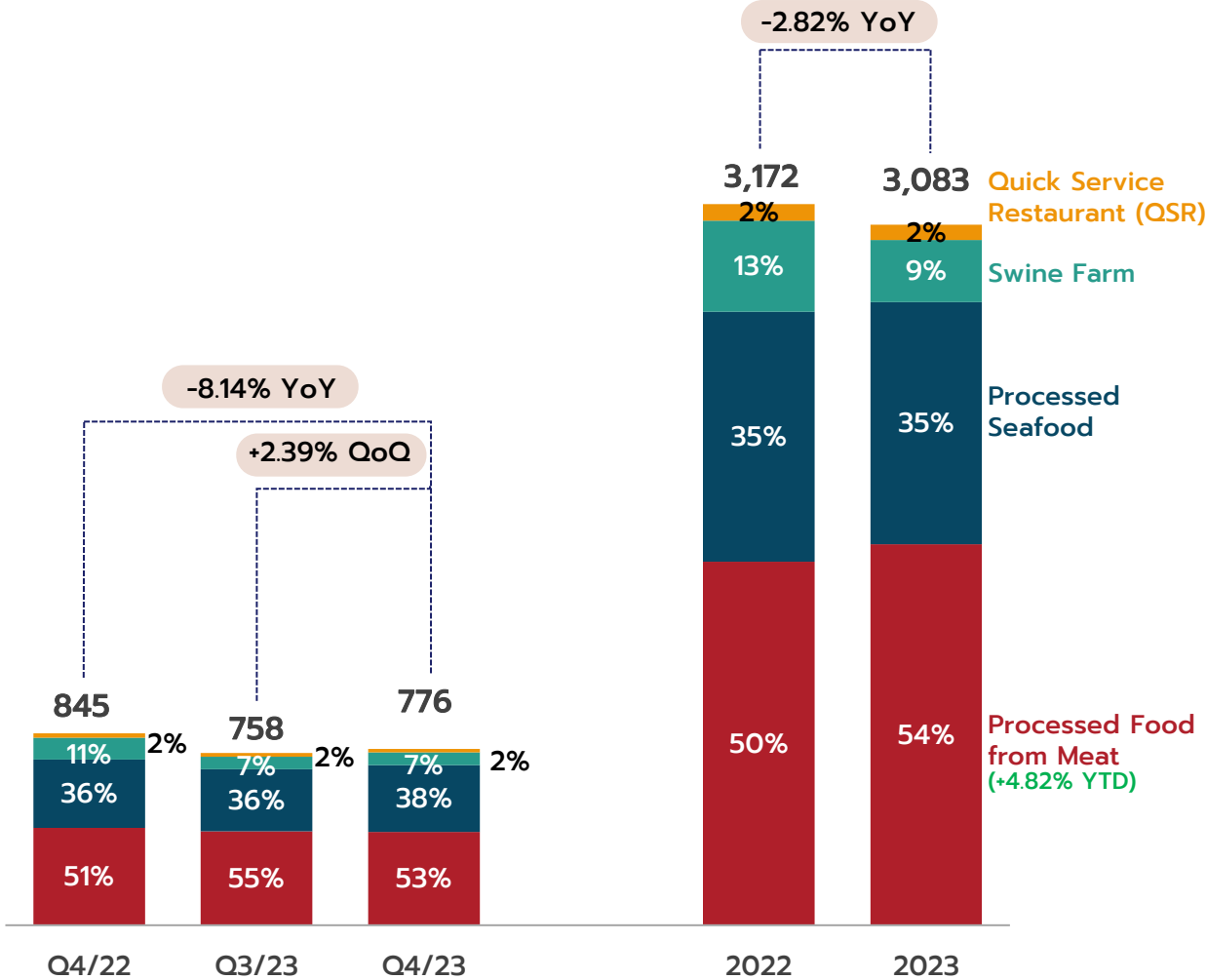
04 2024 Outlook



OPERATING REVENUE

OPERATING REVENUE BREAKDOWN BY PRODUCT GROUP

Unit: Million Baht, %



12M

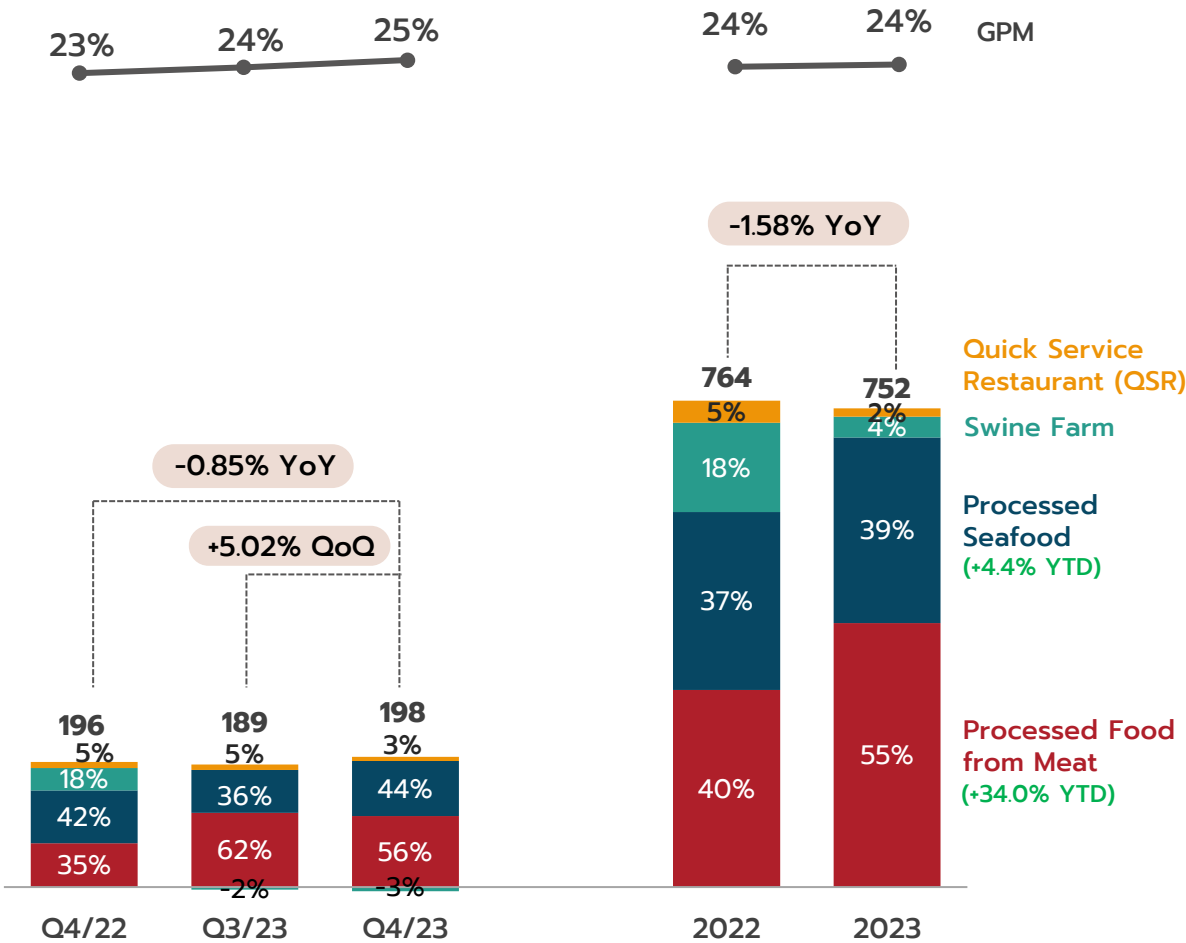
Operating Revenue decreased by Baht 89 million or 2.82% YoY mainly due to:

- **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 decrease in sales volume from the General Trade and Modern Trade Channel. However, the Company has expanded distribution channels to reach more new consumer groups, and the discontinuation of unprofitable items
- **Swine Farm:** due to a decrease in swine price as a result of the illegal pig import incident that occurred in Q3/2023. However, the Company ensures to focus on cost management to drive bottom line.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Company shows the ability to maintain stable GPM YTD as a result of effective cost management.

