



MK **FOR ALL**

MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

Form 56-1 One Report
2021



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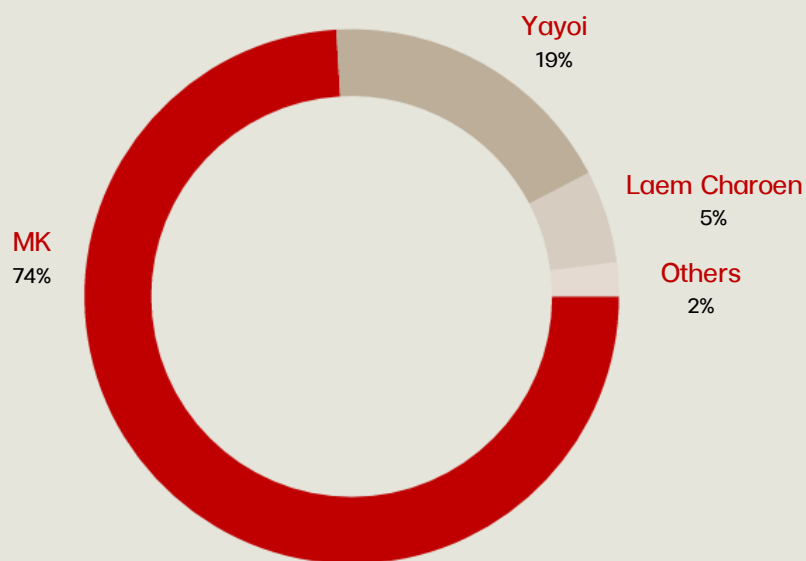
Attachment 6 Report on Sub-Committees

FINANCIAL HIGHLIGHTS

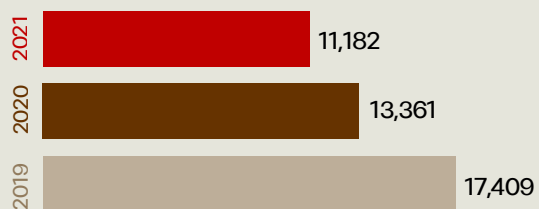
Financial Highlights	Y2019	Y2020	Y2021
<u>Income Statements (Million Baht)</u>			
Revenues from Sales and Services	17,409	13,361	11,182
Total Revenues	17,739	13,622	11,368
Gross Profit	11,926	8,784	7,167
Profit before Financial costs and Income tax expenses	3,164	1,125	181
Net Profit	2,604	907	131
<u>Balance Sheet (Million Baht)</u>			
Total Assets	17,942	20,353	19,569
Total Liabilities	3,315	6,506	6,060
Total Shareholders' Equity	14,627	13,847	13,509
Paid-up Capital	921	921	921
Net Cash from Operating Activities	3,434	2,092	1,700
<u>Financial Ratio</u>			
Gross Profit Margin (%)	68.5	65.7	64.1
Net Profit Margin (%)	14.7	6.7	1.2
Return on Equity (%)	18.3	6.5	1.0
Return on Assets (%)	14.8	4.7	0.7
Debt to Equity Ratio (Times)	0.2	0.5	0.5
Current Ratio (Times)	3.5	2.9	3.1
<u>Per Share Data</u>			
Par Value (Baht/Share)	1.00	1.00	1.00
Earnings per Share (Baht)	2.83	0.99	0.14
Dividend per Share (Baht)	2.60	1.00	0.80
Dividend Payout Ratio (%)	92	101	562

Notes: Board of Directors had the resolution on February 24, 2022 to propose the 2021 dividend payment per share to the 2022 Annual General Meeting of shareholders for approval on April 27, 2022

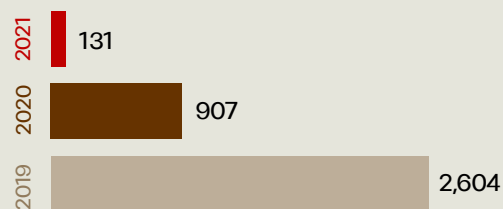
REVENUES BREAKDOWN BY BUSINESS



REVENUES FROM SALES AND SERVICES



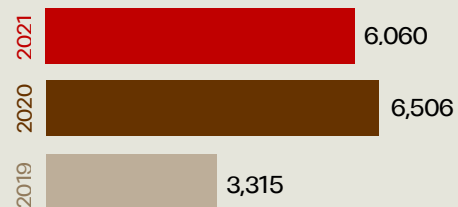
NET PROFIT



TOTAL ASSETS



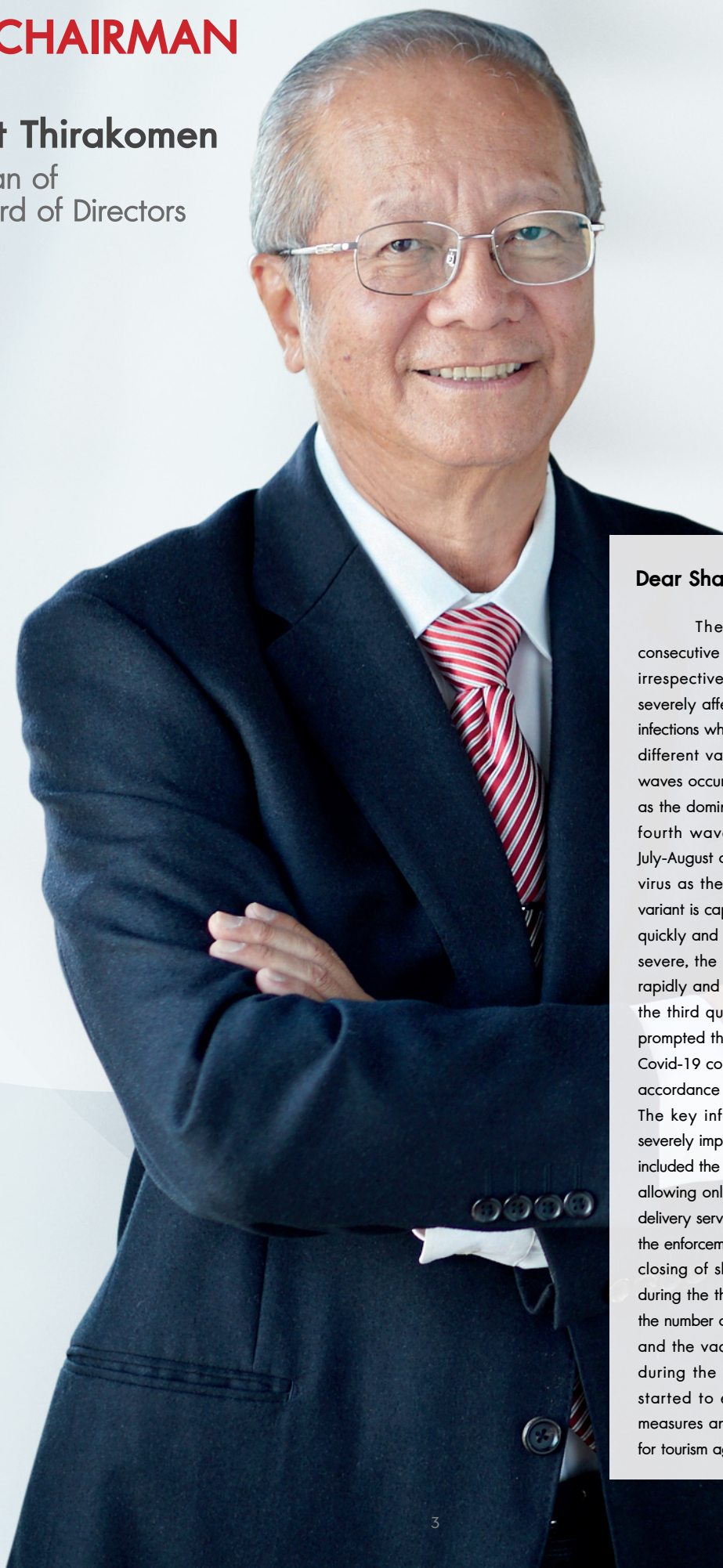
TOTAL LIABILITIES



I MESSAGE FROM THE CHAIRMAN

Mr. Rit Thirakomen

Chairman of
the Board of Directors



Dear Shareholders

The year 2021 was the second consecutive year that the restaurant business, irrespective of the size of restaurants, was severely affected by the prolonged Covid-19 infections which occurred in multiple waves with different variants. The first and the second waves occurred in 2020 with the Wuhan virus as the dominant strain while the third and the fourth waves occurred in late march and July-August of 2021 respectively with the Delta virus as the dominant variant. As the Delta variant is capable of transmitting the virus more quickly and easily and its symptoms are more severe, the number of new infections surged rapidly and reached its historical peak during the third quarter of 2021. This development prompted the government to reimpose stricter Covid-19 control measures from time to time in accordance with the severity of the infections. The key infection control measures which severely impacted the operations of restaurants included the prohibition of dine-in services while allowing only the offerings of take-away and delivery services during the second quarter, and the enforcement of stricter measures by outright closing of shopping centers and restaurants during the third quarter of 2021. However, as the number of new infections gradually declined and the vaccination rate increased steadily during the fourth quarter, the government started to ease the strict infection control measures and decided to reopen the country for tourism again at the end of 2021.

The quarterly operating results of the Company for the year 2021 were also adversely affected in different degrees in accordance with the severity of the infections and the intensity of the Covid-19 containment measures imposed by the government from time to time. This was reflected by the fact that although the Company managed to log a net profit of Baht 88.8 million in the first quarter, the Company suffered two consecutive quarterly losses of Baht 99.5 million and Baht 257.4 million in the second quarter and the third quarter respectively as result of the closure of restaurants mentioned earlier. However, the operating result of the Company recovered strongly to register a net profit of Baht 399.1 million in the fourth quarter largely as result of the government's easing of the strict Covid-19 control measures as mentioned previously. In summary, the operating result of the Company for the whole fiscal year 2021 was unfavorably affected more severely than the previous year as indicated by the fact that revenue from sales and services for the year 2021 recorded a drop of 16.3 percent from the previous year to Baht 11,182 million. Net income for the year 2021 also fell significantly by 85.6 percent year on year to Baht 131 million while earnings per share dropped from Baht 0.99 per share for 2020 to Baht 0.14 per share for 2021.

In 2021, the Company continued to streamline its work process in order to improve operating efficiency as well as to address the coronavirus-related safety concerns by making use of digital technology. For example, the use of more secured work-from-home setup, the use of more efficient online meeting setup to allow the participation in the meeting wherever you are, the use of QR code for ordering food at the dining table in place of menu book, and the use of automated cash recycling machines to ease the work of cashiers. The Company also installed solar roof on the roofs of all factories and the head office building to reduce costs. The latest development on the work process streamlining is the plan to install over 500 delivery robots at the restaurant outlets to ease the burden of servers. A total of over 250 restaurants have already been equipped with robots and will continue to equip all the remaining restaurants with robots if it is economically worthwhile to do so. All of these efforts will help the Company to reduce costs

including rents, electricity expenses and wages. It will also help to save a lot of travelling time of the management staff. Meanwhile, the Company continued to review and assess the efficiency and the effectiveness of restaurants in the MK group in the light of the best interest of the Company in the long term. As a result, the Company decided to close 37 losing restaurants consisting of 14 MK Sukiyaki restaurants, 8 Yayoi Japanese restaurants, 1 Laem Charoen Seafood restaurant, 6 Miyazaki restaurants, 3 Bizzy Box restaurants, 4 Hakata restaurants, and 1 MK Harvest restaurant. To sustain its future growth, the Company continued to open 18 restaurants with growth potential in the future consisting of 8 MK Sukiyaki restaurants, 7 Yayoi Japanese restaurants, and 3 Laem Charoen Seafood restaurants.

Despite the operating results of the Company for the year 2021 were severely affected by the Covid-19 pandemic, the Company remains committed to its policy of providing social assistances as and when they are needed. This was evidenced by the fact that the Company together with Auntie Thongkam Foundation and the Company's founders participated in the social assistance activities in 2021 as follows:

- Distributed over 500,000 meal boxes to the medical staff of 33 hospitals and vaccination centers.
- Delivered over 26 tons of fresh food materials to the community kitchens for cooking over 294,000 meals.
- Donated refrigerators for storing vaccines to 112 district and community hospitals nationwide to support the easy access to vaccines.
- Donated the total net profits of the four restaurants operated in the form of social business models to Siriraj Piyamaharajkarun Hospital.

It is believed that the awareness of the Company's involvement in these public minded activities by the customers and the public would strengthen their confidence in the Company's operations since they have realized that making profit is not the sole objective of the Company, the Company also desires to make meaningful contributions to the society both directly and indirectly. The direct social contributions include providing quality food in terms of nutrition, cleanliness, safety, and excellent services, while the indirect contributions involve consistently

providing social assistances to the society in various ways.

In respect of the recommendation for the payment of dividends for the year 2021, it is deemed that despite net profit of the Company for the year 2021 decreased significantly from the previous year as a result of the prolonged Covid-19 infections and the strict containment measures imposed by the government as mentioned earlier, the liquidity and retained earnings of the Company remain strong and sufficient to support the payment of dividends at an appropriate rate for the year 2021 without adversely affecting the planned investment and operational needs of the Company in 2022. The Board of Directors has thus resolved to recommend the payment of a dividend of Baht 0.80 per share for the year 2021. Subject to the approval of shareholders at the 2022 Annual General Meeting, the payment of dividends of Baht 0.80 per share shall be made to shareholders who are eligible to receive dividends on May 25, 2022.

Looking ahead, it is expected that the Company will continue to face tough challenges in 2022 as a result of the ongoing Covid-19 pandemic and the outbreak of the highly contagious Omicron variant at the beginning of 2022. It is predicted that the Omicron variant will soon replace the Delta variant as the dominant strain since it is more contagious though less virulent than the Delta variant. Despite the Covid-19 uncertainty, the National Economic and Social Development Council forecast the Thai economy would grow by 3.5-4.5 percent in 2022 driven largely by the increased relaxation of Covid-19 restrictions, the Government's successful containment of the Omicron variant, and the attainment of the targeted vaccination coverage. In view of these expected favorable developments, I am confident that the Company will be able to make a strong recovery on its operating performance in 2022.

Lastly, on behalf of the Board of Directors, I would like to thank our shareholders, joint venture partners, suppliers, customers and all other relevant parties for their continued support. I would also like to express my appreciation to our employees for their dedication and effort in overcoming the formidable challenges amid the worsening Covid-19 situation.

I BOARD OF DIRECTORS



- 1 Mr. Rit Thirakomen**
Chairman of the Board of Directors
- 2 Dr. Annop Tanlamai**
Independent Director
Chairman of Audit Committee
- 3 Dr. Katiya Greigarn**
Independent Director
Member of Audit Committee
Chairman of Corporate Governance,
Nominating and Compensation
Committee
- 4 Mrs. Vilai Chattanrassamee**
Independent Director
Member of Audit Committee
Member of Corporate Governance,
Nominating and Compensation
Committee
- 5 Mr. Somchai Pipitvijitkorn**
Director
Member of Corporate Governance,
Nominating and Compensation
Committee

I BOARD OF DIRECTORS



- 6 **Mr. Somchai Hanjirkasem**
Director
- 7 **Mrs. Yupin Thirakomen**
Director
- 8 **Mr. Sujint Chumpolkajana**
Independent Director
- 9 **Mr. Thanong Chotisorayuth**
Independent Director
- 10 **Mr. Pravitt Tantiwasinchai**
Director



Part I

Business Operations and Performance

1. Structure and Business Operations

1.1 Business Overview

Vision

"To serve happiness to our customers through delicious, quality meals and extraordinary restaurant experience while working toward the greater good for our employees, community and environment"

Missions

- To delight and nourish our customers with healthy, quality and delicious food and excellent service at a reasonable price
- To understand our customer's changing needs and constantly improve our customer experience
- To generate a sustainable profit growth for our company's shareholders
- To create long-term relationships with our business partners
- To enhance our employee's excellence, continuous development and happiness
- To contribute to our society through initiatives that align with our corporate social responsibility program

Notable Events

Notable events for the past 5 years are summarized as follows:

Year 2017

- On January 25, 2017, the Company has been awarded "Superbrands Thailand 2016" from Thailand Superbrands Council.
- On February 22, 2017 the Company has been awarded "The Most Powerful Brand of Thailand 2016" in Chained Restaurant category from the survey of 12,000 people by Commerce and Accountancy Faculty, Chulalongkorn University.
- On March 1, 2017, the Company has launched new concept "MK Live" at The Emquartier.
- On May 11, 2017, the Board of Director's Meeting of the Company passed a resolution to increase the registered share capital of International Food Supply Co., Ltd. from the share from Baht 100 million to Baht 280 million (28 million ordinary shares, at Baht 10 per share) by issuing 18 million new ordinary shares with a par value of Baht 10 per share.
- On May 22, 2017, the Company has been awarded "NO.1 Brand Thailand 2016-2017" in Restaurant category from "Marketeer Magazine".
- On October 10, 2017, the Company registered the increase of its paid-up share capital from Baht 914,849,400 to Baht 920,878,100 by issuing 6,028,700 new ordinary shares with a par value of Baht 1 per share from the exercise of ESOP warrants (M-WA).

Year 2018

- On February 24, 2018, opened the 6th MK Branch in Ho Chi Minh City, Vietnam.
- On March 30, 2018 the Company has set up the new joint venture company "M-Senko Logistics Company Limited" in order to operate logistic, warehouse rental, trading and forwarding businesses with the registered share capital of Baht 1,300 million (130 million ordinary shares at a par value of Baht 10 per share). The Company holds 49.75% in this joint venture company.
- On April 12, 2018 the Company has launched new dessert cafe under brand "MK Harvest" at "The EmQuartier"
- On May 21, 2018 the Company has set up the new subsidiary "Mark One Innovation Center Company Limited" in order to do the research and development of technology and innovation in food and beverage products with the registered share capital of Baht 60 million (6 million ordinary shares at a par value of Baht 10 per share). The Company holds 100% in this new subsidiary.

- On May 21, 2018, the Company has been awarded “NO.1 Brand Thailand 2017-2018” in Chain Restaurant category from “Marketeer Magazine”.
- On June 1, 2018, the Company has launched new grab & go concept under brand “Bizzy Box”.
- On July 26, 2018, opened the 7th MK Branch in Ho Chi Minh City, Vietnam.
- On October 3, 2018 the Company has been awarded “The Most Powerful Brand of Thailand 2018” in Chain Restaurant category for the fourth consecutive time from Commerce and Accountancy Faculty, Chulalongkorn University.
- On October 18, 2018, opened the 2nd MK Branch in Vientiane, Laos.
- On November 29, 2018, the Company has been awarded “Thailand Corporate Excellence Awards 2018” in the category of “Innovation Excellence” organized by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.

Year 2019

- On Mar 19, 2019, the Company awarded “Thailand Top Company Awards 2019” in food and beverage category from BUISNESS+ magazine and University of The Thai Chamber of Commerce to recognize the company with the outstanding performance in each industry in Thailand.
- On April 26, 2019, opened the 8th MK Branch in Hanoi City, Vietnam.
- On June 7, 2019, the Company was included in THAIPAT Institute’s 2019 ESG100 Companies, recognized as outstanding performance in environment, social and governance aspects for 4 consecutive years.
- On June 11, 2019 the Company has set up the new subsidiary “Catapult Company Limited” in order to invest in food business with the registered share capital of Baht 2,070 million (207 million ordinary shares at a par value of Baht 10 per share). The Company holds 100% in this new subsidiary.
- On June 28, 2019, opened the 9th MK Branch in Ho Chi Minh City, Vietnam.
- On October 23, 2019, the Company awarded “Asian Service Award 2019” from The Standards and Quality Association of Thailand (SQAT) for excellence in quality management.
- On November 28, 2019, the Company has been awarded “Thailand Corporate Excellence Awards 2019” in the category of “Marketing Excellence” and “Corporate Improvement Excellence” organized by Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University.
- On November 29, 2019, Catapult Company Limited, its subsidiaries, invested in 65% of shares in Laem Charoen Seafood Company Limited.

Year 2020

- On July 30, 2020, the Company has been awarded “NO.1 Brand Thailand 2019-2020” in Chain Restaurant category from “Marketeer Magazine”.
- In August 2020, the Company has launched new product “Memberry Milk”, UHT mixed berry flavored milk.
- On September 18, 2020, the Company has been awarded “Best Public Company of the Year 2020” in the category of “Agro and Food Industry” from “Money & Banking Awards 2020” event organized by Money & Banking Magazine.
- On November 27, 2020, the Company has been recognized as “Organization supporting work for disabled persons for the year 2020” from Department of Empowerment of Persons with Disabilities.

Year 2021

- On October 21, 2021, product “Memberry Milk”, UHT mixed berry flavored milk, by Mark One Innovation Center Co., Ltd., its subsidiary, has been awarded “7 Innovation Awards” from “The National Innovation Collaboration Project” which is the collaboration from 11 national leading organizations in order to have the knowledge sharing of the innovation among organizations and enhance the innovation through the national level.

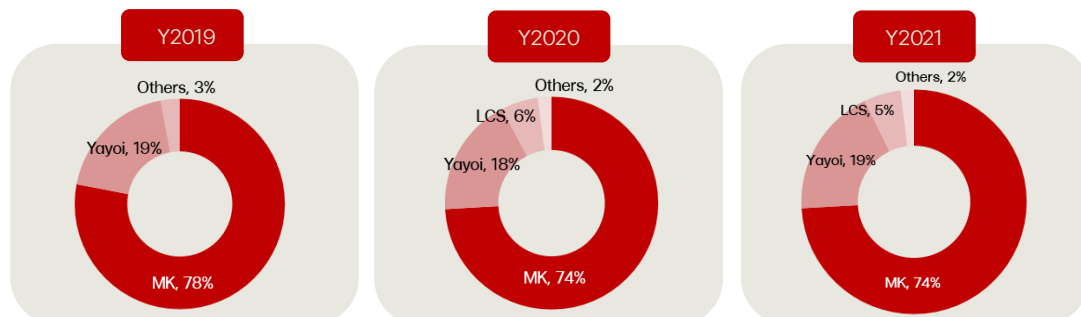
- On November 24, 2021, the Company has been awarded “Thailand Corporate Excellence Awards 2021” in category of “Product/Service Excellence” organized by Thailand Management Association (TMA) in collaboration with Sasin Graduate Institute of Business Administration (Sasin) of Chulalongkorn University.
- In December 2021, the Company has been certified by “Thai Private Sector Collective Action Against Corruption (CAC)” for the declaration on anti-corruption in all forms and met the requirement regarding the internal anti-corruption policies and guidelines as specified by CAC.
- In December 2021, the Company has been recognized as “Organization supporting work for disabled persons for the year 2021” for 2 consecutive years from Department of Empowerment of Persons with Disabilities.