Unit: Million Baht, %



12M

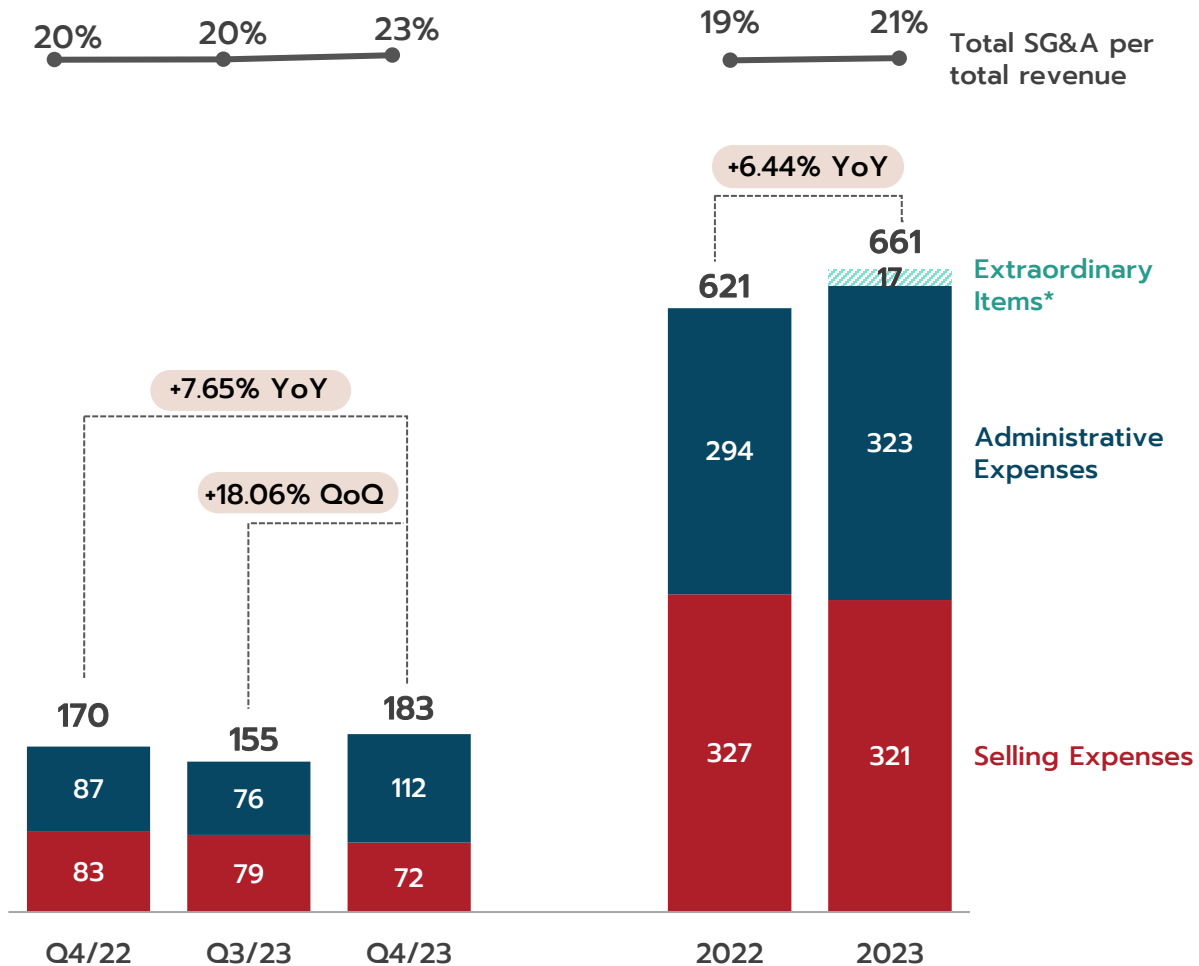
Gross Profit decreased by Baht 12 million or 1.58% due to decreased in revenue from swine farm corresponding to the decrease in swine price as a result of the illegal pig import incident, while gross profit from quick service restaurant also decreased due to the closure of unprofitable branches resulting in **GPM to remain unchanged from 2022**

The Company is committed and is focus on cost management by controlling the number of nursery pigs to reduce the overall cost, increasing distribution channels and stocking raw materials at reasonable prices.

SELLING & ADMINISTRATIVE EXPENSES

SG&A increased YTD from employee-related expenses and expenses associated with new overseas expansion projects