1.2 Nature of Business

1.2.1 Revenues Structure

The main revenues of the Company and its subsidiaries are from sales of food and beverages. The revenues can be separated by types of restaurant as follows:



1.2.2 Information of Products

Products and Services

Hotpot Restaurant Business

The suki restaurant business operated by the Company can be classified into three categories as follows:

1) MK Suki Restaurant

MK Suki is a restaurant run by the Company offering suki as its main dish. More than 100 items of a variety of meat, meatballs and fresh vegetables are offered as suki for customers to simmer in a cast-iron pot. In addition, MK Suki also offers various other dishes; namely dim sum such as steamed buns, pork dumpling, shrimp dumpling and egg roll as well as a la carte dishes such as MK roasted duck, honey-roasted pork, steamed spare ribs roasted with fermented soybean, Hong Kong slow-cooked beef, Jade noodle, wonton soup and a myriad desserts, ice cream and beverages.

MK Suki positions itself as a family restaurant whose target customers are family, friends and colleagues in medium to high-income brackets. The restaurant highlights its relaxed ambience where everyone can slowly cook his own suki in a pot on the table while taking time chatting and catching

up. Customers can also be office workers whose lunch time is limited and therefore are vying for a quality lunch in less than an hour as one of MK Suki's service signatures is fast and efficient service. As of December 31, 2021, there were 443 MK Suki restaurants around Thailand, most of which are located in shopping malls, modern trade outlets and community malls such as Big C, Tesco Lotus, Central Department Store, Robinson Department Store, The Mall Department Store, all of which share the same characteristic as a place where medium to high-income earners mostly shop.

2) MK Gold Restaurant

Like MK Suki, MK Gold Restaurant, which is also run by the Company, offers suki as its main dish plus other dishes such as dim sum and a la carte menus. Going beyond the standard, MK Gold's ingredients are top-graded. MK Gold's target customers are original customers of MK Suki Restaurant, who, having earned high incomes, long for premium-graded foods and go to MK Gold Restaurant for entertainment. MK Gold Restaurant's theme of decoration is luxury in gold. The eatery is adorned with elegant and colorful lighting for glittering effect. Dinnerware is porcelain while the Sukiyaki cast-iron pot is golden. The restaurant's store sign, roasted duck kitchen at the front, placemats and staff's uniforms have been meticulously designed to reflect the element of gold and an air of luxury.

As of December 31, 2021, there were 5 MK Gold restaurants in major central business district areas including Siam Paragon, Saladaeng, Esplanade, Ekamai, and Phuket's Jungceylon. Customers may order any dish as they wish and will be charged accordingly. However, buffet is also available at certain branches.

3) MK Live Restaurant

MK LIVE is a new brand under hotpot category of MK Restaurant Group Public Company Limited. MK LIVE is positioned to be a concept store of MK Suki restaurant in which its concept was inspired by the core strength of "MK" mother brand and today's modern customer's lifestyle.

LIVE means being alive in this concept. There are six main LIVE attributes that MK LIVE designed its restaurant experience upon; LIVE Ingredients, LIVELY Service, LIVE Showcase, LIVE Decoration, LIVE Experiences, and LIVE Bonding. At MK LIVE, both food and beverages menus are completely different from what offered in MK Suki Restaurant, for example, the restaurant is famous for its signature Steamed Shabu and Original Japanese-styled Sukiyaki. The services at MK LIVE are also unique. Staffs can interact with customers in a 'lively' way, recommending signature menu and providing information on the origin of each ingredient. In addition, customers can enjoy MK LIVE Showcase where they can see how their food are being prepared by our chefs.

As of December 31, 2021, MK LIVE had 4 branches, locating at The EmQuartier Department Store, Mega Bangna, Icon Siam, and Central World.

Japanese Restaurant Business

1) Yayoi Restaurant

Yayoi Restaurant is run by MK Interfood Co., Ltd., our subsidiary, which has been franchised a license to run Japanese restaurant under the Yayoi-ken trademark by Plenus Co., Ltd., a listed company in Japan's stock exchange and one of Japanese's leading restaurant operators. Yayoi opened its first branch in Thailand in 2006.

Yayoi Restaurant is decorated in a bright colorful theme to convey informal and relaxed ambience and provide fast and quality service underlined with freshly-cooked food offered at a reasonable price tag. This very concept is inspired by the Japanese way of living which insists that no matter how fast life is to be, everyday's living must be handled in a refined and sophisticated manner including food. This truly accords with Thai lifestyle which places much priority to the food we eat.

Yayoi Restaurant offers both a la carte Japanese menus and set menus always served with rice, salad and miso soup. Yayoi's recommended menus are pork Tonkatsu with miso sauce, sizzling grilled

pork, rice with a variety of beef, Japanese-styled bento, Udon, Ramen and hors d'oeuvres such as Japanese dumpling, Japanese pizza and a myriad of scrumptious desserts and delightful beverages. Yayoi has regularly collaborated with Japan-based Yayoi-ken's chefs to introduce seasonal menus while retaining the much unique Japanese element in its food. As of December 31, 2021, there were 193 Yayoi Restaurants nationwide.

2) **Hakata Restaurant**

MK Restaurant Group Plc. opened the first Hakata Restaurant at Siriraj Hospital. The eatery offers Japanese ramen of various types and forms as well as Japanese dumpling and beverages. Hakata, Siriraj Branch, is part of the Company's corporate social responsibility (CSR) project as net profit after expenses from the restaurant has been entirely donated to Siriraj Hospital. As of December 31, 2021, MK Restaurant Group Plc. operated 2 Hakata branches locating at Siriraj Hospital and Don Mueang Airport.

3) **Miyazaki Restaurant**

It was not until October 2012 when MK Restaurant Group Plc. opened the first Miyazaki Japanese Restaurant at The Scene Town in Town Shopping Center inside Soi Ladprao 94. The restaurant offers Japanese Teppanyaki grilled dishes, desserts and beverages. The Company boasted 15 Miyazaki Restaurant branches as of December 31, 2021.

Thai Restaurant Business

1) **Laem Charoen Seafood Restaurant**

Laem Charoen Seafood Restaurant is the Thai seafood restaurant which originated from Rayong province and distinguished by its quality, freshness and unique taste. The most popular menu is deep fried seabass with fish sauce. It also offers various seafood menus including fish, shrimp, squid, crab and shellfish. As of December 31, 2021, there were 31 branches of Laem Charoen Seafood Restaurant.

2) **Na Siam Restaurant**

Run by the Company, Na Siam Thai Restaurant offers a comprehensive Thai menu under a traditional Thai ambience where the atmosphere of the original MK eatery in Siam Square in the old days before the Company started operating suki restaurant business is meticulously preserved. Na Siam Thai Restaurant targets medium to high-end customers who come to enjoy various kinds of chili paste dishes, Thai hot soup of tom yum, curry, sauté vegetables of all kinds, a la carte menus, a variety of noodles, traditional desserts, and beverages. As of December 31, 2021, there was 1 Na Siam Restaurant on B1 Floor of Central Plaza Bangna Shopping Center.

3) **Le Siam Restaurant**

Like Na Siam, Le Siam Thai Restaurant is also operated by MK Restaurant Group Plc. and offers a comprehensive Thai menu. The restaurant is decorated in a luxurious Thai style and offers premium-graded food and beverages. Le Siam targets foreign customers and high-income earners who look for a sophisticated place offering traditional Thai food to entertain. As of December 31, 2021, there were 3 branches of Le Siam Restaurant at Saladaeng in Bangkok, Jungceylon in Phuket and London Street in Bangkok.

Grab and Go Business

Bizzy Box

"BIZZY BOX" is a one-stop grab and go destination for working adults during their rush meal hours including breakfast, lunch, or dinner. The restaurant offers a selection of freshly-made dishes, favorite menus from different nationalities, for example, Thai, Japanese, Western etc. delicious main and side dishes that customers can have and afford every day. As of December 31, 2021, Bizzy Box has 3 branches locating in Bangkok area.

Coffee Shop and Bakery Business

Le Petit

In September 2012, MK Restaurant Group Plc. opened Le Petit, the first coffee shop. Bakery bistro developed on its own formula at Siriraj Hospital. The place offers snacks, bakeries, coffee and other beverages. Le Petit at Siriraj branch is part of the Company's CSR project as net profit after expenses is entirely donated to the hospital. As of December 31, 2021, there were 3 branches of Le Petit coffee shop and bakery, locating at Siriraj Hospital, London Street and MK's Head Office.

Delivery and Catering Business

MK Restaurant Group Plc. and MK Interfood Co., Ltd. offer home delivery and catering services where food from MK Suki Restaurant and Yayoi Restaurant could be home delivered between 10 am to 9 pm each day (or up to the opening hours of the mall) with a minimum order from both restaurants of Baht 150. However, if fresh food items under MK Suki Restaurant is ordered, the minimum order will start at Baht 199. There is a charge of Baht 40 per trip for home delivery including VAT. Moreover, customers can make order in advance for the seminar or meeting events. Customers can pay by cash or by visa or master credit card of all major banks. The customer can order food via the following channels:

- Call Center: 02-248-5555 or 1642
- Website:
 - <https://www.mk1642.com>
 - <https://yayoirestaurants.com>
- Food Applications owned by food aggregators

Aside from the home delivery service, both MK Suki Restaurant and Yayoi Japanese Restaurant also accept advanced orders and can provide lunch boxes for party, feast or other events. The Company also provides a comprehensive catering service where all equipment and accessories such as suki pot, electronic outlets, chairs and dining tables and competent service personnel are offered and set up for customers to make them feel like they actually dine at MK Suki Restaurant.

Overseas Restaurant Business

As of December 31, 2021, the Company had the following MK Suki Restaurants and Yayoi Japanese Restaurants overseas:

Country	Number of MK Suki Restaurants	Number of Yayoi Restaurants	Number of Miyazaki Restaurants	Operated by
Japan	25	-	-	Plenus MK Co., Ltd. (The Company holds 12% of its shares; it obtains the franchise right from the Company)
Singapore	-	9	-	Plenus & MK Pte. Ltd. (The Company holds 50% of its shares; the firm is a joint-venture company)
Vietnam	6	-	-	Global Investment Gate Joint-Stock Company (not relating to the Company; it obtains the franchise right from the Company)
Laos	2	-	1	Premium Food Co., Ltd. (not relating to the Company; it obtains the franchise right from the Company to operate MK Restaurant). V&V Restaurant (not relating to the Company; it obtains the franchise right from the Company to operate Miyazaki restaurant).

Training Center

Founded in 2006, the MK Training Center is run by MK Service Training Co., Ltd. to offer service training and other necessary skills for service personnel of the Company and its subsidiaries. Realizing that human resources are the most valuable asset of the Company, MK Restaurant Group Plc. puts endless energy into the recruitment, selection, retention and development of personnel. It has developed training courses to intensively train personnel of all departments whether they are full-time or temporary staff at branch restaurants, students, management or executives. Every employee will go through training and capability building courses that the Company specially designed to correspond with their career path.

Located on Km. 3, Bangna-Trad Highway, opposite to Central Plaza Bangna Shopping Center, MK Training Center boasts a variety of training rooms and a comprehensive range of training equipment in the seven-floors building. Most courses depend on knowledge and competency of the Company's own staff. Trainers are executives, managers, chiefs of sections and experts at various levels. In addition, there are also third-party experienced trainers in the service industry to share their skills, experiences, thoughts and service mind necessary for the profession. The goal is to encourage all MK personnel to commit to the best possible service to fulfill customer's needs.

Market and Competition Circumstance

In 2021, the restaurant business had faced the pressure and challenges due to the situation of the Coronavirus outbreak that became more severe and spread to many areas. As a result, the government had taken various measures to control the spread. The measures having negative impact to the restaurant business included the closure of restaurant, the prohibition of dine-in service (only take-away and delivery allowed), the limit of seating capacity in the restaurant, the limit on operating hours, etc. In addition, the restaurant business also faced other economic factors including a contraction of tourists, the decline of consumer purchasing power and the consumers' concern of COVID-19 situation. Consequently, the market size of full-service restaurants business in the year 2021 shrank by 24.9% compared to the previous year or amounted Baht 1.19 hundred billion. The restaurant operators had to adapt themselves to the new normal business by changing the operational processes and business models in order to align with the current situations and consumer needs as well as to expand the revenues channel to cover more customer groups in other channels.

Furthermore, the competition in restaurant business was very competitive and became more severe. The restaurant operators including chain restaurant and other restaurants, adapted the strategies continuously to response with the intense competition and the change of customers' behaviors.

The main competitors of MK Restaurant are the chain restaurants having branches covering all regions of Thailand and mainly in the department stores, modern trades and community malls located in the community areas including restaurant offering grill, fried chicken, pizza and hamburger, etc.

Yayoi Restaurant is the Japanese quick-serve restaurant and popular among working people, students and teenagers who enjoy the authentic Japanese food with convenience and reasonable price. The Japanese restaurant market in Thailand has grown rapidly over the past 4-5 years as Japanese food is the most popular cuisine for Thai people compared to other international cuisines. The main competitors of Yayoi Restaurant are Japanese restaurants offering various menus and having many branches.

Target Customer

Restaurant	Target Group
MK SUKI	Family, working people, student and teenager with middle income
MK GOLD	Family and working people with middle to high income
MK LIVE	Young generation with modern lifestyle
YAYOI	Working people, student and teenager with middle income
HAKATA	Family, working people, student and teenager with middle income
MIYAZAKI	Family, working people, student and teenager with middle income
LAEM CHAROEN SEAFOOD	Family and working people with middle to high income and foreigner
NA SIAM	Family and working people with middle to high income
LE SIAM	Family and working people with middle to high income and foreigner
BIZZY BOX	Working people, student and teenager with middle income
LE PETIT	Family, working people, student and teenager with middle income

Pricing Policy

The Company has the policy to set the prices of goods and services by considering the raw material cost, the competitors' prices and the economic conditions including rental expenses, fuel cost and labor cost, etc.

Procurement of Products and Services

1. Procurement of Raw Material

Most of the Company's raw materials are fresh goods including meat, egg, vegetables, fruit, and rice which produce in Thailand, therefore the orders are made on the daily basis to ensure the freshness of the raw materials. The central kitchen receives and gather the orders from all branches everyday via online system in order to send the purchase orders to the suppliers. The Company may make the contracts with suppliers in advance for the products with high volatilities in order to fix the quantities, the delivery periods and the prices to avoid the shortage.

The procurement unit is responsible for selecting the suppliers by applying the criteria according to the licenses related to the production such as license from the Food and Drug Administration (FDA), licenses from GMP and HACCP, etc. In addition, the suppliers are also required to have the capabilities to produce the goods based on the specifications and deliver goods according the quantity and time period as agreed. The company has the policy to seek at least 2 suppliers for each purchase and the suppliers are inspected the qualifications annually regarding the goods's quality, the production place and the service.

The Company does not have the policy to purchase the raw materials from any specific supplier or manufacturer but will consider the quality of goods, price, quantity and conditions as specified by the Company as the priority.

2. Quality Inspection

Quality inspection covers the manufacturers' factories, the transport vehicle, the transport staff's dressing and the containers of goods. The quality inspector has the responsibilities including 1) verification of the accuracy of goods and the quantity 2) sampling of raw material in order to verify the expiry date, freshness, temperature, color, smell, size and weight as required, and 3) laboratory inspection for the purpose of contamination and residues, in order to ensure that all raw materials are qualified and safe. The Company's central kitchen also has been certified by Hazard Analysis Critical Control Point (HACCP), Good Manufacturing Practices (GMP) and ISO 9001:2015 to ensure that the central kitchen meets the international standard requirements.

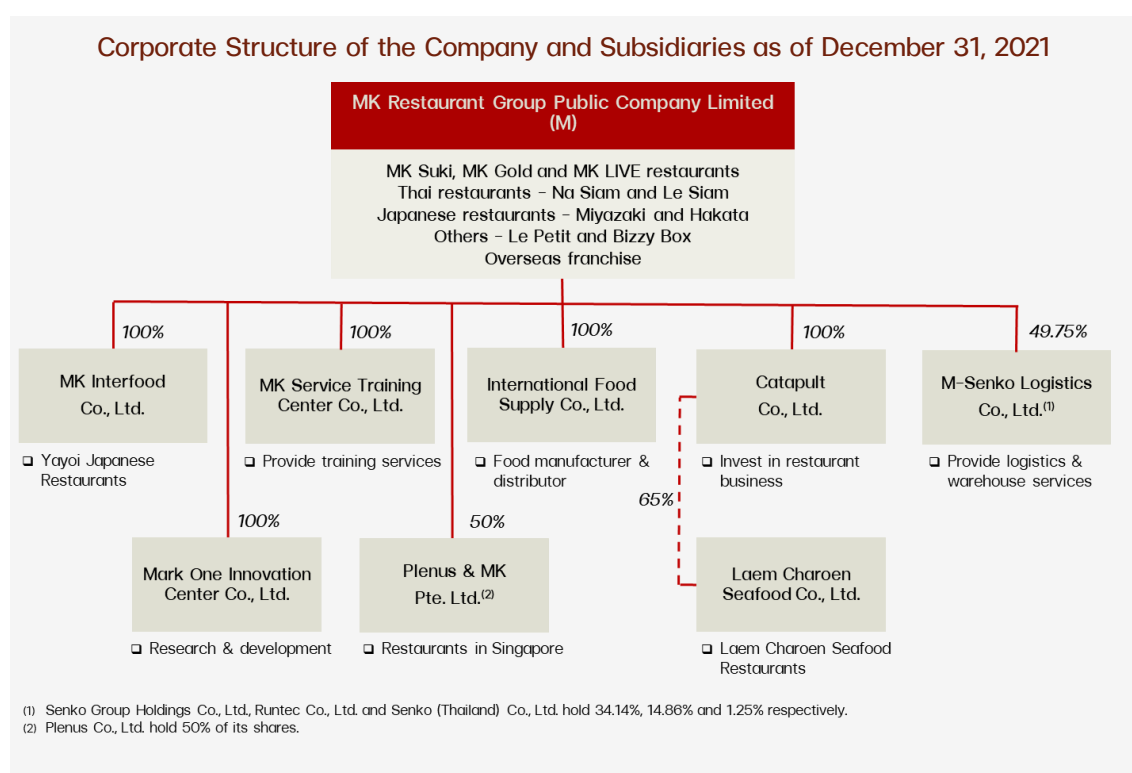
3. Distribution

The Company has hired M-Senko Logistics, a joint venture company, to provide the logistics and distribution services for all MK and Yayoi restaurants in Thailand by using the temperature controlled transport vehicles to distribute the goods to 7 regions including Bangkok and vicinity, Central, East, West, Northeast, North and South. The delivery frequency can be separated in to 2 types: daily delivery for branches located in Bangkok and nearby provinces and delivery twice a week for upcountry branches with driving time over 3 hours. The Company performs the distribution and direction planning on a regular basis in order to ensure the on-time service and fuel saving which is one of the major costs. In addition, the transport vehicles are equipped with the GPS tracking system for the effective management purpose.

Assets Used in Operations

Please see details in Enclosure 4

1.3 Corporate Structure of the Company and Subsidiaries



Shareholders

Top 10 shareholders in the shareholder registration book as of December 30, 2021 were as follows:

List of Shareholders	No. of Shares	%
1. Mrs. Yupin Thirakomen	182,396,802	19.8
2. Mr. Somchai Hanjirkasem ⁽¹⁾	147,494,812	16.0
3. Mr. Rit Thirakomen ⁽²⁾	123,059,333	13.4
4. Mrs. Aumporn Hanjirkasem	82,403,989	8.9
5. Mr. Varakorn Hanjirkasem	41,039,694	4.5
6. Ms. Varaporn Hanjirkasem	41,031,994	4.5
7. Aunt Thongkam Foundation ⁽³⁾	31,265,983	3.4
8. Bualuang Long-term Equity Fund	22,802,600	2.5
9. Social Security Office	18,171,000	2.0
10. Bualuang Long-term Equity Fund 75/25	12,001,600	1.3

Remark: (1) Mr. Somchai Hanjirkasem is a brother of Mrs. Yupin Thirakomen.

(2) Mr. Rit Thirakomen is a spouse of Mrs. Yupin Thirakomen.

(3) Aunt Thongkam Foundation was founded by Mrs. Yupin Thirakomen and Mr. Somchai Hanjirkasem, a daughter and a son of Mrs. Thongkam Mekto. Mrs. Yupin Thirakomen and Mr. Somchai Hanjirkasem are the chairman and vice chairman of Aunt Thongkam Foundation respectively.

1.3 Ordinary Shares

As of December 31, 2021, the Company was registered with Baht 920,878,100 capital which as divided into 920,878,100 ordinary shares at Baht 1 par value per share. Of this, Baht 920,878,100 was paid-up capital divided into 920,878,100 shares at Baht 1 par value per share.

1.4 Other Securities

Warrants

The Extraordinary General Meeting of Shareholders No. 1/2013 dated January 3, 2013 resolved to allow the Company to issue and offer 20,000,000 units of warrants to executives (including executive directors) and employees of the Company and its subsidiaries (hereinafter referred to as the "M-WA") with the following details:

Type	Warrant to purchase ordinary shares of MK Suki Restaurant Group Public Company Limited in a name-registered and non-transferable form except for transfer upon death of directors, executives and employees
Term	5 years from the issued and offered date
Quantity	20,000,000 units
Offering price	Baht 0 per unit (Zero Baht)
Offering method	One-time offering to more than 50 executives (including executive directors) and employees of the Company and/or subsidiaries
Allocation method	To be allocated to executives (including executive directors) and employees of the Company and/or subsidiaries without going through securities broker. The number of warrants allotted to each executive (including executive directors) and employee needs not be equal. This will depend on positions, years of service, knowledge and experiences, responsibilities, performances and potential or profits the Company will generate.
Total number of shares reserved for rights exercise	20,000,000 shares

Exercise ratio	One warrant for the rights to exercise one ordinary share (subject to subsequent change based on the rights adjustment condition)
Exercise price	Baht 1 per share unless the price is adjusted otherwise based on the rights adjustment condition. The exercise price is lower than the market price for an offer of shares calculated from the IPO of capital-increase shares at Baht 49 a share.
Exercise period	<p>On the last business day of each quarter (March, June, September or December) throughout the warrant's term. The first exercise date will be on the date when the 12-month period from the date the warrant was issued to executives (including executive directors) and employees of both the Company and/or subsidiaries becomes due (the exercise date) based however on the following conditions:</p> <ul style="list-style-type: none"> • After 12 months from the allotted date, a warrant holder may exercise no more than 10 percent of the allotted warrants. • After 24 months from the allotted date, a warrant holder may exercise another 20 percent of the allotted warrants. • After 36 months from the allotted date, a warrant holder may exercise another 30 percent of the allotted warrants. • After 48 months from the allotted date, a warrant holder may exercise any number of the warrants until the warrant's maturity date. <p>Warrants left from the exercise or not exercised on any exercise date can be accumulated for the next exercise date throughout the term of the warrant. However, on the due date, any warrant not yet exercised will be terminated and voided.</p> <p>The last exercise date will be the last business day of the five-year period starting from the warrant issuance date.</p>
Period to notify the last exercise intention	Not less than 15 days before the last exercise date.
Condition of the warrant exercise	<ol style="list-style-type: none"> 1. Warrant holder must be an executive (including executive director) and an employee of the Company and/or subsidiaries on the exercise date. 2. If the warrant holder is no longer an executive (including executive director) or an employee of the Company and/or subsidiaries following his/her retirement based on the Company's regulations, the executive or the employee may exercise his rights under the warrants until the warrant's maturity date. 3. If the warrant holder dies, his/her successor or estate may buy ordinary shares under the warrants up to an amount of warrants due for exercise only. The exercise can be done on any exercise date up to the maturity date of such warrants. 4. If the warrant holder is transferred to another department or another company upon the Board of Directors' approval where the executive or the employee still retains his/her status at the Company and/or subsidiaries, on the exercise date, the executive or employee may exercise his rights under the warrants up to their maturity date. 5. If the warrant holder is no longer an executive (including executive director) or employee of the Company and/or subsidiary before or on any exercise date due to other reasons than stated in Clause 2-4 above, such

	executive or employee of the Company and/or subsidiary will no longer be able to exercise his rights under the remaining warrants (whose rights have not yet been exercised).The warrants will be considered immediately terminated and void.
Reason for new shares issuance to accommodate the change of rights exercise	Whenever the exercise price and the exercise ratio under the rights adjustment condition as stipulated in terms and conditions of the warrants is adjusted. The adjustment is an event/situation stated in the Capital Market Supervisory Boards' announcement or any other related notice.
Issuance date and offering period	The Company will completely allocate warrants to executives (including executive directors) and employees of itself and/or subsidiaries within one year from the day the Shareholders' Meeting approves such issuance and offering.
Secondary market for warrants	The Company will not list the warrants on the SET.
Secondary market for ordinary shares resulted from the warrant exercise	The Company will list ordinary shares resulted from the warrant exercise on the SET.
Dilution effect	Price Dilution: If the entire 20 million units of warrants allotted to directors, executives and employees of the Company and/or subsidiaries are exercised, the market price of the Company's shares will be diluted by 2.1 percent based on its IPO price of Baht 49 a share and the warrant's exercise price of Baht 1 a share. Earnings Per Share Dilution and Control Dilution: If the entire 20 million units of warrants allotted to directors, executives and employees of the Company and/or subsidiaries are exercised, the Earnings Dilution and the Control Dilution will be 2.2 percent of the original EPSDilution and the Control Dilution based on the Company's total 925,850,000 shares sold (paid-up capital after the Company offered capital-increase shares as IPO to existing shareholders and the public and the exercise of all warrants).