Unit: Million Baht, %



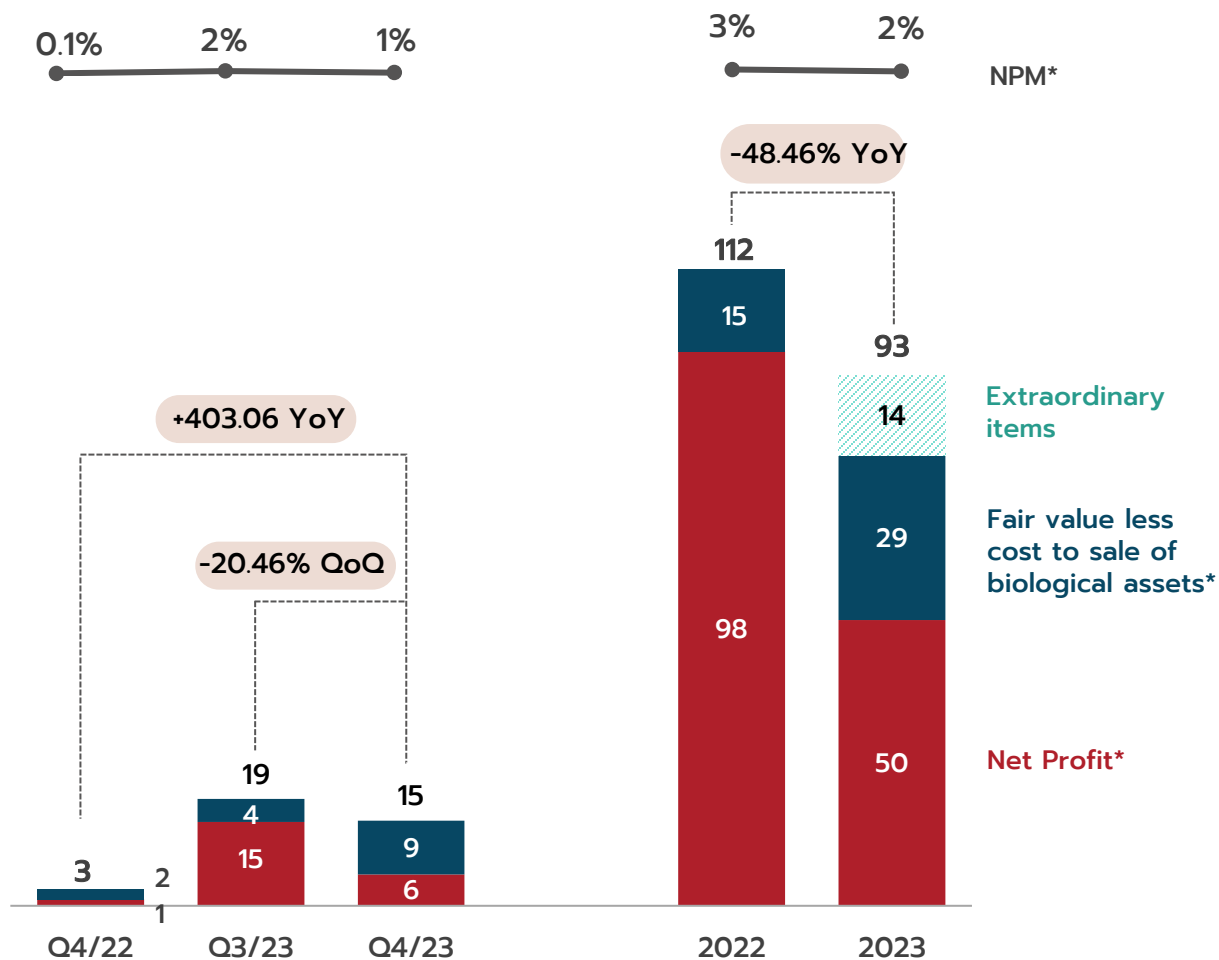
12M

SG&A increased by Baht 40 million or 6.44%, and SG&A to total revenue was 21%, slightly increased from 19% in 2022 from the recording loss on impairment of financial assets and extraordinary expenses from land sales; therefore, if exclude the extraordinary items the administrative expenses increased by Baht 29 million or 9.86% from employee-related expenses and expenses associated with new overseas expansion projects.

NET PROFIT & NET PROFIT MARGIN (OPERATING)

Net profit & NPM decreased YTD corresponding to the decrease in revenue, especially from the swine farm and the increased administrative expenses

Unit: Million Baht, %



12M

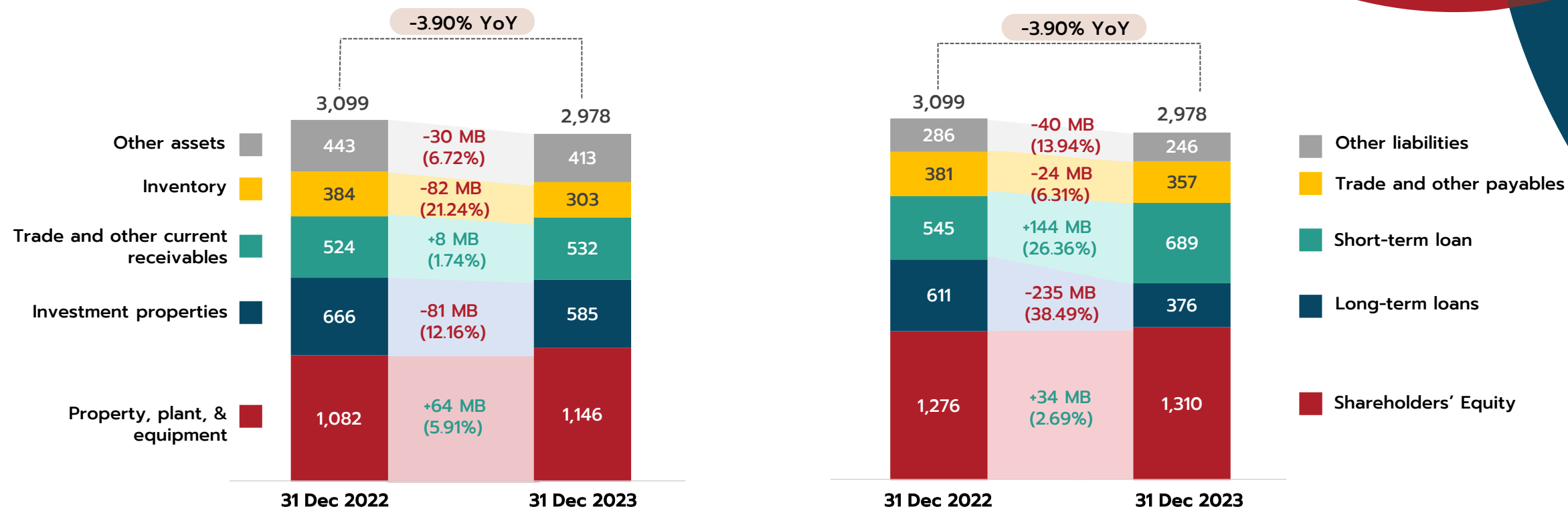
Net Profit decreased by Baht 33 million or 48.46% and **NPM** was 2%, slightly decreased from 3% in 2022 as during 2023, the Company recorded the fair value less cost to sale of biological assets, loss on impairment of financial assets, loss on impairment of investments in joint ventures, and written off damaged inventory within the year