Other rules, conditions and details of the warrants including a reason that new shares will be issued to accommodate the adjustment of exercise price and exercise ratio shall be at the discretion of the Board of Directors who may determine or amend them as deemed appropriate. The Board shall entrust Chairman of the Board to adopt terms governing the rights and responsibilities of warrant issuer as well as to adopt or amend terms, conditions and details relating to the warrant issuance to accord with laws and announcements of relevant agencies.

1.5 Dividend Policy

The Company and subsidiaries will pay no less than 50 percent of net profit after corporate income tax and statutory reserves as dividend based however mainly on consolidated financial statements.

Yet, the Company and subsidiaries may pay dividend at a lower rate than what's stated above or it may abstain from dividend payment subject to economic condition, performance, financial position, liquidity of the Company and its subsidiaries and an extent to which the Company and its subsidiaries require working capital to manage and expand business.

2. Risk Management

2.1 Policy and Risk Management Plan

The Company realizes that the business operations would face various kinds of risks from both internal and external factors. Risk refers to the uncertain event when occurred will have a negative impact on achieving the Company's objectives or goals. The Board of Directors realizes the important of the risk management and believe that the effective risk management is the important tool in order to drive the Company to achieve the objectives and sustainable growth.

To ensure the effective and efficient risk management, the Board of Directors has established the Risk Management Committee comprising of the Company's executives from various divisions and having the responsibilities to develop the risk management framework, monitor the risk management process and report the important issues to the Audit Committee for reviewing before proposing to the Board of Directors. The Risk Management Committee follows the guidance of the Enterprise Risk Management Framework by applying the COSO (Committee of Sponsoring Organization of the Treadway Commission) framework which comprises of important processes as follows: 1) Objective Setting 2) Event Identification 3) Risk Assessment 4) Risk Response 5) Control Activities 6) Information, Communication and Monitoring. In order to ensure that the risk's unit owners understand the risk management guidelines correctly and consistently, the risk's unit owners have to follow the guidelines of the risk management framework as mentioned above.

2.2 Risk Factors

Like other businesses, the Company's business is exposed to various risks. The following risks are what the Company feels that if occurred, they may adversely affect the Company's business, financial position and performance in a material manner. In addition, there could be other risks that the Company has no knowledge of at the moment; or feels, following its consideration, that they could not yet be classified as risks that could materially damage the Company's business.

Risk arising from COVID-19 pandemic

In late 2019, a novel strain of coronavirus, known as COVID-19, was first detected in Wuhan, China. Subsequently in March 2020, the World Health Organization declared COVID-19 a global pandemic as the virus spread rapidly worldwide. To contain the extensive and rapid spread of COVID-19, travel and mobility restrictions and lockdowns were implemented by most countries. Self-preventive practices, such as social distancing, mask-wearing, and hand-washing have also been strongly suggested and applied. These restrictions resulted in devastating impacts on the economy, including hospitality and tourism industries (e.g., restaurants and hotels).

Thailand reported its first case of COVID-19 infection in January 2020. However, the number of infections surged in mid-March resulting from several transmission clusters, the largest of which occurred at Lumpinee boxing stadium. The spike and the continued spread of the virus prompted the government to take similar stringent actions as practiced in other countries in order to mitigate this public health crisis. As a result, the rate of new infections dropped steadily and in mid-May, the government began to gradually relax or lift the restrictions. However, after months of successful containment, the COVID-19 situation began to relapse in mid-December resulting from a new outbreak linked to a seafood market in Samut Sakhon province. The new outbreak has since spread to other provinces. In response to the new outbreak, the government has re-imposed restrictions that were previously lifted or reduced but without lockdown.

For the year 2021, the situation of COVID-19 outbreak continued to exist and was more severe especially in the second and third quarter due to the new coronavirus. The number of infected cases increased

dramatically and spread to many areas, as a result, the government had to re-impose the measures in order to control the spread. The measures impacted to the restaurant business included the closure of restaurant, the prohibition of dine-in service, only take-away and delivery allowed, the limit of seating capacity, the restriction on operating hours, etc. These measures might be changed according to the severity of the outbreak situation.

In addition, the Company has made operational changes intended to safeguard employees and customers in response to COVID-19, including increased cleaning and sanitization, installation of counter screens, purchasing protective equipment and providing the Antigen Test Kit (ATK) for employees, which resulted in the increase of restaurant operating costs and reduced restaurant-level margins. We cannot predict the duration, scope or severity of the COVID-19 pandemic going forward. However, it is expected that the COVID-19 pandemic will continue to negatively impact the Company's business and results of operations and such impact could be material based on its longevity and severity.

Risk from intense competition

The restaurant business that the Company is running is indeed a highly-competitive business and competition will be even more intense as days pass by. As a result, the Company's success will depend on its ability to continue to effectively compete with other contenders.

The Company is to compete with a variety of restaurants that include international restaurant chains, well-established local restaurant chains and numerous small-time restaurateurs. In addition, new operators enter the restaurant business each day due largely to the low barrier of entry into this business. As a result, competition in the restaurant business will be based on price and quality of food, variety and value perception of menu, service quality, number and location of outlets, effectiveness in new product development, advertising and sales promotion activities, restaurant decoration and the way the restaurant is maintained to continue attracting customers and, finally, brand reputation and strength. Failure by the Company to constantly and effectively compete with other contenders in these aspects will have a material and adverse impact to the business and its operation.

However, the fact that the Company continues to see its branch, income and performance expanding for more than two decades indicates that it does have an ability to constantly and effectively compete with other challengers. In other words, the Company has several competitive advantages; namely (1) strong brand recognition as the "MK Brand" is indeed highly recognized and adored by customers; (2) strong financial position which enables the Company to expand business both in the short and long term; (3) capable and experienced management team which has been in the restaurant business for more than 20 years and which helps making the Company's management effective and efficient; (4) own service training center which enhances management skills of branch managers and, more importantly, trains service staff to provide standardized service at all the Company's restaurants; (5) best strategic locations of more than 600 branches of "MK" and "Yayoi" restaurants nationwide; (6) business size which is large enough to achieve the economy of scale in many areas such as sourcing and procurement, transportation and advertising; and (7) construction of a new and sophisticated central kitchen and a distribution center which will increase the Company's kitchen capability in order to support the future expansion.

Risk from volatility of raw material prices

Since costs of food are the Company's most important cost item as it accounts for 33-35 percent of the Company's revenues from sales and services and since most of them are costs of raw materials, changes in raw material prices at a time the Company could not hike its sales prices to compensate for the rise or if it could only partially compensate such rise due to intense competitions or weakening purchasing power will materially and adversely affect the Company's performance.

Most of the Company's raw materials are fresh produce such as meat, seafood, vegetables, fruits, egg, rice and seasoning of which their market prices and quantities fluctuate at any time according to demand and supply. This is especially the case of volumes being produced which could be negatively affected by unfavorable weather condition, natural disaster or contagious diseases in animals or plants, all of which are beyond the Company's control. When raw material prices are up due to depleting production volumes affected by negative factors mentioned above, the Company is required to buy raw materials at higher price and volume that it has not projected. This could eventually make a negative impact to the Company's performance.

To minimize risk from the fluctuation of raw material prices, the Company has embarked on several measures to properly control the costs of raw materials. Significant measures are (1) estimating demands of raw materials that could materially affect the Company's total costs of raw materials in order to plan the sourcing for an amount and within a timeframe as required by the Company's sales plan; (2) the estimated demand of raw materials should allow the Company to have a better negotiating power with manufacturers or distributors thanks to a huge volume of raw materials to be bought and a definite delivery schedule; (3) to prevent risk from price fluctuation, a future sales contract will be signed with reliable manufacturers or distributors where parties will be bound to each other within an agreed timeframe such as within three months, six months or a year; and where the contract will clearly specify the prices, volumes that will change hands and delivery dates; (4) the sourcing of raw materials of which prices are seasonally fluctuated and which could be properly stored without materially jeopardizing their quality will be made in advance in preparation for consumption during the period when their prices are up; and (5) a comparative report will be regularly made to inform changes of raw material prices that could make a material impact to the total costs of raw materials as this will be used as a guideline to hike menu prices when necessary and if possible. These measures were carried out to reduce volatility from the change of raw material prices as well as to keep the costs of raw material in control.

Risk from additional staff costs

The restaurant business is a labor-intensive industry which depends very much on employees especially service staff who will make customers happy through their services. As a result, costs of employee are the second most important cost item of the business only after the costs of food. As a result, if the cost keeps rising and the Company could not hike its sales price to compensate for an increasing employee expense or if it could only partially cover the expense due largely to intense competition or weakening purchasing power or any other factor that may prevent the Company from raising its sales price, this will negatively affect the Company's performance in a material manner.

To minimize the risk from the increase of employee costs as described above, the Company has conducted various measures to keep the cost within an optimal level. The measures are (1) setting and adjusting the number of staff in each restaurant to reflect its traffic volume to maximize efficiency while enabling to maintain quality service to customers at a standard level envisioned by the Company; (2) monitoring each restaurant's staff productivity and ensuring that it is in line with the productivity standard developed by the Company. In addition, to encourage restaurant managers to pay attention to this subject, staff productivity has become one of the Key Performance Indicators (KPI) used in the evaluation of each restaurant's performance; (3) introducing a computerized technology to the restaurant which will not only enhance staff efficiency but will also improve service quality as the technology will speed up the service and make it more accurate; and (4) staff especially service employees will be constantly trained to enhance performance and standardize service quality. By seriously and incessantly pursuing these measures and by hiking sales prices when necessary and if doable, the Company has managed to control the costs of employees to remain at an optimal level and align with its revenues and at the same time reduced its loss resulted from staff oversupply and employee underperformance.

Risk from the shortage of branch operational employees

The Company's business is a service business which heavily relies upon people as its driving force. The Company plans to open new branches each year and each branch needs approximately 30-40 staffs. As a result, the Company has to recruit a large number of new staff to accommodate new branch opening. Therefore, failure to recruit new staff to accommodate expansion or to replace resigning staff in a timely fashion will materially affect the Company's service and operation.

However, it has committed to resolve this problem by retaining staff to work as long as possible with the Company and by giving priority to the concept of working under the "MK Culture" where employees of all levels are taken care of. Capable staffs are given a chance to rise along their career path to executive positions in the future. In addition, the Company takes a great care by giving employees fair remunerations and welfare as well as skill-enhancing training and by treating them as family members. As such, the Company continues to attract candidates. New recruits are to attend a training course held by the MK Service Training Center to acknowledge the MK corporate culture and to perform his/her duty based on the Company's standards. So far, the Company has had no problem recruiting new personnel with required qualifications.

Risk from failure to find leased space and to renew the leased space under a condition deemed appropriate by the Company

As the competition in the industry is getting intense and as there is an increasing number of restaurateurs entering the market, leased space for new restaurant has become rarer. This could expose the Company to a risk from not being able to find and lease space to open a new branch as planned.

However, the Company has been a business partner with several lessors who operate shopping malls, modern-trade outlets and community malls in Bangkok and provinces. Besides, the Company is Thailand's leading restaurateur who offers products and services highly desirable by consumer. As a result, this is unlikely to prevent the Company from finding the leased space. Meanwhile, most of the lease agreements offer a lease term of three years at a time which is renewable 3-5 times for another three years on each occasion. Failure to renew the lease agreement may affect the Company's operation. Yet, the Company has had a warm and long-lasting relationship with the lessors. Together with its excellent rent payment track record, its compliance with the lease agreements, the fact that it has never had problem with the lessors and that it has the lease agreements renewed all the time, not mentioning the fact that the Company and the lessors sometimes joined force to resolve problems of unimpressive branches which had to be closed down for the best interest of both parties, the Company therefore is of the opinion that the risk from not finding leased space and not renewing lease agreement should not be an obstacle to continue its business.

Risk from new branch opening

The Company aims to grow constantly and opening new branch is a factor to achieve the goal. As the competition in this industry has become tougher than before, together with the fact that newcomers step into the industry every day, the Company therefore is exposed to a risk that its new branch may not generate sales up to a target and thereby not yield a satisfying investment return. It needs approximately Baht 8 - 10 million to open a branch. The fund is used for design, construction, mechanical & electricity (M&E) system, furniture, kitchen equipment and other office equipment. The Company plans to constantly expand its MK Suki Restaurant and Yayoi Japanese Restaurant. Locations of newly-opened outlets however may overlap with existing branches located nearby and this could affect the Company's sales and performances in the longer run.

However, to open a new branch, the Company has to do a lot of work studying the branch opening plan. A newly-opened branch must yield a good investment return based on required criteria. The Restaurant Development and Facilities Maintenance Department will be responsible for surveying location,

population density, target groups of customers and performance of nearby branches. It will also conduct a financial analysis by looking at, for example, payback period and return on investment (ROI) which must not be less than a required level. This information will be used in considering a new branch opening. In addition, the Company has had experiences in this business for more than 25 years with highly-recognized products and services desirable by customers. At the other end, shopping mall owners, modern-trade outlet and community mall operators are, too, looking for reputable restaurants to lease their space in order to attract customers. That's why the Company has been offered attractive packages of ideal location, space size and rental term. The Company studies every leased premise being offered as well as conducts a financial analysis before making an investment decision at an appropriate site that could generate high yield. The Company is confident that new branch opening that covers more extensive service areas should increase its capacity to generate higher profits to shareholders and to reduce its operation risk in the long run. In addition, the Company also takes into consideration sales amounts of nearby branches and population density in the same area to ensure that a new entrant will not affect the business of existing branch nearby but rather is an appealing alternative for customers living in the area and works strategically to expand the Company's service areas to help maintain its market share.

Risk from failure to renew the Yayoi franchise

MK Interfood Co., Ltd. ("MKI") has been licensed to operate a Japanese restaurant in Thailand by Plenus Co., Ltd. under the "Yayoi" branch. The franchise term is three years and is renewable for three years on each occasion unless either party notifies the other to terminate the agreement 180 days before each expiration date. As a result, termination of the franchise agreement could prevent the Company from continuing the Yayoi restaurant business which will inevitably affect the Company's operation.

The Company has already operated the Yayoi Japanese Restaurant business for over than ten years. As of December 31, 2021, it had a total of 193 Yayoi branches. So far, it has strictly complied with the terms and conditions of the franchise agreement where menus and operation procedures of "Yayoi Ken" under the franchise system of the rights owner and its know-how are actively implemented in the business. Others include style of the restaurant, menu change, choices of raw materials, product development, staff training, commercial and production operation as well as on-time payment of the franchise fee. More importantly, Yayoi Restaurant's operation has been growing quite steadily. Besides, the Company and Plenus Co., Ltd. are strong business alliances who have joined force to run MK Suki Restaurant overseas. With a long-lasting relationship between us and the fact that the Company has duly complied with conditions in the concerned agreement, the Company is of the view that it should be trusted to continue having the franchise contract renewed.

Risk from the information technology (IT) system

To enhance the Company's customer's service capacity, it has introduced the IT system in the food ordering process where the system will directly and immediately send orders to the kitchen to shorten service time and to minimize errors. The IT system is also a crucial component of the Company's home delivery service as it receives orders from customers before sending them to various branches to execute delivery. The system is also prominent in other management processes. If the system is malfunctioned or in case of an unforeseeable event that may paralyze the system, this could affect the Company's operation.

Having realized the importance of the IT system, the Company has adopted a guideline to modernize the technology with a focus at systems considered crucial to its business; namely accounting, raw material sourcing and procurement, inventory management, product distribution and communication system between the head office and branches nationwide. The enhanced IT system should gather information and deliver it to executives who need it for analysis and for making crucial decisions. As a result, the

Company is confident that as the system has been constantly enhanced, in case of malfunction, the Company will still be able to continue its business as every unit and function does have both manuals and standard operating procedures that will help them resolve problems and thereby allow the business to continue running.

Risk from overseas investment

The Company has invested abroad through joint-venture firm called Plenus & MK Pte. Ltd. and hold 50% of shares in order to run the restaurant in Singapore which may expose to various risk factors such as economic and political conditions, laws, tax and exchange rates. As a result, in case of an event with material impact to business operation in a concerned country, it will inevitably affect the Company's operation.

Yet, the Company conducts an overseas investment study where it surveys the market and looks at population density and target groups of customers as well as other economic factors such as GDP, inflation rate, exchange rates, political stability, investment policy governing foreign entities and tax rates. The Company also conducts financial analysis for ratios and figures which must not be lower than its threshold required for overseas investment. In addition, by having a strong partner like Plenus Co., Ltd. who is Japan's largest bento lunchbox business operator boasting a network of more than 2,800 branches as well as the owner of the ready-to-serve Yayoi Ken Restaurant which commands an overnight success in Japan, the Company therefore is confident in Plenus Co., Ltd.'s leadership vision and management style as well as its potential to make MK Suki brand recognized and to expand MK Suki branches all over Japan. As a result, the Company is of the view that careful investment planning and strong business partnership will help reduce the risk. In addition, by expanding the business into countries enjoying a high growth rate with a high density of population who have high purchasing power, this could be a great opportunity for the Company to grow even more and also the opportunity to diversify the operation risk.

Risk from natural disasters and accidents

Thailand's major flood which started in late July 2011 and last until the end of the year extensively damaged the Thai economy during the latter half of 2011. Water inundated farming areas in the upper Central Plain and industrial sites in the lower Central Plain including seven industrial estates in Ayutthaya and Pathum Thani provinces. The Company's central kitchen at Nava Nakorn (CK3) located at Nava Nakorn Industrial Estate was flooded and had to close down. Its production was relocated to the central kitchen at Bangna (CK4), which was able to boast enough production capacity to accommodate demands of all existing branches. However, the Company has already eyed an ideal site for its new central kitchen (CK5) in order to serve needs for various branches. Meanwhile, 55 MK Suki Restaurants and 13 Yayoi Japanese Restaurants suffered from the 2011 tragic flood where they were forced to shut down for an average of 0.5 - 2 months. Most, however, were not damaged as they were located in shopping malls and modern-trade outlets which had effective flood-protection measures. Yet, the flood did temporarily suspend the operation of certain suppliers which in effect led to a shortage of certain raw materials for a period of time and this inevitably affected the Company's sales revenues.

Yet, having realized the effect of natural disaster to its business, the Company has planned protective measures to handle the risk. This includes buying casualty insurance, formulating an emergency operation plan, training staff to handle natural disaster incidents, building a new central kitchen at an ideal site, adding a distribution center to its portfolio to diversify risk, approving an emergency fund to assist employees and communicating with all parties of the management's readiness to bolster confidence of shareholders, employees, suppliers and customers that the Company can indeed continue operating and that it's ready should there be a natural disaster risk.

As for a plan to handle the shortage of certain products the Sourcing and Procurement Department will select every manufacturer and distributor who can produce products that meet the Company's required standard before closely communicating with them to learn which product they can produce, their production capacity and volumes and dates they can deliver such product. The Sourcing and Procurement Department will coordinate with the central kitchen to encourage direct and clear communication to every branch of shortage items, replacement items and expected delivery time if the product cannot be delivered normally. The communication is to ensure that branches learn how to effectively manage inventories while staff at every branch may directly communicate with customers. While it's true that the 2011 major flood did prevent the Company from providing a full-scaled service, yet, the Company managed to return the business to normalcy as quickly as possible. All customers understood what happened and continued trusting the Company, which convinces the Company that it can and is ready to handle the risk.

Aside from being prepared to protect itself from possible flood and to handle the disaster if occurred, the Company has taken out several types of casualty insurance policies such as accident insurance, third-party liability insurance and property insurance to make itself ready for future incidents.

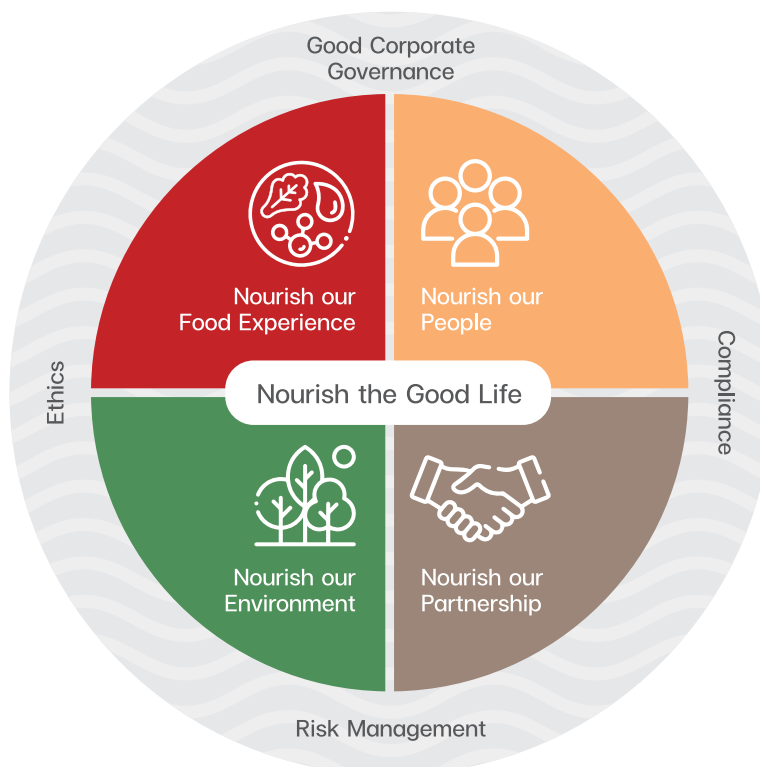
3. Driving Business Towards Sustainability

3.1 Sustainable Development Policy and Management Goals

The Company believes adaptability, continuous development of operational effectiveness and competitive advantages are key to the Company's long-term business operation and value-creation for stakeholders, which successively bring forth corporate sustainability. As such, the Company stipulated **"Sustainable Development Policy,"** focusing on leading the business with consideration for stakeholders and the environment alike. MK Restaurant Group Sustainability Strategy serves as the operational pillar, in adherence to the Company's vision, **"To serve happiness to our customers through delicious, quality meals and extraordinary restaurant experience while working towards the greater good for our employees, community and environment."** In tandem with the foundations of good governance, ethics, human rights, and labor practices, the abidance stands to ensure good health and happiness of consumers, as well as security and well-being of employees, business partners, community, and shareholders.