Excluding extraordinary items, net profit from actual operations decreased by Baht 19 million or 16.96% due to the decreased in revenue, especially from the swine farm corresponding to the decrease in swine price as a result of the illegal pig import incident and increased employee-related expenses and expenses associated with new overseas expansion projects to support business growth

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 December 2023, the total assets were Baht 2,978 million decrease by Baht 121 million or 3.89% from 31 December 2022 mainly due to:

- **Trade and other current receivables:** decreased related to the decrease in sales
- **Inventory:** decreased due to the Company's cost management by transferring inventory stock to a subsidiary to reduce storage cost
- **Investment properties:** decreased from the sale of land

Liabilities

As of 31 December 2023, the total liabilities were Baht 1,668 million decrease by Baht 155 million or 8.50% 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

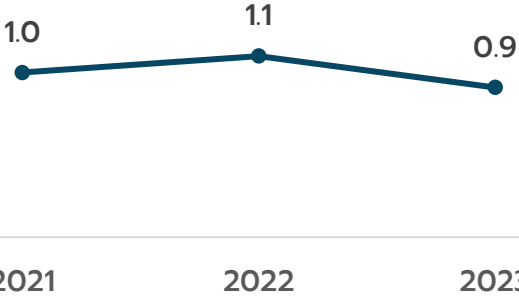
Shareholders' Equity

As of 31 December 2023, the total Shareholders' equity was Baht 1,310 million increased from 31 December 2022 corresponding to the Company's performance.

KEY FINANCIAL RATIOS

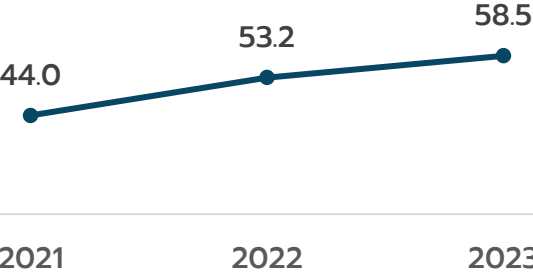
Current Ratio

Unit: Times



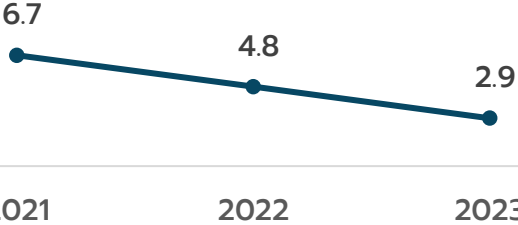
Cash Cycle

Unit: Days



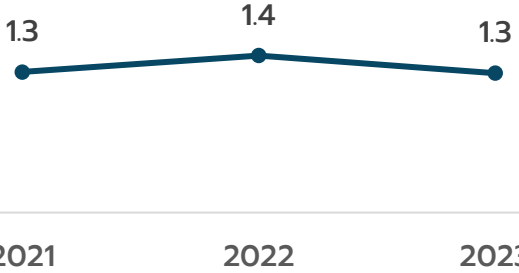
Interest Coverage Ratio

Unit: Times



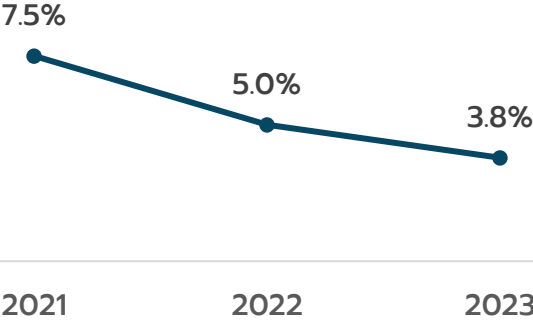
D/E Ratio

Unit: Times



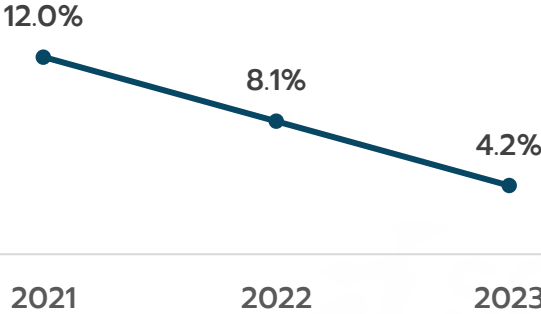
ROA

Unit: %



ROE

Unit: %



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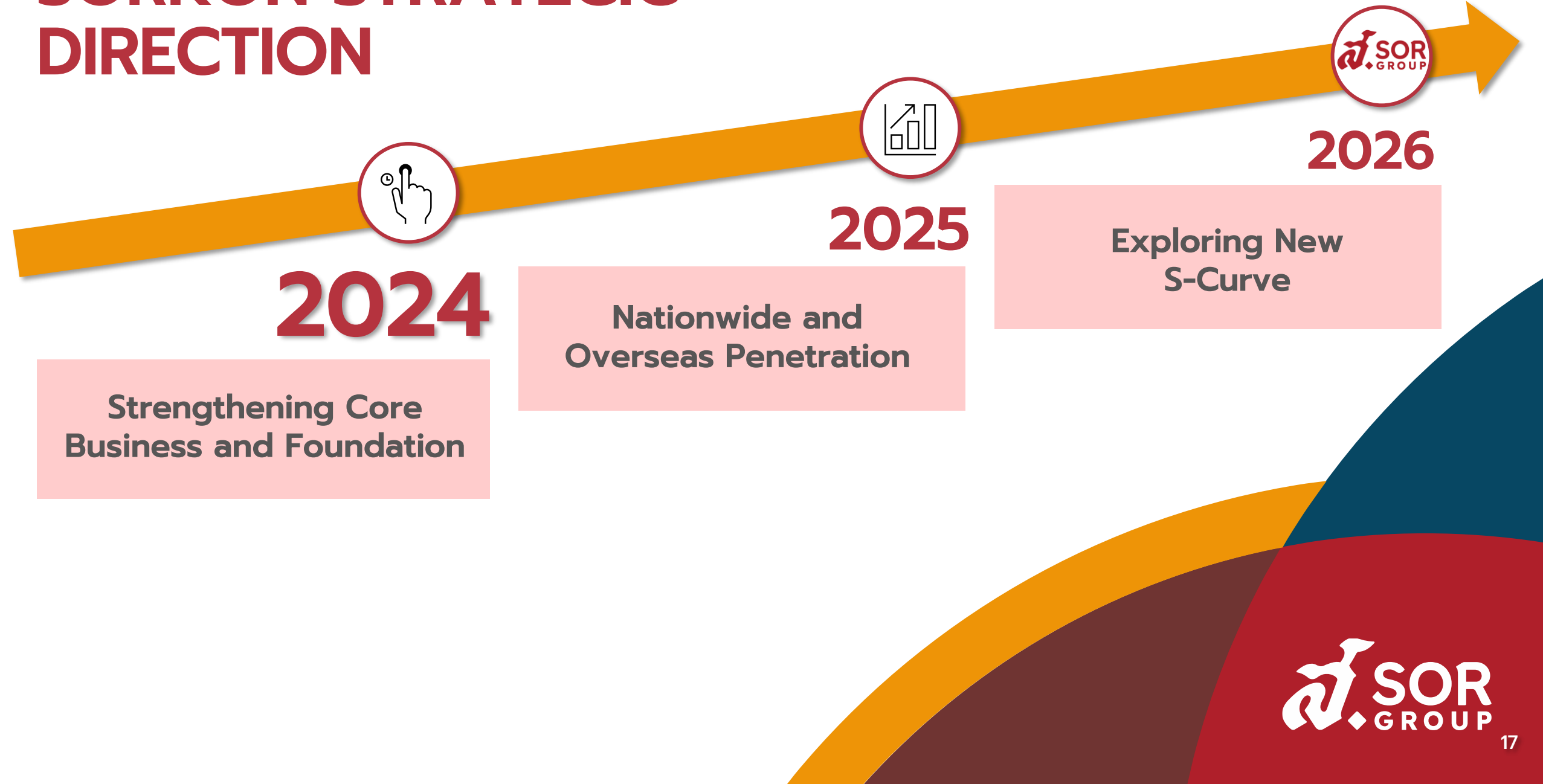
Strategic Direction &
Strategy