To achieve goals according to the Company's vision, the Sustainability Strategy was set up, in alignment with the Triple Bottom Line principle under the framework, **"Nourish the Good Life."** The framework was designed after the aspiration for everyone to live a good life, under 3 key dimensions: economic, social and environmental; comprising **Nourish our Food Experience, Nourish our People, Nourish our Environment, and Nourish our Partnership.** The framework centers on innovating the best products and services for consumers, caring for our employees by providing opportunities and advancement, creating value and growth alongside our partners, and being a part of the environmental conservation efforts. The Company's Sustainable Development Policy and its business approach are supportive to the UN Sustainable Development Goals (SDGs), directing the Company to be part of the overall efforts in creating values to society.

**Sustainability Strategy, in accordance with
"Nourish the Good Life" framework, comprises:**





Nourish our Food Experience

Committed to elevating food quality, food safety, and consumers' good health by providing nutritious food that benefits and promotes good health for all consumer groups. This includes creating exceptional customer experience and happiness by delivering service excellence standard and care, as well as being open to our customers' feedback to improve and continuously develop products and services to address changes in consumer preferences.



Nourish our People

Committed to ensuring our employees' good quality of life by providing remuneration and welfare that allows stability and progress. This includes building a work environment to promote good work life, as well as providing capacity-building opportunities in knowledge, skills, ideas, attitudes, and emotions. The scope also encompasses management of talents and career advancement, which enhances the organizational capacity to deliver corporate value-sharing and sustainability.



Nourish our Environment











Committed to safeguarding the world's environment in accordance with the principle of circular economy, through mindful management of natural resource, reduction of food loss, and increased effectiveness in waste management throughout the supply chain from upstream to downstream. This will be achieved by integrating technology to reduce usage of natural resource, optimizing waste management and food surplus to the utmost benefits, and implementing responsible packaging.



Nourish our Partnership

Committed to promoting collaboration with stakeholders to raise understanding, align expectations and explore opportunities in building long-term values. This facilitates towards the business, social and environmental goals in the future.

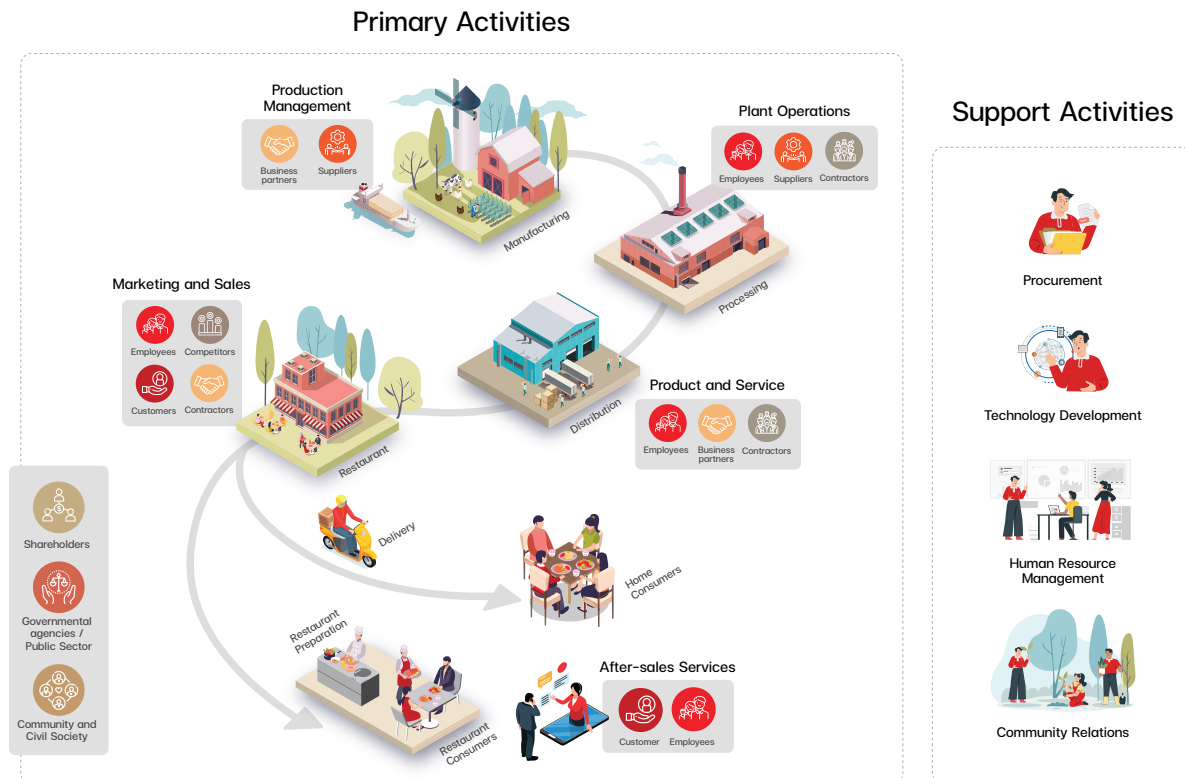
Beyond the Company's 4 dimensions of sustainability strategy and business development strategy, which focus on sustainable economic growth and building a balance between business, social and environmental responsibilities, the Company also incorporates the United Nations Sustainable Development Goals (SDGs) into its business operation. This reinforces the aim to drive and support the nation's development to achieve SDGs.

Value Creation			
Strategy	UN SDGs	Towards the Company	Towards the Stakeholders and the Environment
Nourish our Food Experience 	2 ZERO HUNGER 	Develop agricultural system and sustainable production process to heighten quality and stability of products and raw materials	<ul style="list-style-type: none"> • Reduce hunger and build food security for all, especially for vulnerable groups to have access to safe and nutritious food • Promote collaboration in agricultural development research, market accessibility and technological development to elevate the national competitiveness in agricultural production
	3 GOOD HEALTH AND WELL-BEING 	Introduce and innovate products that match consumers' needs or provide functional benefits to promote health benefits	<ul style="list-style-type: none"> • Foster good health and well-being, as well as preventing illness from toxins and non-communicable diseases • Support research collaboration to elevate the nation's competitive advantage in food innovation
Nourish our People 	8 DECENT WORK AND ECONOMIC GROWTH 	Nurture well-being and develop human resource's knowledge to enhance manpower management's effectiveness, as well as building the capacity for business competitiveness	<ul style="list-style-type: none"> • Endorse learning, skills, and capacity building, as well as building job security and occupational equality for society
Nourish our Environment 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Reduce costs from food loss, create value from waste, and increase energy efficiency as well as lowering expense	<ul style="list-style-type: none"> • Reduce waste and greenhouse gas emission to minimize climate change risks, contributing to Thailand's greenhouse gas reduction goal • Promote circular economy
	13 CLIMATE ACTION 		
Nourish our Partnership 	17 PARTNERSHIPS FOR THE GOALS 	Develop a business, environmental and social alliance, as well as growing market opportunities	<ul style="list-style-type: none"> • Strengthen domestic alliance and resources, as well as promoting international collaboration relating to sustainability

3.2 Management of Impacts on Stakeholders

3.2.1 Business Value Chain

The Company places importance on stakeholder engagement throughout the supply chain and value-sharing to relevant stakeholders in each activity. Value-creating activities comprise of two types, primary activities, which include production management, plant operations, product distribution and service, marketing, and sales, as well as after-sales service; and support activities, which include procurement, technology development, human resource management and community relations.





3.2.2 Analysis of Stakeholders in the Business Value Chain





The Company understands that it is crucial to operate its business with a balance between the needs and expectations of all stakeholder groups to cultivate corporate sustainability. Therefore, the Company places importance on engagement with stakeholder groups. In the business value chain analysis, stakeholders are categorized into 9 groups and prioritized with considerations to importance, relevance, impacts from the Company and influence on business operations. Key stakeholders consist of customers, employees, suppliers, and shareholders; secondary stakeholders consist of business partners, governmental agencies and public sector, contractors, community, and civil society, as well as competitors. The Company has operations and strategy in place to respond accordingly to different groups' needs and expectations.



The Company surveys and hears from the stakeholders at least once a year to understand and receive feedback using methods that are relevant to each group; for example, direct interviews, supplier visits to review needs, satisfaction surveys, and suggestion channels such as QR code, website, grievance channel, social media, and feedback from employees working closely with specific stakeholder groups.

Stakeholder group	Stakeholders' engagement channel	Stakeholders' needs and expectations	The Company's response to stakeholders in 2021
Customers 	1. Grievance channel on the website	Product and Food Quality	<ul style="list-style-type: none"> Made continuous improvement and development of product and food quality in accordance with international standards
	2. Social media such as Facebook, Line Official	Food nutrition	<ul style="list-style-type: none"> Researched and developed a variety of food menu, as well as promoting consumers' good health
	3. Customer Service	Food safety	<ul style="list-style-type: none"> Monitored safety and quality standard throughout the entire value chain Disclosed food allergens in the menu
	4. In-store feedback form		
	5. Telephone	Reasonable pricing	<ul style="list-style-type: none"> Set appropriate and just pricing Disclosed product prices in menu clearly, as well as food quantity
	6. Customer relation activities		
Employees 	1. Team meeting	Fair wage and compensation	<ul style="list-style-type: none"> Reviewed wage and compensation to ensure suitability with cost of living and economic conditions
	2. Emails	Fair performance evaluation	<ul style="list-style-type: none"> Developed evaluation system in which employees can self-check their assessment results from supervisors
	3. HR Application		
	4. Annual satisfaction and engagement survey	Good welfare	<ul style="list-style-type: none"> Reviewed and studied welfare and benefits that are suitable for employees and in alignment with economic conditions
	5. Performance evaluation	Career advancement opportunities	<ul style="list-style-type: none"> Prepared and selected employees for internal promotion
	6. Grievance channel	Occupational safety	<ul style="list-style-type: none"> Provided necessary protective equipment and set up safety checkpoints at workplace during the COVID-19 pandemic
	7. Telephone		
	8. Letters	Capacity development	<ul style="list-style-type: none"> Formulated training curriculum for employees in all levels, including core and functional competencies
	9. Grievance channel on the website		

Stakeholder group	Stakeholders' engagement channel	Stakeholders' needs and expectations	The Company's response to stakeholders in 2021
Suppliers 	1. Annual plant visit 2. Regular meeting between the Company and suppliers 3. Emails 4. Telephone	Fair price	<ul style="list-style-type: none"> Set appropriate purchasing price per product specification with reference to standard price
		Fair selection of suppliers	<ul style="list-style-type: none"> Developed criteria and protocols for supplier selection by stipulating clear, transparent, and traceable qualification and selection procedures
		Product quality that meets standards	<ul style="list-style-type: none"> Had a monitoring system to conduct quality inspection for all products
		Adherence to contracts and purchase criteria	<ul style="list-style-type: none"> Adhered to contracts and agreement, as well as allowing open communication when compliance to contracts and agreements could not be achieved as planned
		Value co-creation for sustainable growth	<ul style="list-style-type: none"> Provided support and co-developed suppliers for mutual business growth
Share holders 	1. Annual Report 2. Annual shareholders meetings 3. Analyst meetings 4. Company visits 5. Emails 6. Grievance channel on the website 7. Telephone 8. Notices/Letters	Good performance and business growth	<ul style="list-style-type: none"> Executed a marketing strategy in alignment with consumers' needs, risk management, reserve budget, and cost control of unnecessary expense
		Fair dividend	<ul style="list-style-type: none"> Fair allocation of dividend, in consistent with business operations and economic conditions during the COVID-19 pandemic
		Business strategy for sustainability	<ul style="list-style-type: none"> Adjusted corporate strategy and internal and external processes in response to changing customers' behaviors towards the New Normal
		Transparency in business operations	<ul style="list-style-type: none"> Disclosed corporate ESG information accurately and timely
Business partners 	1. Annual plant visit 2. Regular meeting between the Company and business partners 3. Emails 4. Telephone	Fair pricing	<ul style="list-style-type: none"> Fairly negotiated compensation, with written evidence
		Fair selection of business partners	<ul style="list-style-type: none"> Developed criteria and regulations for business partner selection that is clear, transparent, and traceable
		Adherence to contracts and criteria	<ul style="list-style-type: none"> Adhered to contracts and agreement, as well as allowing open communication when compliance to contracts and agreements could not be achieved as planned
		Value co-creation for sustainable growth	<ul style="list-style-type: none"> Developed products and services in collaboration with business partners for mutual business growth Supported business partners regarding information and knowledge-sharing to promote mutual learning

Stakeholder group	Stakeholders' engagement channel	Stakeholders' needs and expectations	The Company's response to stakeholders in 2021
Govern- mental agencies and public sector 	1. Letters 2. Emails 3. Telephone 4. Visits on occasions 5. Visits to operations	Ethical business operations	<ul style="list-style-type: none"> Governed with good governance and operated fairly through internal audit system
		Adherence to regulations and laws	<ul style="list-style-type: none"> Reviewed newly enacted laws and operated business strictly according to legal requirements
		Accurate, complete, and prompt information disclosure	<ul style="list-style-type: none"> Established departments responsible to each type of laws, and developed systematic data management system
Contractors 	1. Emails 2. Telephone 3. Grievance channel on the website	Fair pricing	<ul style="list-style-type: none"> Systematically proposed competitive pricing and disclosed prices that passed the selection rounds Set fees which are suitable to the nature of work and fair to contractors
		Fair contractor selection	<ul style="list-style-type: none"> Developed criteria and protocols for contractor selection by stipulating clear, transparent, and traceable qualification and selection procedures Systematically proposed competitive pricing, and disclosed prices that passed the selection rounds
		Adherence to contracts and regulations	<ul style="list-style-type: none"> Adhered to contracts and agreement, as well as allowing open communication when compliance to contracts and agreements could not be achieved as planned
		Standardized inspection terms	<ul style="list-style-type: none"> Set up product and service inspection system according to mutually agreed terms
Community and civil society 	1. Emails 2. Grievance channel on the website 3. Telephone 4. Social media, such as Facebook 5. Customer Service	Transparent business operation	<ul style="list-style-type: none"> Disclosed business performance via various public channels
		Opportunities for communities and civil society to engage	<ul style="list-style-type: none"> Provided more communication channels to adhere to needs and support to respond to issues effectively
		Managing business impacts to society and communities	<ul style="list-style-type: none"> Enhanced management effectiveness to minimize social and environmental impacts
Competitors 	1. Meetings on behalf of the associations	Fair competition	<ul style="list-style-type: none"> Operated business according to code of conduct Set reasonable product and service pricing Provided responsible information and advertisement to consumers

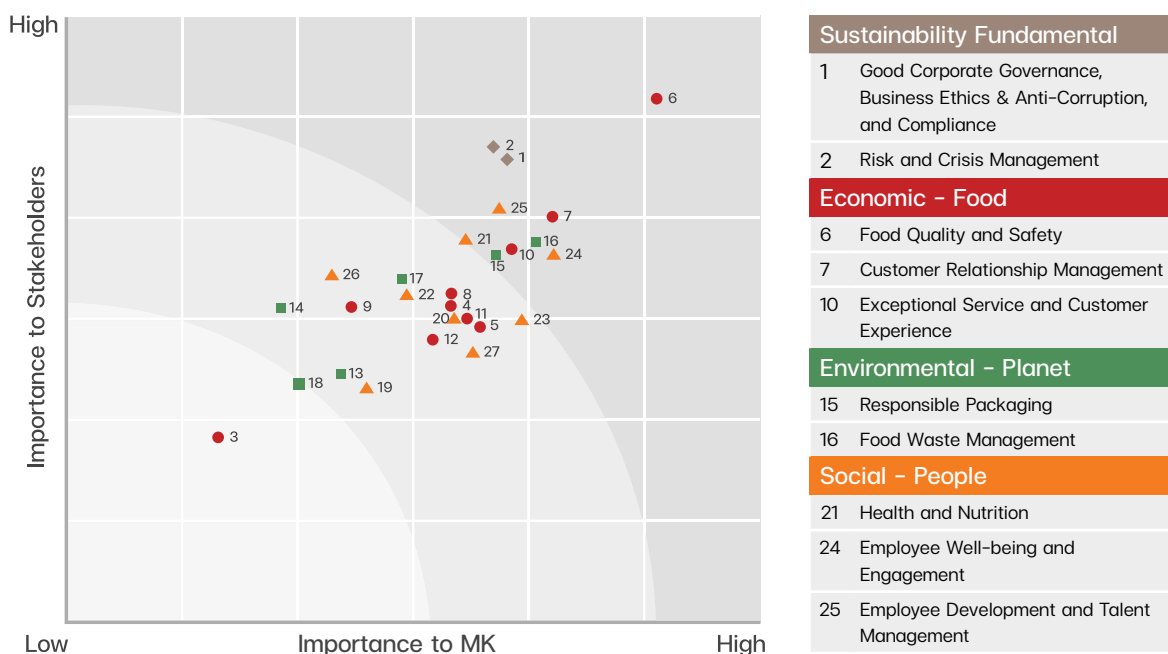
Materiality Assessment Process

The Company incorporates survey results of its stakeholders' needs and expectations as well as identified additional corporate materiality topics in all activities throughout the value chain. Considerations are given to the corporate goal and directions, megatrends analyses, and several external factors that could potentially affect the Company's operations positively and negatively. This comprises global and regional trends of change, global risk trends, peers' materiality topics, criteria stipulated in standards and industry sector's sustainability assessment.







The Company evaluates its materiality topics by applying the assessment and prioritization framework of the Global Reporting Initiative (GRI) Standards. In this process, material topics are prioritized according to the level of importance to the Company and the level of importance to the stakeholders.

In 2021, the Company had a total of 27 materiality topics mapped on the materiality matrix, which was segmented into three levels of importance. The topics were prioritized according to the level of importance to the Company and the level of importance to the stakeholders, as a result, 10 materiality topics, encompassing economic, social, environmental, and governance aspects, were identified as most important to the Company, as follows.



The 10 materiality topics identified as the most important to the Company were affirmed by the Chief Executive Officer, and of which the Company has developed a corresponding sustainability strategy, management approach, and corporate targets to align its relevance with the changing circumstances, external environment, corporate context, and stakeholders' interests.

Sustainability Strategy	Materiality Topics	Management Approach	Corporate Goals	Reported Content	Page
Nourish our Food Experience 	<ul style="list-style-type: none"> Food Quality and Safety 	Elevate quality and build confidence in food quality and safety through development of agricultural and production process, as well as management of sustainable supply chain	<ul style="list-style-type: none"> Total number of suppliers (100%) of food and food contact products audited in accordance with specified food safety standards 	Food quality and safety	37
			<ul style="list-style-type: none"> Number of grievances that are significant regarding food safety and quality is no more than 0.27 PPM* 	Sustainable supply chain management	45
			<ul style="list-style-type: none"> Total number of key suppliers (100%) receiving sustainability risk audits according to supplier code of conduct by 2025 		
	<ul style="list-style-type: none"> Health and Nutrition 	Develop healthy food or food products with functional benefits that promote health and well-being	<ul style="list-style-type: none"> Number of products innovated or improved upon to promote consumers' desire for good health is at least 1 per year 	Product and service development	48
	<ul style="list-style-type: none"> Exceptional Service and Customer Experience 	Develop service excellence to create exceptional customer experience and ensuring responsibility towards customers in a professional manner; open to feedback to continuously improve products and services	<ul style="list-style-type: none"> Number of complaints regarding food quality and service is no more than 582 PPM 	Customer relationship management and responsibility to customer	54
	<ul style="list-style-type: none"> Customer Relationship Management 		<ul style="list-style-type: none"> No grievance case regarding violation of customers' privacy 		

Sustainability Strategy	Materiality Topics	Management Approach	Corporate Goals	Reported Content	Page
Nourish our People 	• Employee Well-being and Engagement	Ensure employees' well-being, happiness and good quality of life	• Lost Time Injury Frequency Rate (LTIFR) is zero	Occupational health and safety Human Right Human Resource Management	57
			• Number of grievances that are significant regarding human rights is resolved timely (100%)		69
			• Employees' engagement score is no less than 80%		64
	• Employee Development and Talent Management	Develop human resource capacity and manage talents throughout the career paths	• Proportion of employees whose competency is consistent with the Company's core competencies is no less than 90%	Human resource management	59
Nourish our Environment 	• Responsible Packaging	Utilize packaging responsibly following the 4R principle, concerning product lifecycle	• Replace plastic packaging with more environmentally friendly materials by 2025	Waste management	78
	• Food Waste Management	Reduce food loss throughout the production process and add value to food surplus and waste following the circular economy principle	• Reduce food waste by 50% by 2030, compared to 2023		
Nourish our Partnership 		Promote social development project, fostering a sustainable development in the nation	• Profit from business operations to be donated towards social cause is no less than 1% of the annual profit	Engagement in community and society development	82

*PPM refers to parts per million

Material topics related to the Sustainability Fundamentals, which comprise of Good Corporate Governance, Business Ethics & Anti-Corruption, and Compliance, are detailed in Section 2 Corporate Governance; and material topic, Risk and Crisis Management, is detailed in Section 1 Part 2: Risk Factors Management.

3.3 Overview of Performance and Sustainability Material Issue Management



Nourish our Food Experience “Creating a Healthy Food Experience”

Food Quality and Safety

Quality and safety of food, free from harmful contaminants to the human body, and responsibility in food information disclosure, are crucial success factors in the food business and in gaining consumer’s confidence and satisfaction. The Company continuously prioritizes the delivery of good, quality, and safe food for consumers, continuously striving to maintain and develop food quality by defining dedicated policies and practices, controlling operations in accordance with internationally recognized quality systems and standards, such as the FSSC 22000, HACCP, GHPs, and ISO 9001, from the raw materials procurement, central kitchen production, logistics, food preparation at each branch, to food delivery to consumers.

The Company established a Food Safety Policy and a clear management guideline, which is included in the Quality Policy. The guideline is reviewed annually and is governed to ensure alignment with the action plan set to achieve its goals. The Company applies the principle of PDCA in an integrated manner, focusing on prevention against food poisoning, food allergens, and food physicals. As such, the Company sets the corporate goals as the number of grievances that are significant regarding food safety and quality to be no more than 0.27 PPM and the total number of suppliers (100%) of food and food contact products to be audited in accordance with specified food safety standards.

The Company’s management approach to achieve food quality and safety goals is as follows;





Food Quality System Development

The Company rigorously controls the quality and safety of raw ingredients and food products throughout the supply chain, and has continually developed the food quality control system to ensure its food quality remains in accordance with the law, regulatory changes, and strict international standards. It also encourages consumer confidence in the Company's food quality and helps address their concerns and expectations.

2000–2004

2004: Clean Food Good Taste Project
 2004: Food Safety Project
 2001: GHPs/HACCP : 1993
 2000: Fresh Food/Vegetable Contaminant Testing Certification
 2000: ISO 9001 : 2000

2005–2009

2005: No MSG Project
 2005: Bangkok Food Safety City Project
 2007: Thailand Tourism Standard
 2008: ISO 9001 : 2008

2010–2014

2010: Q Restaurant Project
 2010: ISO/IEC 17025 : 2005

2015–2019

2016: ISO 9001 : 2015
 2019: ISO/IEC 17025 : 2017

2020–Present

2021: Food Contaminant Detection System
 2021: GHPs/HACCP V2020
 2021: BRC S&D
 2021: FSSC 22000 version 5.1
 2021: ISO 22000 : 2018



Milestones in Quality System Development

Presently, the Company's quality standards are accredited by national and international organizations, as follows:



National Standard Accreditation	International Standard Accreditation
Fresh Fruits/Vegetables Contaminant Testing certification from the Department of Medical Sciences, Ministry of Public Health	Certification from the British Retail Consortium (BRC) Storage and Distribution
Project “Food Safety”, certification from the Department of Medical Sciences, Ministry of Public Health	Good hygiene manufacturing practices certification: Good Hygiene Practice (GHPs) Version 2020
Project “Q Restaurant”, certification from the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Cooperatives.	Food safety system management certification: Hazard Analysis Critical Control Point (HACCP) Version 2020
Project “No MSG”, certification from the National Food Institute, Ministry of Industry.	Food safety management system standard: ISO 22000:2018
Project “Bangkok Food Safety City”, accredited by the Food Sanitation Division, Health Department BMA (Bangkok Metropolitan Administration).	Food safety system certification: FSSC 22000 (version 5.1)
Project “Clean Food Good Taste”, an accredited project of the Bureau of Food and Sanitation, Department of Health, Ministry of Public Health	Quality Management System Standard: ISO 9001:2015
Thailand Tourism Standard certification from the Department of Tourism, Ministry of Tourism and Sports	Certificate of Laboratory Competence in Public Health Testing according to international standard ISO/IEC 17025:2017 from the Bureau of Laboratory Standards, Department of Medical Sciences, Ministry of Public Health

In 2021, the Company has continuously and successfully developed its quality systems as follows:

- Accreditation of the British Retail Consortium (BRC) Storage and Distribution Standard for the storage and delivery process of M-Senko Logistics Co., accredited by SGS (Thailand) and recognized by the GFSI (The Global Food Safety Initiative)

- Accreditation of the FSSC 22000 (version 5.1) Standard for the central kitchen production process at CK5 on Bangna. The standard focuses on the management of food safety system and responsibility in food quality, accredited by TUV NORD Thailand and recognized by the GFSI (The Global Food Safety Initiative)

- Accreditation of the ISO 22000:2018 Standard for the central kitchen production process at CK5 on Bangna. The standard focuses on the management of food safety system of food and responsibility in food quality, accredited by TUV NORD Thailand and recognized by the GFSI (The Global Food Safety Initiative)

- Accreditation of the food safety standard, Hazard Analysis Critical Control Point (HACCP). The standard focuses on the management system of food safety using the Critical Control Point (CCP) in the production process throughout the food supply chain from primary producers to end consumers, accredited for 20 consecutive years by TUV NORD Thailand and recognized by the GFSI (The Global Food Safety Initiative)

- Accreditation of the ISO/IEC 17025:2017 Standard for laboratory competence in public health testing, accredited for 12 consecutive years by the Bureau of Laboratory Standards, Department of Medical Sciences, Ministry of Public Health

- The "No MSG" Project certification. The standard conducts random testing of MSG (Monosodium Glutamate) and MSG derivatives in food samples from MK Restaurants, in which tests are performed in laboratories to ensure that all food dishes served at the stores are safe and MSG free, accredited for 16 consecutive years by the National Food Institute, Ministry of Industry

In 2022, the Company plans to further develop its quality systems by certifying for product quality assurance of the drinks and beverage category following the GHPs/HACCP standards, to further assure customers' confidence in its products.



Quality Control and Traceability

Selection of Quality Ingredients

As the majority of the ingredients are locally sourced fresh goods, such as meat, eggs, vegetables, fruits, and rice, the quality and safety of the food ingredients are extremely important. The Company ensures freshness by purchasing ingredients daily and by centralization, having the central kitchen aggregates order data from all restaurant branches via an online system, before making purchase orders to producers and distributors for day-to-day delivery.

The Company established a policy to select at least 2 producers and suppliers to participate in all purchasing considerations, inspecting the qualifications of its

producers and suppliers annually, in terms of the quality of raw materials, production sites, services, and specifications crucial to the Company. There is no single source policy for any one producer or supplier. To manage raw materials with volatile prices, such as shrimps, fish, and squids, the Company would enter a preorder contract, specifying the quantity of order to ensure that such products would always be available for customers. The purchasing department chooses the producers and suppliers according to the selection criteria, based on quality of raw materials and compliance with relevant food standards, regulations, and laws.



Quality Assurance

The Company's assurance process to maintain food quality and safety of raw materials and food products to the delivery to its customers, consists of 2 methods:

1. Internal Audits are assessments of the quality system within the Company to ensure that food products which are produced in its factories are of good quality and safe to be delivered to consumers.

The role and responsibility of the central kitchen is to inspect the quality, prepare, and cook delicious food products following the Company's standards and the sanitary guidelines. As the central kitchen is the central hub of product storage and distribution to restaurant branches nationwide, an in-house laboratory was founded as part of the central kitchen to control and assess the food safety system. The laboratory is accredited with the ISO/IEC 17025:2017 international standard and is able to conduct tests in the detection of 15 pathogenic microorganism species and food toxins, such as residual toxic contaminants, formalin, borax, bleach, and anti-fungal agents. With that, the Company can audit the quality of its ingredients, meat, fresh fruits and vegetable, from over 16 product groups and be assured that its operations are controlled according to internationally recognized standards.

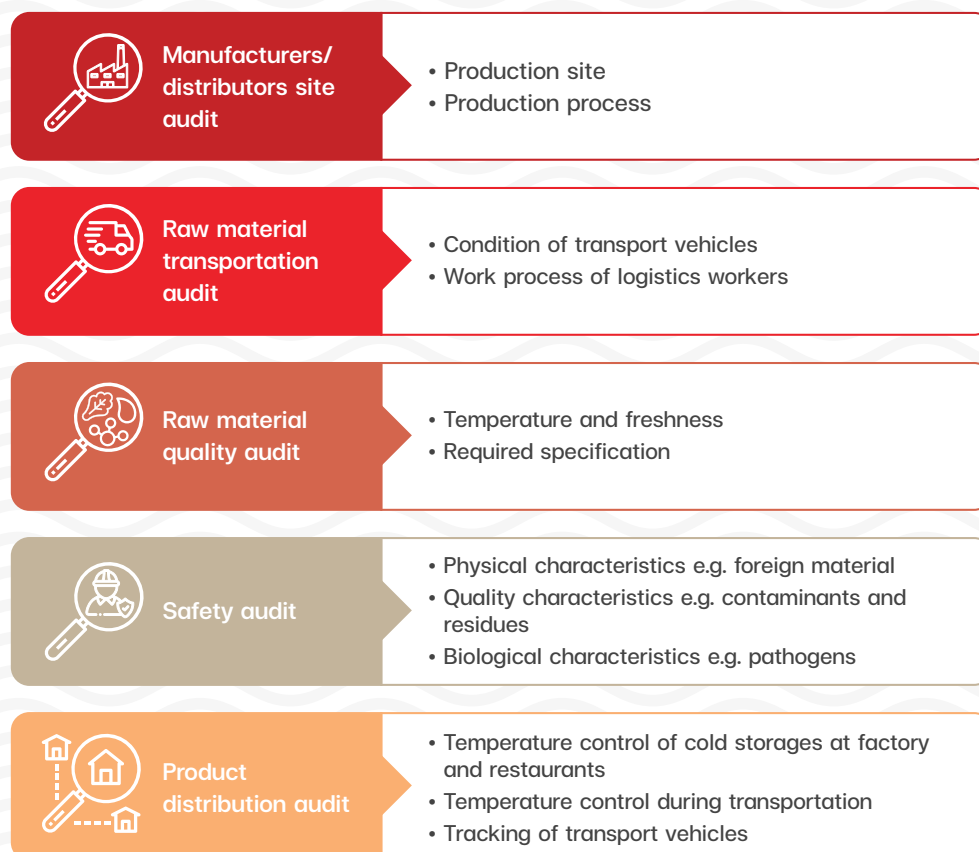


2. Supplier Audits are periodical evaluations of external suppliers according to a set schedule, based on the risk assessment data of each product, following the audit criteria referred from regulations and international standards. The process effectively uses information data to trace ingredient and product origins. In partnership with its suppliers, the Company controls for food safety in ways as follows:

- Established a unit dedicated to audit suppliers for food safety system, specifically to ensure quality ingredients and food products which are safe for consumers and compliant with rules, regulations, and laws
- Set up a product specification standard to enable purchasing coordinators to clearly inform requirements of the Company to the suppliers before buying and selling
- Established criteria for supplier evaluation within vendor groups in order to select for quality supplier
- Informed suppliers of the Company's food safety policies, such as MSG-free policy according to the guideline by the Food and Drug Administration (FDA), so that suppliers strictly comply

In 2021, a total of the Company's 761 suppliers, representing 91% of the total number of suppliers of food and food contact products have been audited in accordance with specified food safety standards. Inspections performed at production sites totaled 103 sites and remaining sites were assessed by means of documentation verification according to the Company's specified criteria.

The Company has established audit guidelines to control the quality of raw materials and food throughout the supply chain as follows:



Raw Material Quality

The Company audits factories of raw material producers and distributors, the conditions of vehicles transporting raw materials, dress code of the transporting staff, condition of carts transporting products into the central kitchen, as well as the cleanliness of the packaging containing goods. The Company defines a transparent

audit criteria and conducts inspections of all producers and suppliers delivering ingredients to the Company. This is to ensure these operations are done under safety and sanitary guidelines in order to reduce quality and food safety risks.

Audit committee inspects quality of raw materials in 3 aspects, as follows:



Quality Control During Shipping and Distribution

The Company assigned M-Senko Logistics Co., Ltd. as a joint venture company for the ingredient delivery and food distribution to all branches across Thailand, using temperature-controlled vehicles and the Global

Positioning System (GPS) system to track the vehicles. The system tracks and records data throughout the delivery to control the efficiency of food quality and safety management.

Employees' Work Quality

All employees at the central kitchen, logistics, and restaurant branches must undergo theoretical and practical trainings, prior to commencing their work. This builds knowledge and understanding of policies regarding food quality and safety, as well the Company's culture. The Company established written service standards and work procedures in all work stages to ensure standardized implementation across the board. Food handling and work conducts of employees are monitored in each stage of work to assure customers of the food quality and services.

During the COVID-19 pandemic, the Company actively increased food safety and customer service measures to prevent the spread of the coronavirus, implementing at all branches precautionary and preventative measures in line with the Department of Disease Control's policies. The measures were as follows:

1. Safety Measures for the Organization

- 1.1 Environmental Health Measures (hygiene and safety)
 - Clean tables and seats immediately after use
 - Sanitize communal touch points at least every 1-2 hours
 - Provide individual dining utensils
- 1.2 Environmental Health Measures (social distance)
 - Provide distancing between patrons and dining tables at 1-2 meters; as well as placement of partitions in areas with less than a meter-distance

2. Safety Measures for Service Providers (employees)

- 2.1 Immunization for all employees through vaccination
- 2.2 Employee screening before entering workplace
 - Daily employee screening via HR mobile application
 - Regular ATK testing
- 2.3 UP-DMTTA
 - Assign responsible persons for supervising and monitoring all employees
 - Request cooperation from employees to refrain from group gatherings and dinnings

3. Safety Measures for Service Users

- 3.1 Customer Screening
 - Screen customers before entry to services at branches via "Thaichana" application
 - Strict screening according to the DMHTTA measures



The origin of DMHTTA

- D: Distance, keeping distance between each other
 M: Mask-Wearing, wear a cloth mask or face mask
 H: Hand-Washing, frequently wash your hands
 T: Temperature check, measure your body
 T: Testing for COVID-19
 A: Application

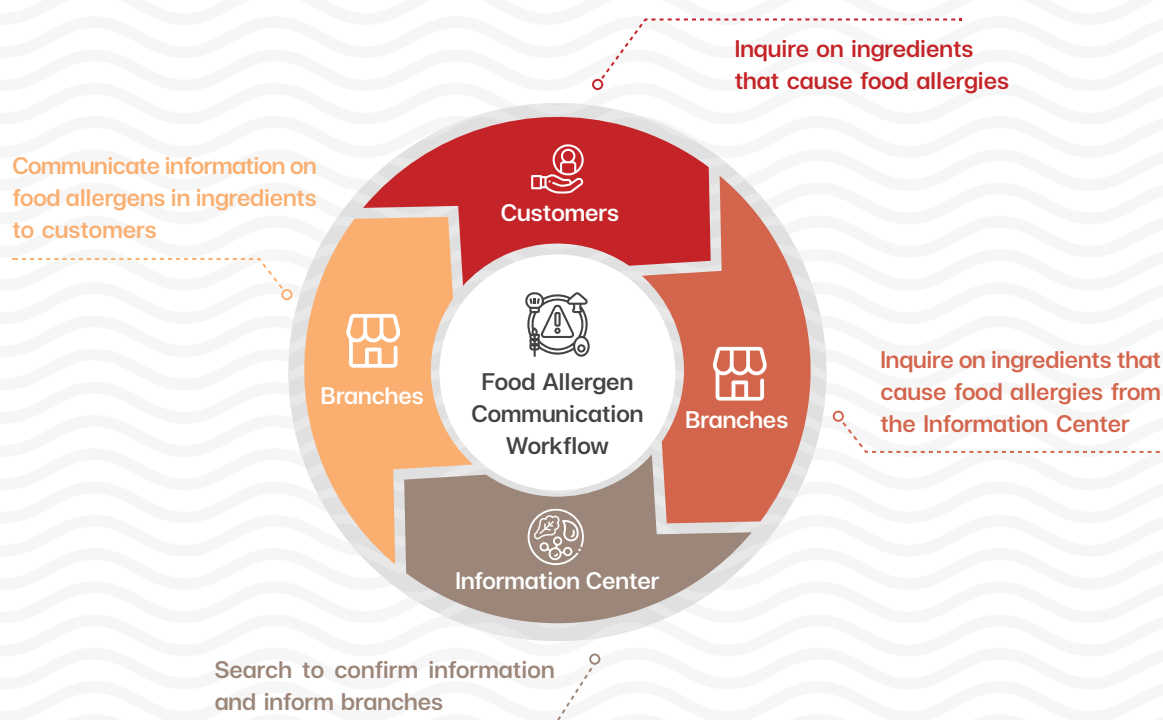
Source : Department of Disease Control



Responsible Disclosure and Communication

The Company discloses nutritional information for consumers to receive accurate and complete information about food characteristics and precautions through various accessible channels. In order to reduce consumers' health and safety risks, information pertaining food

allergens is disclosed in the menus to inform customers prior to their purchase and food orders. The Company established guidelines to minimize risks of customers' allergy incidents.



The Company introduced a calorie-calculation program, as obtained from the meal, as individuals' average. The calculated result appears on the customer's given receipt, creating awareness on the caloric value and allowing the customers to use the information to efficiently control their diet.

Furthermore, the Company places importance on responsible marketing towards customers, by designing various campaigns, support activities, and sales promotion using market research to deliver great experiences, creating customer satisfaction based on the principle of responsible business conduct, providing information

on product listings and promotional activities that are factual, complete, clear and honest to consumers. This is achieved through online and offline communication channels as well as communication by the service employees. Customers are therefore empowered to make a decision on their purchase and selects service that is most suited to them, building satisfaction and long-term relationship between customers and the Company.

In 2021, the Company received number of grievances that are significant regarding food safety and quality at 0.50 PPM, which is higher than the Company's target.

Sustainable Supply Chain Management

Effective supply chain management is an integral part of the Company's business operations due to its nature as a food business involving many suppliers for raw materials, products, and services. Good management ensures the Company can address the needs of all customer groups in both quality and quantity, as well as minimizing business operational risks, such as cost risks within the supply chain, availability risks of raw material and inventory due to abnormal circumstances, environmental and social risks, as well as risks relating to suppliers' governance, all of which may affect the Company's operations.

The Company thus follows the principle of sustainable supply chain management, by setting practices emphasizing on honest, fair, and transparent procurement, one in compliance with relevant laws and regulations

via a socially responsible procurement process. This ensures the Company obtains capable suppliers who can deliver key ingredients in alignment with the Company's quality and safety standards, encompassing from supplier selection, quality control of raw materials, products, and services, inventory, logistics, suppliers' products, as well as annual performance evaluation process. It includes maintaining positive relationship with suppliers for long-term mutual growth. Furthermore, the Company also promotes jobs and generates income for communities through purchase of local product and raw materials, contributing to the national economy. This also provides opportunities for all entrepreneurs to present their products and services, transparently and fairly, in the product selection process.

The Company set the goal for sustainable supply chain management as 100 percent of its critical suppliers to receive sustainability risk audits according to the supplier code of conduct by 2025. In 2021, the Company has categorized critical suppliers, using the following criteria to identify the critical groups of suppliers, as follows.



In 2021, the Company's number of suppliers identified as critical suppliers totaled to 76, or 9 percent of all suppliers in the supply chain, with a value at 80 percent of the total procurement value. To ensure an effective management, the Company set forth a risk assessment for its critical suppliers, which categorizes according to the level of risks of impacts' severity. The Company

prioritizes the management of its critical suppliers based on a high-risk and high-impact to the supply chain criteria. In addition to following the initial reviews of every supplier's feature per criteria and standards established by the Company, an ESG risk assessment criteria is presently being developed.

Improvement of Procurement Policy and Approach

The Company is in the process of developing a Supplier Code of Conduct and practices to further promote a mutual, sustainable growth and collaboration between the Company and the suppliers, in which a working committee has been established to develop the Supplier Code of Conduct handbook. Topics to be included are as follows.

- Good governance
- Product and service quality, such as traceability
- Production quality, such as accreditation by international entities or environmentally friendly production process, without polluting local community
- Adherence to human rights, such as no employment of illegal migrant workers or child labor
- Fair labor practices
- Occupational health and safety
- Social responsibility

Furthermore, the Company is developing guideline and criteria to assess suppliers in order to reduce risks in the supply chain, by assessing sustainability risks in alignment to the Company's code of conduct. The Company plans to communicate the Supplier Code of Conduct to its suppliers, so they can acknowledge the Company's expectation and determination in managing the supply chain sustainably. The Company will commence the assessment of its critical suppliers per stipulated criteria by 2022, as well as developing and promoting the work process for greater efficiency, innovating products through new technology or production process, to contribute to the management of production cost and product quality.

Supply Chain Risk Management

The Company has set a supplier risk management approach, as follows.



The Company has assessed suppliers' risks throughout the supply chain by group, such as raw material, packaging, and service provider group. The criteria for risk assessment comprises 2 dimensions, which are the impacts' severity and the likelihood of occurrence. Such risk factors are obtained from news analysis, past performance, and factors relating to the food business. ESG risk factors are yet to be included but are in the plan of 2022. At present, the Company categorizes its suppliers into 4 groups according to their level of supply chain's risks, to set appropriate measures for each group.

Group A refers to suppliers whose risks from operations the Company finds to be within its risk appetite

Group B refers to suppliers whose risks the Company requires additional actions to minimize likelihood or impact severity to maintain it within its risk appetite

Group C refers to suppliers the Company must stop working or conduct activities with to avoid risks

Group D refers to suppliers the Company must work collaboratively with other organizations or individuals to distribute risks

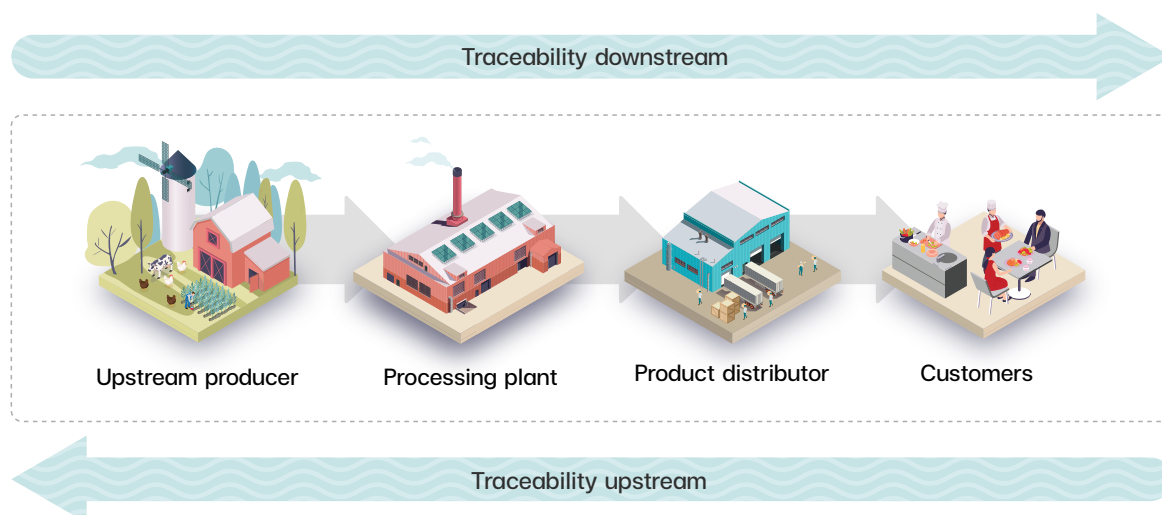
The Company concludes the results of its annual supplier assessment, with high-risk suppliers needing to receive an onsite assessment at least once a year, suppliers with moderate level of risks to receive an onsite assessment every 2 years, and suppliers with low level of risks to receive assessment via documentation on product quality.

Responsible Procurement

The Company emphasizes the selection of raw materials from socially and environmentally responsible sources, as well as the raw materials' traceability. The products' traceability system has been implemented per international standards, substantiated by consultants corroborated with the Company's working team to develop a system

in alignment with relevant regulations and laws. It serves as a tool for products' quality control, ascertaining that the Company received quality and safety products for its consumers. This also raises awareness to producers, transporters, and sellers, as well as employees at all branches, throughout the supply chain.