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2024 Outlook



SORKON STRATEGIC DIRECTION



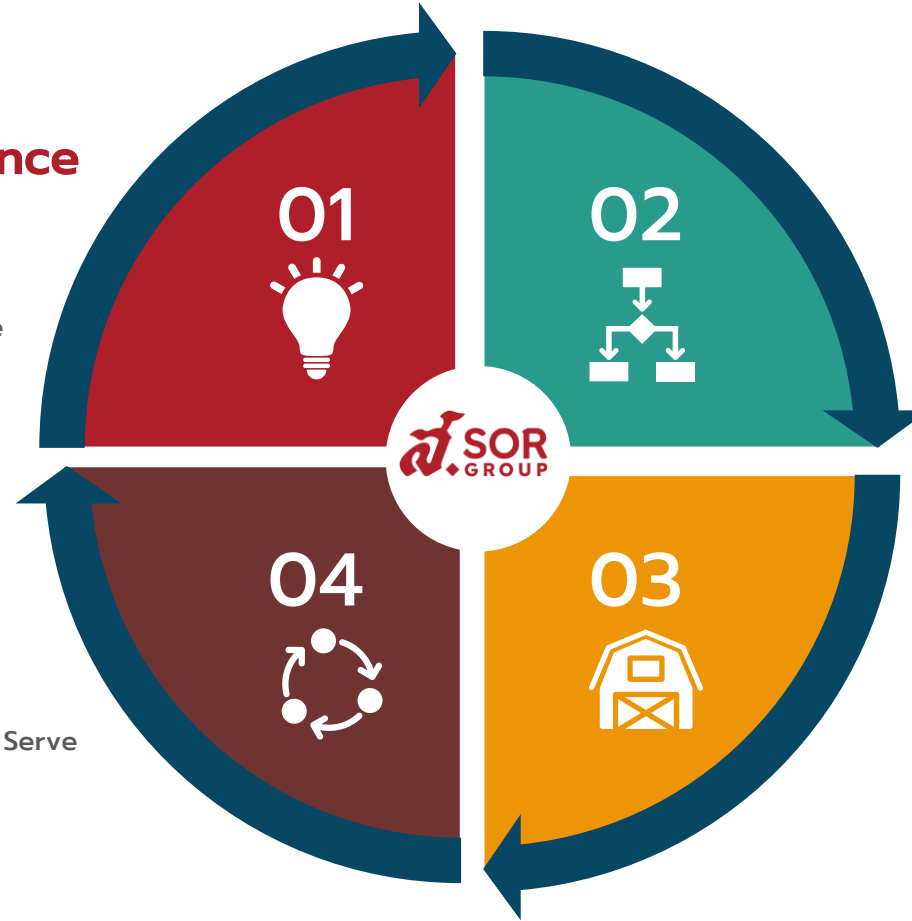
2024 SOR GROUP STRATEGY

Wow Customer Experience

- Identifying new customer segment and redesigning experience to attract favorable groups
- Continuously improving QSR to enhance profitability and performance

Foundation Excellence

- Strengthen People and Foundation to Serve Future Growth



E-Glocal and Own Channels

- Pilot new store format to capture new customer segment
- Continue to penetrate general trade segment
- Maintain online channels to provide a comprehensive reach to customers
- Overseas market

Sustainable Supply Chain Integration

- Enhancing efficiency of swine farm
- Ensuring operational efficiency and effective cost management

01 WOW CUSTOMER EXPERIENCE

- Continuous Launch of New SKUs
- Identifying new customer segment and redesigning experience to attract favorable groups
- Increasing Customer Loyalty

1.1 FMCG

➤ New Product Launch




➤ New Customer Segment



➤ SORONE Membership Scheme

SORONE FRIENDS

 27,000 accounts

SORONE REGISTERED

 15,000 accounts



01 WOW CUSTOMER EXPERIENCE

➤ Turnaround QSR Business

1.2 QSR

➤ Turning Around QSR Business

2024 Continue Momentum

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



Enhance Experience



- Improve presentation format
- Brand Communication – influencers
- Buffet Trial

Margin Improvement



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

Consistent Expansion



- Dine-in model expansion
- Renovate existing branches

Operational Excellence



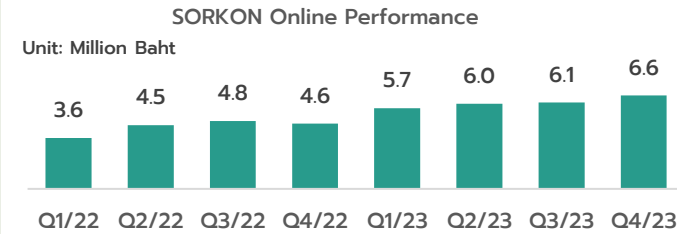
- Customer Review
- Increase Service Quality
- Ensure high yield, low waste

02 E-GLOCAL & OWN CHANNELS

- Pilot new store format to capture new customer segment
- Continue to penetrate general trade segment
- E-Commerce: Company Own, Shopee, Lazada
- Oversea Market

2. Expanding Channels

➤ Maintaining Online Performance

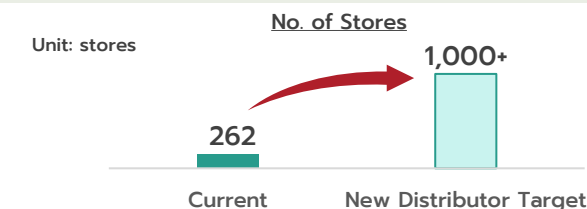


➤ Penetrate General Trade

- Begin to Penetrate Noodles Stores in Bangkok



- TRADITIONAL TRADE: New distributor engaged in 2024



➤ Oversea Markets Production and Sales

Existing Products



- Driving Growth with existing products into new markets and channels

New Products



- Consistently launching new products which are identified as favorable in each countries

Communication and Platform



- Building international platforms to raise awareness
- Building online own media channels abroad