Traceability throughout the Food Supply Chain



Supplier Development

The Company underlines suppliers' capacity building in various aspects relating to production of quality and safe raw materials and food products, thus applies a management system for continuous improvement. This includes building a network of learning, application of digital technology, and marketing promotion, to enhance suppliers' value and capacity, leading to sustainable business operation. The Company has a development policy and promote community and entrepreneurs, who are the Company's suppliers, such as promotion of the Royal Project Foundation's raw materials and food products. This includes small-scale entrepreneurs, therefore also distribute income to local communities and develop suppliers' production process. Other activities

include turning surplus from production process into value-added products, thereby reducing waste, as well as collaboration with suppliers in the study and development of environmentally friendly packaging.

In addition to these development aspects, the Company also arranges for efficient communication to inform critical news to suppliers, such as the particulars of new laws and regulatory changes, which may affect the suppliers' operation. The Company also offers food and product safety check service to its suppliers at a reasonable price, such that while the suppliers can better control their expense, the Company can also improve its lead time management for its raw materials and products.

Product and Service Development

The restaurant industry is highly competitive; therefore, product and service development are at the very heart of the process to establish a competitive edge, leading to business sustainability and directly affecting the Company's revenue at present and in the future. With the social and environmental context, global and regulatory changes, all contributing to challenges, new business opportunities and business operation risks, the Company must highlight its product and service development to ensure prompt responsiveness to both the consumers' changing needs and the evolving social context, in order to further amplify the Company's competitive capacity.

The Company is committed to the continuous development of its products and services, thus establishing policy and practices on research and development, as assigned to the Product Development department. The department closely monitors and analyzes trends of change, as well as studies and develops new products that are market-competitive, along with improving on its service to support the Company's vision of serving happiness to its customers. The Company adopts the "Customer Centric" principle, according to the product and service development framework, as follows.





Strategic Analysis

The ability to grasp and interpret signals of external changes, trends, and forces is essential to the Company's product and service development capability. Strategic analysis with the use of various tools enables the Company to gain a greater understanding of the social context and global trends impacting customers' behaviors, such as customer food purchase via digital channel, interests in healthy foods, and interests in environmental issues. It also increases the Company's awareness

on challenges and risks from regulatory changes, such as the implementation of sugar tax, ban on artificial trans-fat, and the imminent tax measure on salt and sodium. Strategic analysis includes the COVID-19 pandemic factor that affects suppliers within the supply chain, resulting in impacts on raw materials delivery or increase in cost. Taking these factors into consideration, the Company can effectively anticipate and prepare for change.



Customer Insight

The Company promotes and builds engagement with customers via various channels, to learn of their changing behaviors, needs and expectations. The Product Development team, in collaboration with the Marketing Team, are tasked to study

consumers' trends and to bring about products and services which truly address consumers' needs, create differentiation in the market, and spark happiness during the dining experience, in line with the customers' way of life.



Innovative Solutions

The Company places value in innovations that began from internally, both through department that is directly responsible for research and development and through employees' idea suggestion to further improve work process' efficiency. The Company also co-innovate with suppliers and business partners in order to continuously promote sales through the development of products, packaging, services, and sales channels beyond the Group's restaurant branch. Innovative solution include the adoption of the service innovation, Robot Server, to enhance the



speed of operations and customers' convenience and satisfaction, in which over 200 robots have been deployed in MK, Yayoi, and Laemcharoen Seafood restaurants.



Value Creation to Society

In addition to the revenue-generating research and development, the Company also encourages product and service research and development that contributes to the society and environment. This comprises research and development in the processing of agricultural goods to generate

community's income, study of environmentally friendly packaging, transforming surplus materials into value-added forms in order to reduce food waste that goes to landfill, as well as product development and promotion which enables individuals in all social groups to access quality food equally and easily.



Customer Experience Management

The Company is committed to developing products and services that address the consumers' needs and expectation, as well as their changing behaviors, so that customers can have a shared experience

with the brand either at the restaurant or at home. Customers can engage with the Company through various channels to share feedback on product and service improvement.

The Company set the goal to develop products that promote consumers' desire for good health to be at least 1 item per year. The Marketing department is tasked to collaborate with the Product Development department to work with Mark One Innovation Center Co., Ltd. to develop products and services under the

annual development plan. With the short-term (within 1 year) and medium-term (2-3 years) innovation roadmap, relevant departments prepare for the work and assess on a quarterly basis to ensure the planned products and services address the customers' rapidly changing needs.

Food and Service Development in response to Consumers' Changing Behaviors

Through the customer-centric approach, the Company discovered that the COVID-19 pandemic has changed the ways consumers behave in various aspects, particularly the concern in health and hygiene, healthy and nutritious food for good health, and significant pattern in online food delivery. In 2021, the Company acted to address the consumers' changing needs in accordance with its product and service development approach, as follows.

1. Health Concern: Consumers have a growing concern towards food and beverages' health benefits and nutrition. Thus, the Company's food development focuses on the development of healthy products which are nutritious to consumers. There were efforts to reformulate and develop novel products, both as supplementary dishes and takeaway ready. The Company also considered the consumers' changed behavior, with more interests in the origins and benefits of food ingredients. The Company aspires to procure nutritious ingredients and to manage traceability to disclose to its consumer and give confidence that the Company uses raw materials which meet standards, are fresh, hygienic, safe and traceable.

2. Reduced Spending Power: Consumers were impacted by the economy decline in 2021, further accentuated by the country lockdown. This resulted in reduced purchasing power and disposable income. The Company therefore designed sales and food promotions in ways that consumers can continue to access the products and services, example as follows.

- Everyday DIY at-home set, starting at 199 Baht, to ensure customers can access the products
- Soup and sauce options in the menu, such as Dashi Yuzu soup and Japanese black sauce soup, complimentary and free of charge in the set menu, adding on to the hotpot experience.

3. Eat at Home: The COVID-19 pandemic discouraged most people from leaving their house and dining out, which led to behavioral pattern in home cooking, online purchases, and orders via delivery platforms. As consumers expect fresh food and prompt quality service, the Company has committed to develop a delivery service to better meet consumers' demands. This includes designing and developing the menu, as well as other products, to bring joy to consumers from having meals at home, similar to what they would receive from having meals at the restaurant, examples as follows.

- Improved ingredients, cooking steps and process to reduce production time, such as improving ready-to-eat products, combining sauces into one pack, changing the methods or cooking tools to reduce cooking time.
- Introduced the signature product, MK original sauce, in a new bottled packaging, giving customers the convenience of dining at home and recreating the MK hotpot experience from anywhere.
- Innovated the paper pot, which customers can use to cook on electronic stove or microwave immediately, making it convenient and suitable for meals anywhere.
- Introduced the "Ready to Boil" set, comprises of meat, fresh vegetables and hotpot equipment, allowing customers to cook hotpot at home while retaining an in-store experience
- Promoted high-quality fresh vegetables from the Royal Project as grocery items, which customers can use as cooking ingredient
- Expanded the delivery service scope, presently 96 percent of all branches provide delivery service
- Increased the number of food aggregators for delivery service, partnering with Robinhood, and Shopee Food in 2021
- Increased the number of cloud kitchens, which are delivery-only model with no storefront, creating opportunities to sell products from cross brands in the Group, presently 23 percent of all operating branches has a cloud kitchen model
- Expanded for its customers to claim membership privileges via delivery channels in response to the changing purchasing behavior



4. Contactless: Due to the COVID-19 pandemic, there is a need to maintain distance and minimize contact. The Company improved its servicing process to reduce contact and ensure maximum safety, while simultaneously introducing a new technology and service to the customers, as an alternative, during the COVID-19 pandemic, as follows.

- Individual pot and hotpot set for individual-meal, in response to the required social distancing measure
- Increased self-pickup service to reduce the number of in-store customers to increase sales during the in-store restriction measure
- Implemented contactless technology in the restaurant, such as QR code scanning for menu and payment
- Introduced over 200 server robots for contactless service, the robots' digital features could be added-on, serving the need for social distancing and allowing more time for employees to service the customers more extensively

Development of Food for Health and Nutrition

Thailand's statistical data reveals that the number of patients with chronic non-communicable diseases (NCDs), which are partly caused by the consumption of overly sweet, oily, and salty food, has continued to increase to become the country's main cause of fatalities. Information from the Thai Health Promotion Foundation (Thai Health) unveiled that over 300,000 Thai citizens, or 73 percent of the total population fatalities, lost their lives due to NCDs. This can be estimated to as much as 200,000 million Baht of economic loss per year. The top 6 NCDs with the highest rate of patients and fatalities are diabetes, stroke and heart diseases, pulmonary emphysema, cancer, high blood pressure and obesity. Another survey from the same year illustrates that among Thai adults between 18–59 years old, 21.4 percent has high blood pressure, 6.9 percent has high blood sugar, and 19.5 percent has high level of cholesterol. It also appears that one-third of Thais are also closed to becoming obese.

With consideration to the modern consumers' interest in health-conscious products, the Company continues to research and develop food products and menus with nutrition to promote consumers' desire for good health. The Company has a policy regarding the selection of ingredients to choose ones with no food additives, or if necessary, the least amount possible. In 2021, the Company selected and developed ingredients and products to be in line with health promotion and nutrition, as follows.

- Opted for soymilk instead of coconut milk in dessert menu for health-conscious customers
- Introduced two high-vitamin C beverages, 1,000 milligram per glass, comprises of the Triple Orange (tangerine, pomelo, yuzu oranges) and Lemon Black tea
- Developed Memberry Frappe, a beverage rich in antioxidant, a substance contributing to the prevention of NCDs
- Developed consumer products with benefits of high nutritional values to customers, comprises of
 - Memberry milk (dairy product with active ingredients beneficial to memories and brain health)
 - Memplus supplementary product (product to boost quality of sleep)
 - MK Vitamin Gummy (gummy snack with additional vitamin and good taste)
 - Memberry milk tablet (high-calcium milk tablet with benefits from Vitamin B12)
 - MK Omega Puffs (snack containing Omega 3, 6, 9 and free from the 8 food allergens)
 - Cold pressed juice (preserving nutritional value through High Pressure Processing technology)



Innovation-based Product and Process Development

The Company promotes innovation for new product and process development, which is categorized into 3 aspects, as follows.



1. Restaurant Product Development

The Marketing department collaborated with the Product Development department to develop new product menu and service at the restaurant branch, with a focus on quality and variety to cater to all groups of customers.



2. Consumer Product Innovation

The Company assigned Mark One Innovation Center Co. Ltd. to innovate, research and develop consumer products, which are the Company's patents and innovation, and test the market at the branch and online channels, with potential opportunity for scale-up as a retail business in the future. In 2021, the Company innovated and introduced 6 consumer products to the market, which is higher than the set target.



3. Process Innovation

The COVID-19 preventative measures mandated restaurant branches in department stores to temporarily close at a short notice, which could result in food waste from opened bag of ingredients approaching expiry date. To prevent loss from happening during the next unforeseen mandate, the Company had an effort to develop the packaging by adjusting them to smaller sizes, which is more suitable for usage and storage, as well as to help reduce food loss. With the COVID-19 pandemic also bringing about the risk of scarcity and increased cost in certain ingredients, the Company therefore researched to adapt recipes in order to substitute ingredients from alternative suppliers while maintaining the same quality. There was also an effort to modify the product development process to optimize efficiency through removing certain operating procedure, thus helping to reduce development budget for each food item.

The Company prioritizes and promotes innovation for product innovation and process improvement company wide. In 2021, the Company organized an innovation workshop to engage employees in idea sharing for new products and services, as well as reaffirmed a corporate culture that is open to employees' suggestions to improve their work process via online channel. The innovation is categorized into 2 types, as follow.

- Work process improvement. Setting a system that aggregates suggestions of work process improvement concepts from employees of all levels, continuously promoting work process improvement. In 2021, over 1,400 concepts have been submitted and considered, resulting to 64 concepts being realized and implemented. Suggestions made by the employees have helped the Company to save cost by approximately 580,000 Baht per year and reduced working hours by a total of 11 hours per day, along with enhancing quality and safety at work.
- Equipment improvement and invention. Setting a working team to engineer and adopt technology to support work process at restaurant branch, such as the development of duck roaster oven, steamer, and other equipment, thus improving the equipment and work process for greater efficiency and reduction in working time.

Duck roaster oven: The Company has designed and continuously developed the duck roaster oven into a new model that improves the product quality. It has been patented by the Company.



Customer Relationship Management and Responsibility to Customers

Aligned with its vision to serve happiness and good health for the consumer, the Company prioritizes relationship management and engagement with all groups of customers. This also includes holding accountability to customers according to its customer-centric principle. As such, this was achieved through providing an exceptional service to create good customer experience and professionalism towards responsibility to customers. Customer feedbacks are attended to for

continuous improvement and development of products and services. This enables the Company to be responsive to the customers' need and expectation, resulting in long-term customer satisfaction and engagement with the Company. The Company set the 2021 goal for customer relationship management and responsibility to customers to have complaints no more than 582 PPM regarding food quality and service, and to be no grievances regarding customer privacy violation.

Exceptional Service and Good Experience

The ability to deliver an exceptional service and a memorable experience to customers remains the key success factor for a restaurant business. The Company therefore established a policy to service and treat customers like family to ensure customers receive the best service. The practices are as follows.

1. QCQS

1.1 Quality refers to quality food, which must be safe, tasty, made fresh, free from trans-fat and chemicals, and accredited with the Q symbol, signifying quality control from the Ministry of Agriculture and Cooperatives.

1.2 Cleanliness refers to personal hygiene of employees, as well as cleanliness of equipment,

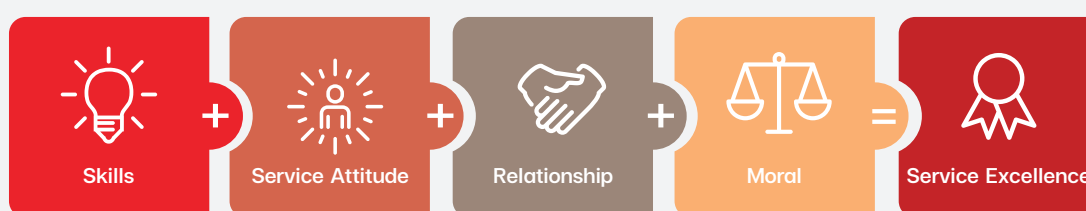
raw materials, and inside and outside of restaurant branches.

1.3 Quickness refers to promptness, with respect to food and service for all customers.

1.4 Service refers to services to create a memorable experience, from the moment the customers arrive, to tending to their needs during the meal, through friendly services.

2. Service Excellence Concept

All service employees must receive trainings for both skills and attitudes, to ensure the delivery of exceptional service at all branches following the Company's standard, which can be divided into 4 levels, as follows.



Food Accessibility and Reasonable Pricing

The Company gives great importance to food accessibility and reasonable pricing to all customer groups, whereby restaurants of various brands and food menus were developed to address the needs of each customer group. During the COVID-19 pandemic, the Company had developed products, which match the needs for both in-store and delivery service, at an accessible price point to each targeted customer group, through the formats of sales promotion and

new menu that fit the modern customers' needs. In 2021, the Company also expanded its service channels through 18 new restaurant branches and through partnerships with food aggregators, such as Grab, Foodpanda, Lineman, Robinhood, and Shopee Food, thus increasing accessibility to quality food and nutrition for consumers in Bangkok and other provinces by 80 percent. In 2021, revenue from the Company's delivery services grew by 53 percent.

Brand Development and Management

The Company adheres to its vision as the cornerstone of brand management and quality development, focusing on delivering happiness to its customers through food and service quality and creating a joyful experience and memorable service for customers of all demographics. The Company aims to foster and reinforce its position as a trusted brand via 3 key value pillars to customers, which are.

1. **Fresh** the food's quality and freshness, as well as brand activities to excite customers
2. **Extra** special elements in the service to surprise customers beyond their expectation
3. **Open** to be a meal for everyone and a restaurant that welcomes all occasions important to customers, easily accessible through new channels

In the past year, the Company primarily communicated to reach its target group through digital platforms and social media. This was in line with the customers' behavior that is using more mobile screen time and staying more at home. It was also an effective brand communication that helped thrust the growth in delivery business. Secondary means of communication include in-store, creating product and promotion awareness, and by communication through traditional media, such as television, radio, out-of-home media, and printed media.

The COVID-19 pandemic necessitated the Company to slow down its brand activities and reduce communication in certain channels. However, the Company can maintain the brand value and brand equity via various media, both digital, out-of-home media and storefront media, to create awareness of its quality product and service, as well as to add value through communication channels which have been reviewed to fit with target groups.

Customer Relationship Management

The Company focuses on addressing customers' expectation and needs, thus continue to develop and build engagement with its customers through various methods. These include implementing new technology and integrating with employees efficiently during service, promotional activities and management of special privileges for membership cardholders, which are segmented into Red Card, Black Card, and Diamond Card. The Company also listens and engages with its customers through customer feedback and grievance management mechanism, collecting feedback and suggestion to factor in the analysis to support its business strategy and approach, with the goal and intent to deliver value to its customers through the Company's products and services.

Due to the COVID-19 pandemic measure that restricted customers from visiting the restaurants, the Company extended special privileges for its members in regard to membership expiration date, birthday privileges, and point collection deadline. This includes the extension of special membership privileges in the delivery channel, in which members continue to receive benefits through all service channels.

The Company had set up a number of accessible communication channels, such as the mobile application, website, call center, and social media, to enable customers and consumers to give an open feedback on the Company's products and services. Customer feedback is evaluated and recorded in the unit of PPM (Part Per Million) and utilized to further improve the Company's products and services.

In 2021, the Company had received complaints of 685 PPM regarding food quality and service, which is higher than the Company's target, due to an increase in complaints feedback from the delivery service channel, which was a shift during the COVID-19 pandemic.



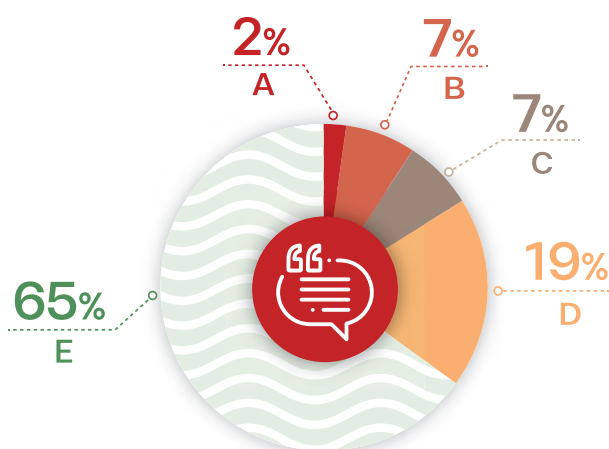
Customer Feedback and Grievance Management

The Company set up a systematic approach to receive customer feedbacks and grievances following the ISO9001:2015 standard, as follows.



In 2021, the Company had managed the customer feedbacks and grievances within the set timeframe, with the proportion by level as follows.

Proportion of Customer Feedback and Grievance by Level



The Company categorizes customer feedbacks and grievances into 5 levels, as follows.

Level A refers to grievance with severity, such as food-related incident and contaminants in food

Level B refers to grievance regarding quality standards, such as food standard, equipment standard, service standard, and employee hygiene standard

Level C refers to grievance in which customers suggest with a desire for improvement

Level D refers to suggestion and opinion from customers to inform the Company of certain topic

Level E refers to compliments from customers praising service, employee, food, venue, or encouragement to operating employee

Customer Data and Privacy Protection

In accordance with the importance of customer privacy and personal data protection of related individuals and entities, in 2021, the Company enacted a Personal Data Protection Policy under the 2019 Personal Data Protection Act (PDPA). The objectives are as follows.

- Ensure the confidence in customers and personal data owners, whom of which conduct transaction with the Company, that they are entitled to have their personal information protected under the lawful rights
- Prevent misuse or unlawful use of personal data

The Company stipulated measures on personal data protection in accordance with the personal data protection laws, in the process of risk assessment, data collection, storage, processing, deletion, and disclosure of personal data. The full particular of the policy is available on the Company's website, investor relation page. The Company also stipulated an implementation roadmap per the 2019 Personal Data Protection Act and the 2020 Enactment from the Ministry of Digital Economy and Society regarding the standard of personal data safekeeping. Work plans and implementation roadmaps according to personal data protection laws, encompassing the 4-aspect of management fundamentals, as follows.

1. Governance
2. Process
3. People
4. Information and Technology

In 2021, the Company conducted trainings on Personal Data Protection Act (PDPA) for all departmental managers and restaurant branch managers and is currently training 300 representatives from departments relevant to personal data protection. The training was conducted on the E-Learning platform, Privacy & Cybersecurity Awareness Platform (P-CAP) and will be completed by November 2022. By close adherence to the specified policy, there was no grievance regarding personal data privacy in 2021.



Nourish our People

"Kindling a good quality of life for our employees"

Occupational Health and Safety

The ineffective management of Occupational Health and Safety directly affects the health and quality of life of operators and stakeholders. This importance extends to the business's operating continuity and its corporate image as well. Hence, the Company pays significant importance to caring for employees within all its operating locations, ensuring that there are decent and safe work environments and promoting all employees' awareness and engagement on work safety.

The Company has set its "Occupational Health and Safety Policy" that aims for strict legal compliance and the effective safety management by paying close attention to the health of its employees, safe work environments, and cooperation of all employees in various projects related to occupational health and safety. The organization has targeted to reduce its Lost Time Injury Frequency Rate (LTIFR) to zero. The Company hence set up 4 Occupational Health and Safety (OHS) and Safe Work Environment Committees

to supervise designated locations. Committees are divided into factory and head office groups, composed 50 production line representatives from different levels. Committee meetings are expected to take place at least once a month in order to create a communication channel to different units on various policies and procedures, while creating opportunities for employees to voice their opinions on needed improvements on occupational health and safety.

The Company's Occupational Health and Safety Approach is anchored on three pillars: 1. Safety Procedure, 2. Safety Mindset, and 3. Safety Support. This approach aims to proactively prevent accidents. Responsible personnel designated to each location are tasked with conducting occupational health and safety risk assessment and put in place effective risk control measures to promote the occupational health and safety of employees operating on Company premises.



Safety Procedure

- The Company has developed operating standards in every work procedure, in order to enact appropriate work behaviors which employees can adopt as guidelines for safe work operations. This covers regular and irregular workers and includes safety procedures to control the work of employees and sub-contractors working onsite.
- In the case of work accidents, the Company has an accident reporting system and an emergencies / incidents investigation procedure that systematically analyses such occurrences. This data is then further analyzed and leveraged to develop prevention plans against recurrence.



Safety Mindset

- The Company has organized trainings to raise employee awareness before operation and periodically review their knowledge. This is to allow employees to appropriately and safely perform their work. Every employee is required to pass work safety trainings and engagement in discussion activities with supervisors and other employees on how to forecast accidents and develop accidents prevention measures before beginning their work. This training is also known as the Kiken-Yoshi-Training (KYT). This is to create awareness and encourage employees to take appropriate care and responsibility for themselves and colleagues through their work, leading to serious and effective implementation.
- The Company has organized various annual activities to promote employees to have the foundational knowledge and the ability to control and contain an emergency. This is in line with legal requirements, which include fire drill trainings, among others. This training is extended to sub-contractors who operate on company premises and are required to undergo safety trainings from the designated safety officer prior at each entry to the worksite.



Safety Support

- The Company has developed an equipment inspection list, which includes tools and machines, ensuring that they are always ready for use. It has also arranged for adequate and appropriate preventive equipment to reduce accident risks in various activities.
- The Company also conducts work safety inspections in every location based on risk factors, including air quality, lighting, and noise, to ensure that all employees operate in appropriate work environments that do not endanger their health.
- The Company conducts health checkups prior to hiring, and also conducts annual checkups for all employees.

The Company monitors its performance on occupational health and safety management based on the Lost Time Injury Frequency Rate (LTIFR) indicator both at the company and site levels. 2021 target was defined as the reduction of accident incidents to zero and the reduction of LTIFR to zero.

The Company's 2021 performance on the LTIFR indicator was 1.05, an increase from 2020 as the decrease in working hours did not correlate with a reduction in accident incidents. Most frequently occurring accidents include cuts from equipment, contact with hot materials, and fall from slipping. The Company has determined preventive approaches for such accidents, and is committed to continually reducing LTIFR of employees per organizational target. This is to be achieved by assessing the effectiveness of various controls and developing short-term and long-term improvement plans.

Accident type	Root cause	Accident prevention
1. Cuts from equipment	<ul style="list-style-type: none"> Operating rush Inappropriate work equipment 	<ul style="list-style-type: none"> Training with special focus on accidents caused by sharp objects and the safe use of equipment
2. Contact with hot material	<ul style="list-style-type: none"> Operating rush Understanding of equipment use 	<ul style="list-style-type: none"> Special emphasis on Kiken Yoshi Training Review of equipment register and the appropriate use of equipment
3. Fall from slipping	<ul style="list-style-type: none"> Not following work procedures Unsafe working conditions 	<ul style="list-style-type: none"> Emphasis on standard operating procedures Training on anticipating accidents from unsafe work environmen

Human Resource Management

Human Resource is the "heart" that drives sustainable organizational growth. Employees who are happy and have good mental and physical health while working are more engaged with the organization and are an important engine in driving effective business performance. They create a competitive advantage and innovations that thrive amidst the fast-changing setting today

and challenging economic, social, and environmental conditions in the future. The Company hence pays great importance to caring for its employees, ensuring that they have capabilities, work satisfaction, and career progression following the organization's vision and mission. Employee engagement target has been set to be no less than 80%.



The Company has determined its “Human Resource Management Approach” which aims, at minimum, at compliance with the laws and regulations and international standards. This includes human rights principles and the fair and equitable treatment of employees through its hiring, management, and capability development, adhering to the following principles.

1. Polite treatment of employees and respect for their individuality and human dignity since recruitment and hiring
2. Fair employee performance evaluation and open communication opportunities through various channels for supervisors and supervisees to continuously develop work performance
3. Competitive and appropriate compensation and benefits management
4. Fair appointments, promotions, reassignments, and disciplinary measures on the basis of knowledge, skill, and appropriate employee treatment
5. Continuous assurance of a work environment management that safe to the life and property of employees, and presence of employee voice mechanisms that receive opinions and suggestions based on occupational knowledge of the employees
6. Placing importance on learning and development of employees by consistently giving equal opportunities
7. Talent management, with open opportunities for promotion through various evaluations and projects performance
8. Human resource management and succession planning to ensure future-proof business continuity



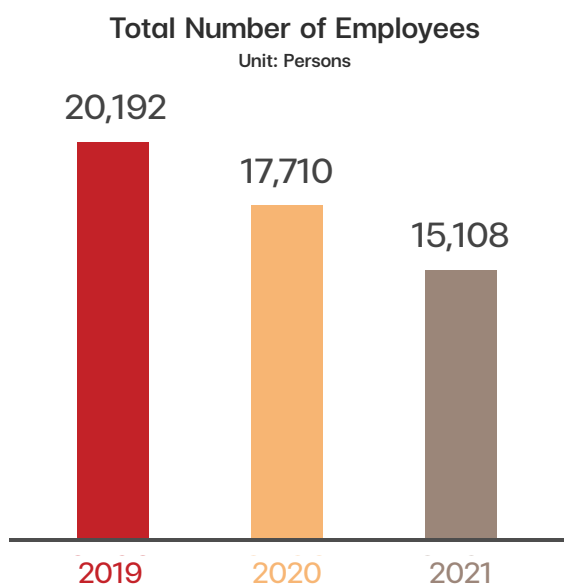
Employee Management

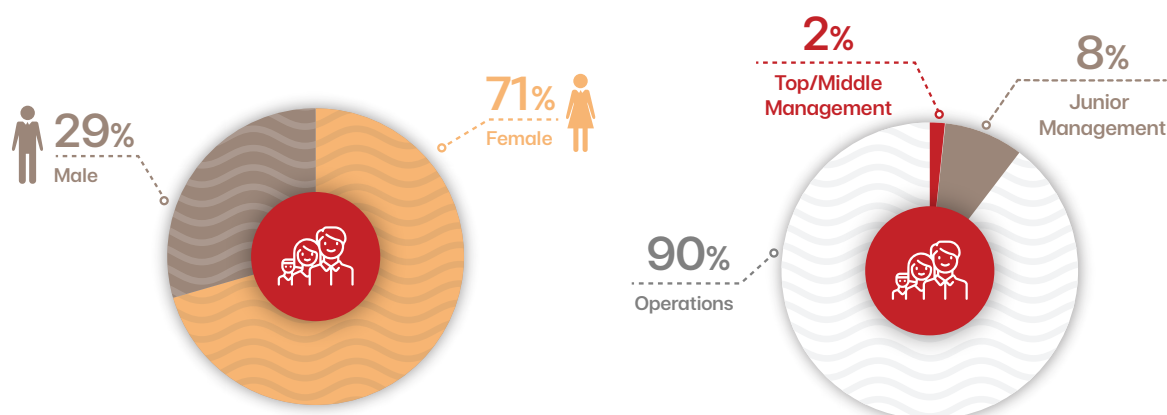
In 2021, the Company undertook important actions to ensure its human resource has a decent quality of life and create employment engagement in the following ways.

Recruitment and Hiring

Under normal circumstances, the Company has aligned its manpower planning with the organization’s business plan. However, despite being largely affected by COVID-19 prevention measures in 2021, the Company has been committed to retain most of its employees and ensuring the smallest impact on its employees. This is in order to retain employees’ quality of life and ensure business preparedness once the situation eases.

The Company is committed to the fairness, equality, transparency, and non-discrimination principles throughout its hiring process. Job opportunities are open to anyone within or outside the organization with appropriate qualifications and knowledge to apply. The Company has advertised its recruitment through various social media platforms, including Facebook, LinkedIn, and job





application websites. It has also bilateral apprenticeship programs with various colleges to promote a combination of classroom learning and practicum for students before they graduate—preparing students before their entrance into the workforce. Additionally, the Company has started to outsource its recruitment for certain positions and explore possibilities of automation in selected areas to mitigate the labor shortage risk as Thailand becomes an ageing society. The Company has set a target to hire for 138 positions in 2021. It was able to hire for 136 positions or 6,245 employees within the determined timeframe. This was equivalent to a 83% success rate.

Additionally, the Company has a policy to hire people with disabilities to promote and support social acceptance and enable them to have decent work and stable income for self-sufficiency. The Company has operated following Articles 33 and 35 of the Empowerment of Persons with Disabilities Act, B.E. 2550 by hiring 190 employees with disabilities in 2021, exceeding the legally advised 1:100 ratio of employees with disabilities to employers without disabilities. It also ensured that employees with disabilities receive decent quality and life and various skills development opportunities. As of 31 December 2021, the Company has a total of 15,108 employees.

Performance Management

Performance Management is an important tool in managing overall performance effectively and ensuring alignment with organizational productivity targets—creating a systemic process to ensure organizational performance targets are met. Organizational performance targets are aligned with departmental and individual targets. The Company's Performance Management is composed of the following.

- 1. Performance Appraisal** is an important tool that helps the organization measure success. This appraisal is an assessment of employees' performance against targets set by supervisors to ensure that the company achieves its business plan.
- 2. Competency Appraisal** assesses knowledge, skills, and work behaviors of employees against competency expectations set by the company at each level—analyzing any gaps that may exist.

The Company hence put in place a system to conduct fair and non-discriminatory performance review at least

twice a year to assess the performance of employees at all levels on their work capacity and capability in helping the Company better achieve its targets using Key Performance Indicators (KPIs) and Competency Assessments. In 2021, the Company has promoted and communicated on monthly behavior assessments between supervisors and employees through an online system—enabling supervisors to monitor performance, adapt work plans, and develop employees in a timely fashion. Employees can view their performance results to improve their strengths and weaknesses.

The Company has leveraged assessment results into insights in managing its human resource in various ways, such as in Career Management and Development. In 2021, 100% of all employees have been evaluated per target. Additionally, the Company promoted two-way communication between supervisors and supervisees on assessment results to create good understanding and relationship, and to encourage better work improvements.

Compensation and Benefits Management

The Company conducts an annual compensation survey, comparing compensations of other companies in the same industry to appropriately and fairly adjust its compensation. Compensation is determined by work experience and performance in order to retain existing personnel and attract potential talent, so that the Company can be competitive in the labor market.

The Company takes employees' annual performance appraisal results in determining compensation, including annual compensation adjustments and bonus. This is done in a non-discriminatory manner, and adheres fairness and transparency principles. This is so that employees receive compensation appropriate for their knowledge and skills, encouraging employee engagement.

Additionally, the Company has provided benefits to increase employee's well-being and assist with expense such as providing work uniforms, provident funds, life insurance and medical benefits, merit-based educational scholarships for children of employees, natural emergency relief financial assistance (e.g., floods and fires), annual medical checkups, and consultations with medical experts.

In 2021, the Company has paid a total of 3,140 million Baht in compensation, composed of monthly salaries, wages, bonuses and provident fund contributions and not including other employee-related costs. 32.35% of employees take part in the provident fund program.

In addition to the abovementioned benefits that all employees receive, the Company has organized the following activities to support employees' well-being.



1. Education: Merit-based Scholarships for Children of Employees

The Company has awarded scholarships to employees' families every year, with a commitment to create opportunities and promote decent quality of life. The Company awarded 2,083 scholarships to employees in the lower-tier income range, whose employment is not shorter than 12 months and whose children have obtained no lower than a 2.75 GPA. Scholarship awards amounted to 4,500 Baht per scholarship. The Company also awarded cash vouchers of 1,000 Baht per family. Total scholarship and support amounted to 11 million Baht in 2021.



2. Health: MK Cal For Fit Activity (Happy Calorie Counting)

In spite of the effects COVID-19 social distancing measures on various activities, the Company has remained cognizant of the importance of employees' good health in safeguarding them against various illnesses. The Company hence organized a virtual exercise activity called "MK Cal For Fit 2021", inviting all employees to exercise whenever they can and wherever they are. Calories burned are calculated and recorded through an application. For every 100 points, the Company donates 1 Baht to charity organization, Baannokkamin Foundation. This activity received the participation of more than 291 employees, who expended a total of 3,434,177 calories, resulting in 35,000 Baht raised for charitable causes.



3. Personal Finance: Me Money

Debt burdens are a significant problem for the Company's employees. This includes family and personal debt. Excessive indebtedness is a cause for distress and does not allow employees to work happily, unavoidably affecting their work productivity.

The Company has become cognizant of this issue, and organized programs to provide knowledge, inculcate financial discipline, and act as intermediary to provide debt relief loan of 50,000 Baht for 50

employees who have passed relevant criteria for participation in the "Me Money" program. The Company has contracted a consultancy to manage the program and has assigned selected Company trainers as financial coaches to employees. This program provided basic knowledge on savings for them to understand the benefits and disadvantages of indebtedness. This also included training employees to have financial discipline in order to prevent them from acquiring debt in the future. The Company hopes that employees who take part in this program will be able to relieve some of their debt burdens and will not create more debt in the future. This program has been ongoing for 2 years, with 93% of participating employees having completed their mission and received 50,000 Baht as debt relief assistance. They were able to relieve their debt as planned and have built genuine financial discipline. Participating employees have also been able to pass on their knowledge to family members and friends.

Promotion and Reassignment

The Company pays significant importance to Talent Management and creates opportunities for employees to have career progression that are aligned with the Company's vision. The Company hence considers employee promotions through assessment results and performance

on various projects, and through the consideration of management committees guided by clear guidelines. This is to ensure fairness and transparency. In 2021, 496 employees were promoted.

Welfare and Grievance Management

Creating Happiness in the Workplace

In addition to managing a safe and effective work environment for employees, the Company has a dedicated unit to provide consultation and receive grievances through various channels, including through telephone, Line messaging application, and email, among others, to facilitate employees' communication, grievance reporting, and expression of any concerns to prevent mental health challenges. This is to enhance employee happiness and reduce work-related stress.

The Company has provided a consultation and grievance mechanism through an internal online system, a mobile application, a mobile phone number, Line messaging



application, and email in order to receive opinions, challenges, and expectations from all employees. This feedback will be evaluated to determine needed improvements or management of any challenges faced by employees. In 2021, the Company has not received any significant grievance on labor and human rights from employees.

Employee Welfare During the COVID-19 Pandemic

During the COVID-19 pandemic and national lockdown, the Company has paid significant importance on ensuring work safety to prevent the spread of the virus, as well as on measures to help employees surpass the crisis. The Company has closely monitored the COVID-19 pandemic through information from the Department of Disease Control, and used strict preventive measures for employees and visiting customers to ensure that highest safety standards are delivered. Implemented policies included temperature checks prior to entrance into worksites, Work from Home (WFH) arrangements, handwashing, social distancing measures for visiting customers, and the wearing of standard Personal Protective Equipment (PPE). The Company secured and distributed needed protective equipment to all employees, including face masks, face shields, gloves, alcohol sprays, alcohol gels, and thermometers.

In order to create a stable quality of life for employees during the COVID-19 pandemic and the national lockdown, the Company has maintained a continuous hiring policy throughout the economic downturn in addition to providing special employee welfare and benefits. The Company has provided COVID-19 insurance for all employees and released a policy to promptly secure vaccines for employees through the national insurance scheme in a timely manner. Additionally, the Company issued a policy allowing employees



to travel to receive vaccinations on company time, while continuing to be regularly compensated. The Company also compensated employees that belong to at-risk groups as they undertook home quarantine. In addition, the Company provided needed service to employees at risk of contracting the virus, by setting up a verification system and team that monitors symptoms of employees through daily telephone inquiries during the isolation period. In order to ensure that all employees are provided with necessary information concerning the COVID-19 pandemic and various rights, benefits, and support measures provided by the government, the Company developed a communications plan to adequately inform employees of relevant news in a timely fashion. Additionally, the Company developed quality boxed meals at a discounted price to reduce employees' cost of living.

Employee Engagement

The Company is committed to ensuring that employees have good well-being and are happy per 8 pillars of the Happy Workplace principle, and to developing employees to have the knowledge, capacity, and career progression. The Company has set its long-term

employee engagement target to be no less than 80%. To better understand employee expectations, the Company has conducted annual employee engagement surveys before the COVID-19 pandemic. Survey results have been taken as basis for caring for, developing, and supporting employees in various ways. Employee suggestions are carefully analyzed to better improve employee welfare. This would further help increase employee engagement. However, the COVID-19 pandemic has affected the Company's ability to conduct employee satisfaction surveys in 2020 and 2021. In 2019, employee engagement score was 76.3%. In 2021, the Company's full-time employee turnover was 52%, which decreased from 2020.





Human Resource Development

The Company operates a restaurant business that is committed to “providing customers with happiness through delicious, quality food, and create happiness in every moment”. The Company hence gives utmost importance in developing capabilities of its employee in delivering value. This is an important driving force behind the business and creates the competitive capacity within a business environment and in meeting fast-changing customer demands. In addition to improving employee capabilities, human resource development also retains capable employees within the organization in the long term while increasing the employee engagement necessary in the joint development of the organization.

The Company has set human resource development policies and approach along core competencies that are aligned with the “MK Culture”. This is the foundation of the organization, and the Company is committed

to developing quality human resource appropriate for the business characteristics and in support of the Company’s future business direction. The Company arranged for skill training, capability development, and continuous learning for all employees through the use of online learning technology systems, such as Zoom and e-learning platforms. These platforms serve as easily-accessible employee capability development channels. The Company has set short- and long-term target of having 90% of employee capabilities be in alignment with organizational capabilities.

4 Competencies

Competency 1: Customer Focus

Competency 2: People Management

Competency 3: Problem Solving

Competency 4: Innovation



The Company’s human resource development framework is composed of an organizational assessment, the creation of strategic plan, development needs assessments, learning planning and design, implementation, control, and assessments in order to ensure that employees have received adequate trainings that are aligned with the organizations’ core competencies. This also includes appropriate career path management and succession planning for the Company’s business.

Training and Development

The Company has designed and initiated Core Leadership and Functional Competencies Development and designed a competency assessment model by identifying competency details and appropriately classifying competencies based on employee levels and roles. In 2021, the Company has developed employee competencies in the following areas.

Target	2021 Performance
<ul style="list-style-type: none"> • Mandatory Program: Core Competency Development for all employee levels 	<ul style="list-style-type: none"> • Core Competency Development: Competency 1 Customer Focus Competency 2 People Management Competency 3 Problem Solving Competency 4 Innovation • 24% of employees have participated in the organization's Core Competency Training Program as designed per employee levels and developed through the roadmap system
<ul style="list-style-type: none"> • Functional Competencies Development 	<ul style="list-style-type: none"> • Supported each unit's development of a training roadmap for employees and supervisors in developing needed knowledge and skills
<ul style="list-style-type: none"> • Delivery of learning through technology platforms, more than 60% 	<ul style="list-style-type: none"> • 63% of curriculum have been assessed for and developed into an e-learning platform
<ul style="list-style-type: none"> • HR Digitization 	<ul style="list-style-type: none"> • Developed system to improve effectiveness and reduce workload of HR <ol style="list-style-type: none"> 1. Integration of employee information into digital platform 2. Visual Control Report 3. Management Payroll • Implementation of Robotic Process Automation (RPA) in training documentation processes and e-service documentation submission system of the Department of Skill Development
<ul style="list-style-type: none"> • Employees have knowledge and skills, as measured by passing rate of post-training assessments, more than 98% 	<ul style="list-style-type: none"> • 100% of all employees passed the training assessment threshold
<ul style="list-style-type: none"> • Develop knowledge in addressing the COVID-19 pandemic 	<ul style="list-style-type: none"> • Developed personnel capable of caring for their hygiene and that of customers by requiring all those concerned to pass the following curriculum for operators and food handlers, as is legally required: <ul style="list-style-type: none"> • Service Distancing • Sanitation for food handlers • Sanitation for business operators • Work safety • Working standards for branch employees

In 2021, the Company organized various training programs to develop the capability of all employees, amount to 58 hours per person, which is an increase from 2020 due to the implementation of the online training system and E-learning which allowed learning to happen during the COVID-19 pandemic.

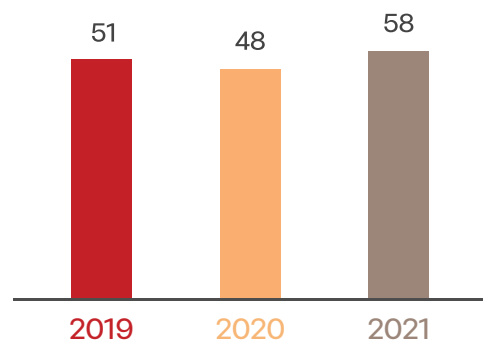


Additionally, the Company's continuous human resource development has yielded economic benefits. The conduct of Idea Suggestion and Kaizen training programs in 2021, for instance, spanned 37 hours and enabled employees to discover solutions and suggestions

for improvements to improve work efficiency and effectiveness. This created benefits for the Company as it reduced 217,625 Baht in operating expenses, including reducing 7 working hours per day. This was achieved through projects proposed by restaurant, factory, and office employees, who voiced their opinions on various improvements through the Company's internal online system. Employees whose projects were selected each month would also be awarded cash prizes.

Average Training Hours per Employee

Unit: Hours



In addition to employee trainings, the Company pays great importance to the organization's knowledge management to enable employees to keep pace with the changing world and modern workplace, including any emerging challenges. The Company has a guideline for knowledge management including search, build, collect, synthesize, and store knowledge systematically so that personnel can always access this knowledge base. Employee and management hence need to continuously learn, create, and use knowledge. This not only helps the organization survive in a fast-changing and competitive world, but also supports the sustainable growth of the Company.

In 2021, the Company has compiled tacit knowledge from the experience and expertise of the management and employees, including explicit knowledge needed for work. This has been organized in the following ways.

1. Knowledge Database	The Company has systemically developed and collected various knowledge needed in the organization. This is to make accurate information readily accessible for personnel who require them. Currently, the Company has developed an E-ISO system that compiles all operating information, work instructions, and supporting documents.
2. Mentoring System	The Company leverages individual transfer of knowledge from those with more experience and knowledge to newer generations with less experience. This mentorship is one method in closely transmitting work knowledge and advice, while also strengthening good relationships.
3. On the Job Training	The Company has encouraged employees to learn on the job in tandem with learning from their direct experience in areas where specialty knowledge is not heavily relied upon and where potential damage likelihood is low or where potential damages could be swiftly remedied.
4. E-Learning	Employees can access various knowledge bases through e-learning to reduce time and location constraints to learning. Currently, the Company has 29 curricula on its e-learning platform and learners can self-select areas of interest.
5. Workshop/ Brainstorming	The Company promotes brainstorming in developing solutions and decision-making through leveraging the collective experience and opinions of all concerned parties.

Talent Management

The Company is currently reviewing its career development policy framework by determining career movement approach and criteria, including defining a career opportunity matrix. This includes the development of job reassignment principles. The Company is in the process of selecting a consultant to design and develop a career development system in order to create a secure career development system that enables employees to grow with the organization and reduces the attrition of high-performing employees.



Target	2021 Performance
<ul style="list-style-type: none"> • Career Movement approach and principles for mid-level management (Level 6–Level 7) 	<ul style="list-style-type: none"> • Developed “Business Management Prep Course for Middle Manager” curriculum • Developed “Management and Leadership: Growing as a Manager” curriculum

Management Development and Succession Planning

The Company has a policy to develop and prepare mid-level management to have the business knowledge and skills in systematic management. This includes opportunities for promotion into higher positions in order to ensure continuous organizational operation in the short-and long-term—imbued with the confidence that key positions in the organization will have effective successors. This includes preparing systematic capability development programs.

Target	2021 Performance
<ul style="list-style-type: none"> • Succession Planning for key positions and a Career Development system by 2023 	<ul style="list-style-type: none"> • Succession Planning and Career Development system are under development towards internationally competitive standards

The Company has identified 36 key positions as targets for the selection and development of successors. It has hence undertaken the business Management Prep Course for Middle Manager project to prepare future successors. In 2021, the Company has developed selection criteria for project participation and developed training program for continuous improvement.

The project is composed of the following steps.