Foundation



- Setting up networks abroad
- Ensuring strong team in high potential countries



MFOOD expand portfolio in South Korea



SORKON targets production and sales in the US during 1H/2024



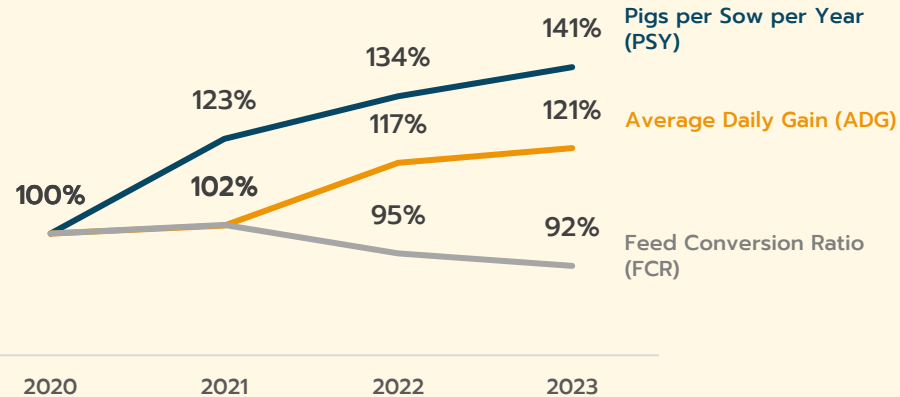
SORKON target sales in China during late-2024

03 SUSTAINABLE SUPPLY CHAIN INTEGRATION

- Efficiency Improvement
- Factory Renovation
- Farm Expansion
- Operation Excellence

3. Operational Excellence

➤ Efficiency Improvement (Swine Farm)



- ✓ More pigs
- ✓ Average weight is higher
- ✓ Swine are growing faster
- ✓ Swine consume less

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

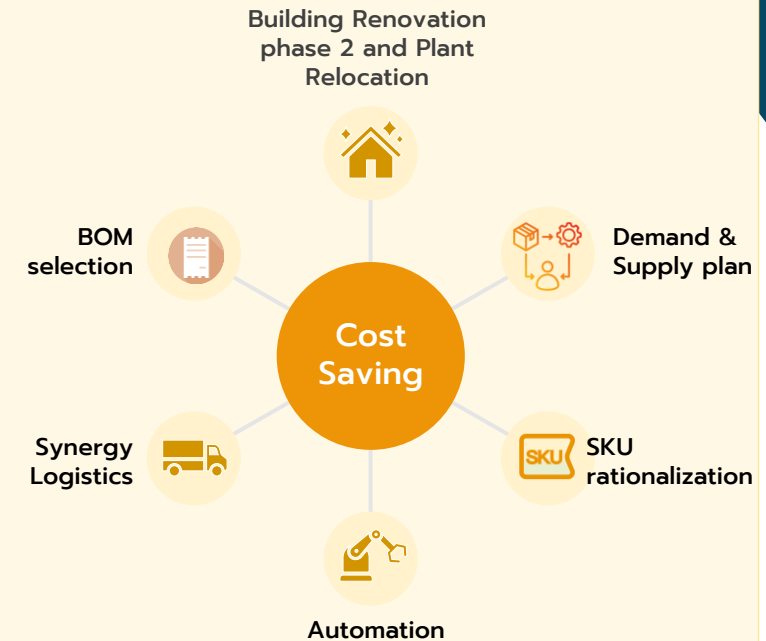
- ✓ Changing Product Mix
- ✓ Farm Expansion
- ✓ Supply Chain balancing
- ✓ Competitive Raw Material stock

Expansion Plan				
No.	2023		2024	
	Nov	Dec	Jan	Feb
Barn 1-2	Finish			
Barn 3-4		Finish		
Barn 5-6			Finish	
Barn 7-8				Finish

Capacity: 800 pigs (κνύζα) /barn
8 New EVAP pig barned finished and start operate from Feb'24 onward



➤ Factory Renovation & Automation



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2024 OUTLOOK



Core business



Strengthening S. Khonkaen Brand

- Strengthening S. Khonkaen brand capturing new customer segment



Increasing Market Coverage

- New distributor partner begin to support the growth of general trade starting 2024



New Source of Revenue from International Markets

- Begin to recognize revenue from US market in 1H/2024
- Business Model in China will be finalized during late-2024



Swine



Availability of New Barns

- 8 new barns will allow SORKON to raise more fully grown pigs (κүзү) that will yield higher margin



Increasing Efficiency

- SORKON continues to enhance operational efficiency, for swine to grow at a faster rate, with more weight and through consuming less food



QSR



QSR Turnaround

- Breakeven performance during YE/23 and will continue to drive momentum in 2024
- Higher focus on building Zaab Classic to become stronger and generating higher margin



THANK YOU



Please kindly give us your feedback



HISTORY AND KEY MILESTONES