1. Determination of criteria and selection of high-potential personnel groups
2. Screening per set criteria
3. Determine assessment approach for high-potential personnel
4. Develop succession and high-performers development planning
5. Rank high-potential employee groups
6. Conclude evaluation results with committee

Human Rights


Human rights are basic rights that everyone equally deserves. They are becoming an issue attracting increasing social attention. The Company is cognizant of the importance and potential human rights impacts in operating its business throughout the value chain as the Company's business is involved with a variety of stakeholders. Hence the Company has set its Human Rights Policy and corporate ethics to be in alignment with the United Nations Universal Declaration of Human Rights (UNDHR) and has set guidelines for the board, management, and employees at all levels to uniformly adhere to these principles. The Human Rights Policy can be viewed on the Company's website, investor relation page.

The Company is cognizant of human rights risks throughout its supply chain. As its business employs workers that provide service to customers, there is a risk of unfair labor practices, rights violations of suppliers, communities, or customers in the Company's value chain. This may negatively affect its corporate image and be disapproved by society. The Company hence has operated with caution and continues to respect the human rights of all stakeholders by adhering to the principles of equality, respect for the right to and freedom of expression, including protecting and avoiding rights violations of all stakeholder groups, particularly



employees, customers, suppliers, and community groups around the Company's sites.

Whereas the Company has yet to completely undertake Human Rights Due Diligence (HRDD), it has announced a Human Rights Policy and guidelines in 2021. This is intended to guide its actions on human rights and labor practices. Preliminary risk analysis has been conducted and appropriate response measures have been implemented. The Company has also set grievance reporting channels, and determined a management procedure to address such issues in an appropriate manner, leading to the determination of corrective, remedial, or preventive measures in the future. The Company has set a 100% target on the resolution of material human rights issues within determined timeframes.

Stakeholder	Risk Issues	Company Response	Reporting Channel
Employees 	<ul style="list-style-type: none"> • Discrimination • Unfair Hiring • Unsafe Work • Hygiene during the COVID-19 pandemic 	<ul style="list-style-type: none"> • Determined clear, fair, transparent, verifiable labor policies and guidelines, and issued instructions for strict conformance • Managed compensations and benefits so that employees have decent standards of living • Appropriate health and welfare provision • Developed safe and hygienic work environment • Organized safety training and provided adequate Personal Protective Equipment (PPE) 	The Company's online system

Stakeholder	Risk Issues	Company Response	Reporting Channel
Suppliers 	<ul style="list-style-type: none"> • Unsafe Work • Suppliers' use of illegal labor 	<ul style="list-style-type: none"> • Organized trainings on safety and work rules prior to entry to premises • Required suppliers' legal compliance on safety and provision of Personal Protective Equipment (PPE) • Included in the Code of Conduct clear policy on labor practices, requiring strict compliance of suppliers • Prepared for ESG assessment of suppliers • Communicated with and promoted suppliers' conformance with human rights policy 	1. Website: www.mkrestaurant.com 2. Direct communication with head office 3. Telephone: 02-836-1000 Fax: 02-836-1099 4. Social media and other online channels 5. Post: 1200 Thepparat Rd., Bangna Tai, Bangna, Bangkok 10260
Customers 	<ul style="list-style-type: none"> • Discrimination • Unsafe use of products/services • Product quality and marketing • Access to products for vulnerable and underserved groups • Personal data information violation 	<ul style="list-style-type: none"> • Provided adequate and appropriate protective equipment for customers' health and hygiene • Strictly controlled quality and safety of food, per legal requirements • Provided various customer groups convenient access to products and services • Provided customer complaints channels, including investigation, corrective action, and follow-up processes • Provided protection of customers' personal information and prevention of unauthorized sharing of information 	
Community 	<ul style="list-style-type: none"> • Safety and environmental impact of the Company's operation 	<ul style="list-style-type: none"> • Controlled environmental standards per legal requirements or higher • Provided community complaints mechanisms and investigation, corrective action, and follow-up processes 	

In 2021, the Company did not have any labor dispute, receive any human rights complaints from employees or external stakeholders, and did not violate any law or regulations.



Nourish our Environment

“Taking care of our environment for an enriched future”

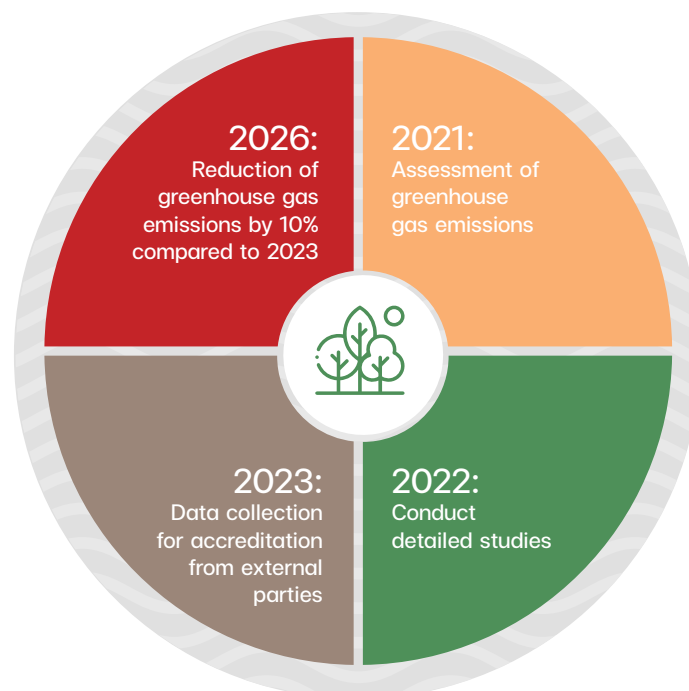
Climate Change

Climate change is a major challenge that has gained global and regional attention requiring the collaboration of all sectors to address and prevent greenhouse gas emissions, the direct cause behind rising atmospheric temperature. The rise in temperature can influence natural disasters and increase risks affecting people’s livelihoods, the environment, as well as business operations.

The Company is conscious of the risks and impact to the Company’s operations from rapid and severe changes to the climate. These direct consequences include increased electricity costs and natural disasters that may affect the continuity of the central kitchen’s operations. For instance, floods and draughts lower the quality of the municipal water supply and its salinity. The effects of climate change also span across the supply chain and indirectly impact raw materials through shortages, poorer quality, higher costs, and longer lead-times resulting in suppliers’ delayed deliveries.

In response, the Company established the “Carbon Dioxide Emission Reduction Policy” to reflect its

commitment to be part of the greenhouse gas emission reduction from business operations. The Company intends to support Thailand’s greenhouse gas reduction targets and the Paris Agreement’s reduction targets to limit global temperature to below 1.5 degrees Celsius, in line with the United Nations’ Sustainable Development Goal 13 on Climate Action. The Company has committed to a 10% reduction in greenhouse gas emissions per unit of sales by 2026, compared to the base year of 2023. In parallel, the Company takes part in raising awareness among its stakeholders throughout the supply chain regarding potential risks and impacts and takes action to reduce greenhouse gas emissions in all 3 scopes, namely, direct emissions of greenhouse gases (Scope 1), indirect emissions of greenhouse gases from the consumption of purchased electricity (Scope 2), and other indirect emissions of greenhouse gases (Scope 3) to achieve established targets. The Company has devised an implementation plan for greenhouse gas emission reduction, as follows.



Corporate Greenhouse Gas Emission Assessment

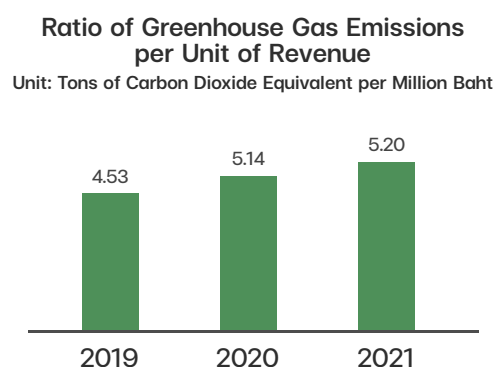
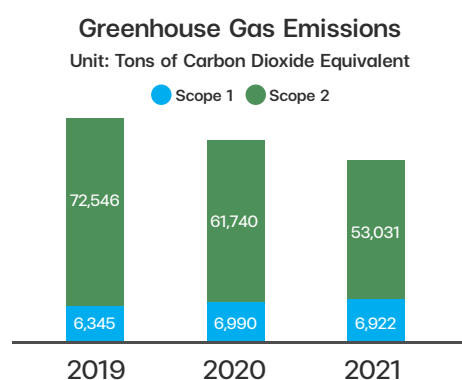
Activities related to greenhouse gas emissions from the Company's business operations, as follows.

Business types	Main activity sources of greenhouse gas emissions	Direct greenhouse gas emissions (Scope 1)			Indirect greenhouse gas emission from purchased electricity (Scope 2)	Other indirect greenhouse gas emissions (Scope 3)
		Diesel	LPG	Coolant		
Food business	In-factory production processes		●		●	
	Temperature controlled rooms			●	●	
	Wastewater treatment system				●	
	Food preparation at branch		●		●	
	Office activities				●	
Logistics	Corporate vehicles	●				
Support activities	Employees' commute					●
	Paper usage in the offices					●

In 2021, the Company deployed selected data collection on the usage of electricity, LPG, and diesel in its food and logistics businesses. The company then calculated the amount of greenhouse gases emitted based on the Carbon Footprint for Organization Guide and Emission Factor from the Thailand Greenhouse Gas Management Organization. The Company is currently in the process of compiling supplementary information to complete its organizational carbon footprint report, which covers direct emissions of greenhouse gases (Scope 1), indirect emissions of greenhouse gases from the consumption of purchased electricity (Scope 2), and other indirect emissions of greenhouse gases (Scope 3). The Company anticipates that it will be able to verify the validity of its data and obtain a certification for the organization's carbon footprint by 2023.

In 2021, the Company emitted 6,922 tons of carbon dioxide equivalent from direct emissions of greenhouse gases (Scope 1) and 53,031 tons of carbon dioxide equivalent from indirect emissions of greenhouse gases from the consumption of purchased electricity (Scope 2). Combining greenhouse gas emissions from Scopes 1 and 2, the Company emitted 59,953 tons of carbon dioxide equivalent, which is 12.8% lower than in 2020 due to the impacts of COVID-19 on food businesses.

With the preventative measures in response to the COVID-19 pandemic, sales channels through restaurant branches had to be closed, resulting in lower production. Meanwhile, the logistics business remained operational, resulting in the proportion of direct greenhouse gas emissions (Scope 1) to be slightly higher than in 2020.



In 2021, the ratio of greenhouse gas emissions per unit of revenue was calculated to be 5.20 tons of carbon dioxide equivalent per million baht, increased by 1.16% compared to 2020, due to the electricity-intensive machinery not operating at its maximum capacity. In account to these factors, the ratio of greenhouse gas emissions per unit of revenue is slightly higher in this year's report.

Indirect greenhouse gas emission from the consumption

of purchased electricity (Scope 2) was the largest proportion of the Company's emissions. In response, the company has devised measures to reduce and optimize energy usage for all forms of energy and measures to instill awareness and cooperation among employees of all levels to reduce the usage of energy in both production facilities and offices. Furthermore, the Company has designated its affiliates to study renewable energy approaches to further reduce electricity usage.

Climate Change Mitigation

Climate change is a factor that poses direct risks to business operations. Hence, the company devises mitigation plans to manage the risks ensuing from climate change. For instance, implemented countermeasures include insurance procurements, employee trainings on emergency response and disaster preparedness, development of a new central kitchen in a suitable location, additional distribution centers for risk diversification, emergency funds as support for employees, inclusive communication to related parties, and management preparedness checks. The Company is committed to ascertain our shareholders, employees, and customers, and to track and monitor affected suppliers. In its essence, the mitigation plans are designed to ensure business continuity and readiness in the event of natural disasters.

In addition, the Company works with suppliers to assess climate change risks and develop mitigation plans for possible events that could occur. This joint planning

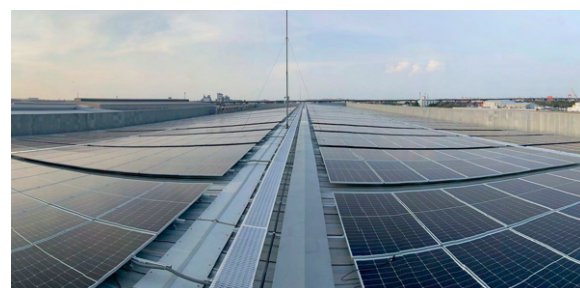


for risk diversification and business continuity includes preparation for timely delivery and protocols during shortages of goods. It also encompasses the procurement of alternative products, sourcing from various geographic areas, and identification of more than one supplier for key raw materials. Equally important is the process to build confidence and readiness for the discussed risk through open communication between the Company's departments and its suppliers to manage existing stock for maximum efficiency and minimize impacts to the Company.

Energy Management

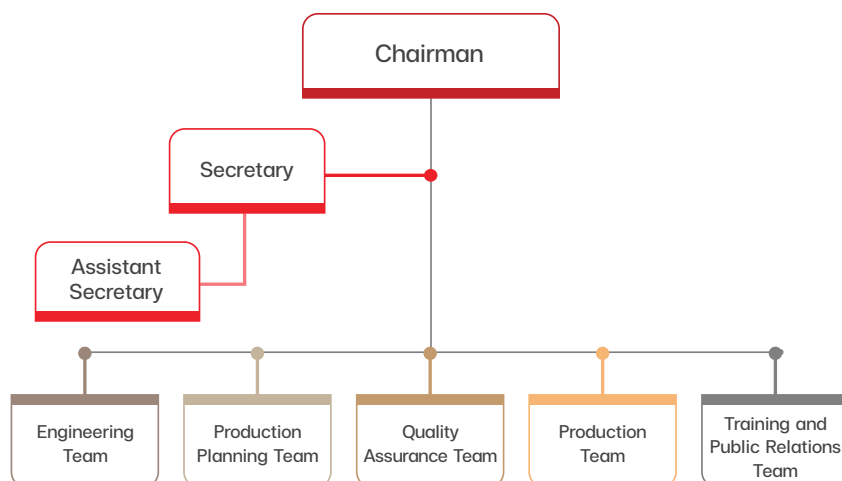
Energy is an essential capital that drives the Company's food business in all stages, such as customer services at the restaurants, production, and logistics. However, the consumption of energy from fossil fuels and electricity in the business process emits greenhouse gases both directly and indirectly and is the leading cause of global climate change. Concurrently, the volatility in electricity and fuel prices increases the cost of production and logistics. The Company is aware of the importance of effective energy management and has thus, established the "Energy Management Policy" aiming to reduce energy consumption and optimize energy usage for all types of energy. The Company also raised awareness and

promoted participation among employees of all levels to collectively lower energy consumption in production facilities and offices. This endeavor acts to mitigate the risk and impact of energy consumption, lower the cost of energy, and reduce greenhouse gas emissions.



The Company has appointed an energy management committee and audit committee, which are responsible for preparing the annual energy report and certification from the Department of Alternative Energy Development and Efficiency under the Ministry of Energy.

Energy Management Committee



The Company is committed to carrying out efficient energy management to lower electricity consumption in both production and service sectors and reduce fuel consumption in the logistics sector. The goal is to lower the ratio of energy consumption per unit of sales in the organization by 10% in 2026 compared to the base year 2021.

1. Increasing Efficiency in Electricity Usage

The Company uses electricity to serve customers in its restaurants and production facilities. To increase the efficiency of electricity usage, the Company has conducted an assessment of internal processes that demonstrate high energy consumption, and then initiating optimization projects on equipment, especially air conditioners and refrigerators, as well as energy saving processes. Optimization and cost saving projects are performed with no compromise on product quality and with the benefits to instill consciousness on electricity-saving behaviors, such as turning off lights and unused electronics. In 2021, the Company studied and invested in renewable

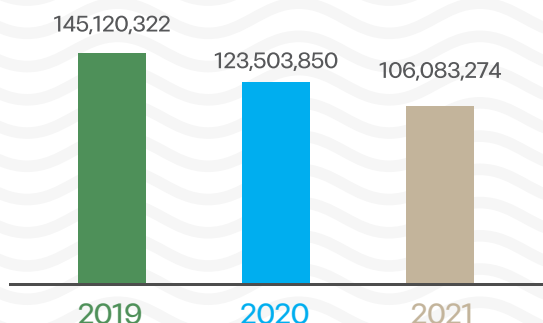


energy technology to reduce electricity consumption through 4 major projects, enabling electricity savings of 1,704,800 kWh per year equivalent to 6.17 million baht.

Department	Renewable Energy Project	Electricity Usage Reduction (kWh per year)	Value (THB/year)
Central Kitchen 5 (CK5)	Solar Roof	1,100,000	4,000,000
Central Kitchen 5 (CK5)	Hybrid Generator	172,800	622,080
Central Kitchen 4 (CK4)	Hybrid Generator	172,800	622,080
Headquarter	Solar Roof	259,200	933,120
Total		1,704,800	6,177,280

Electricity Consumption

Unit: Kilowatt Hour (kWh)



In 2021, the Company's total electricity consumption was 106,083,274 kWh, a reduction by 17,420,576 kWh compared to 2020 and equal to 14.10%. This is partly due to COVID-19 preventative lockdown measures where the Company had to shut down its service and sales channel at its restaurant branches, which in turn impacted the amount of production and significantly lowered electricity consumption.

2. Increasing Efficiency in Fuel Usage

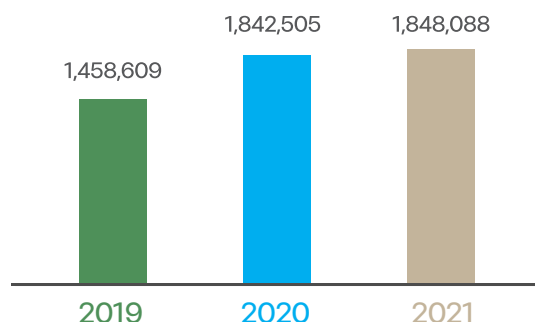
The Company utilizes its logistics business to transport goods and products to the restaurant branches, which results in large amounts of fuel consumption. To enhance the logistics system's efficiency, the Company has laid out optimization plans. One is managing routes and timing of deliveries to reduce the total delivery time. Another is redistributing the products' weights to improve the fuel consumption efficiency of delivery trucks. Additionally, the plan includes Eco Driving training for employees to improve their knowledge and understanding on fuel-saving driving techniques. The Company also implemented a speed limit of 80 kilometers per hour, route planning by Transportation Management System (TMS), and Global Positioning System (GPS) tracking system to monitor driving performance.

In 2021, the Company's total fuel consumption was 1,848,088 liters, an increase of 0.30 percent compared to 2020, due to the Company's logistics expansion.

The Company's total energy consumption in 2021 was 449,207 gigajoules, which was lower by 62,511 gigajoules or 12.22% compared to 2020. The reduction in energy consumption is a consequence of the COVID-19 preventative measures. However, the ratio of energy consumption per unit of sales was equal to 38.92 gigajoules per million baht, which was an increase of 1.63 percent due to the production machinery not being able to run at full capacity during the period of declining production and sales. Nonetheless, the Company is determined to continue improving its total energy consumption of both electricity and fuel to achieve the targeted goal.

Fuel Consumption

Unit: Liters



The Company has planned the following renewable energy technology and optimization projects to further reduce energy consumption in the future.

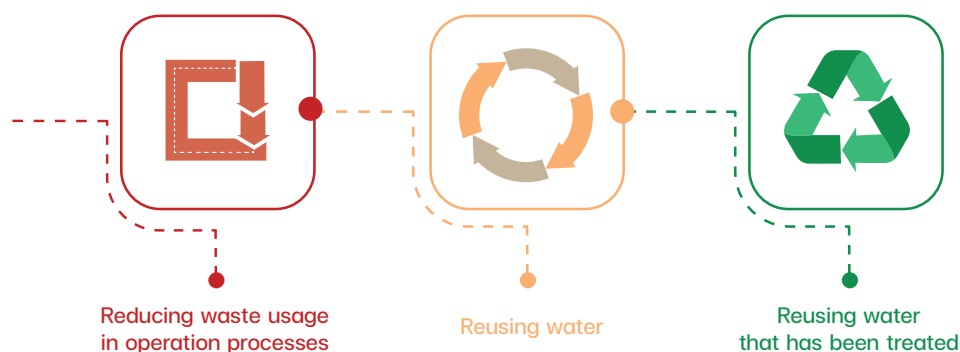
1. The Solar Roof Project at M-Senko Logistics Co., Ltd. and at Central Kitchen 4 (CK4) by 2022
2. The Hybrid Generator System Project for International Food Supply Co., Ltd. and M-Senko Logistics Co., Ltd. by 2022
3. The Transportation Management System (TMS) Project for long-term planning by 2022
4. The Electric Truck project to replace diesel vehicles with electric vehicles by 2026

Sustainable Water Management

Water is an essential resource for operations of restaurants and services. In the Company, large quantity of water is required in both the production and the service sector, as well as in cleaning and other supporting activities. The Company is determined to utilize water resources effectively and efficiently for sustainable usage and lower operational expense.

The Company established the "Sustainable Water Management Policy" to mitigate the risks and impact related to water usage in the Company's activities and processes. Enacting strict compliance to water and


wastewater management laws under the Factory Act B.E. 2535 and environmental management standard ISO 14001:2015, the Company regularly analyzed the quality of effluent in its laboratory, certified by the Department of Industrial Works. In parallel, the Company strived to utilize water at maximum efficiency under the principle of 3Rs (Reduce, Reuse and Recycle). The Company openly disclosed its water management performance to its employees and stakeholders to address any concerns and instill a corporate-wide awareness concerning water usage.



Effective Water Usage through the Principle of 3Rs

The Company's water consumption can be categorized in 2 ways, namely, water used in the production of goods/ services and water used in cleaning/supporting activities. The water that the Company used was municipal water produced from government agencies and was utilized

at a 70:30 ratio based on the category. To achieve the 2021 target of effective water usage and reduce water usage by 2% as compared to 2020, the Company initiated the following projects in utilizing water in both production and customer service (at restaurants) sectors.

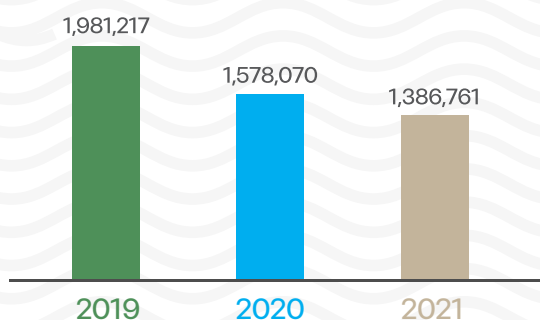
Management Approach	2021 Performance
Reducing water consumption in production processes 	<ol style="list-style-type: none"> The water saving project used a control device, which was developed by the restaurant employees. The control device incorporated a ball valve that limited the release of water to a maximum 45-degree angle. In 2021, the Company installed this control device in all restaurants (100 percent) and has saved 2% of the total water used in restaurants. The water saving project adopted a new method for washing vegetables. The water used for cleaning vegetables was produced using Japanese technology and was able to reduce residual chemicals left on fresh vegetables. This method reduced the number of cleaning rounds, allowing less water to be used in cleaning without compromising quality and saving 15 percent of the total water used in the production facilities.
Reusing water	Water that was used for washing vegetables was reused to clean the floors. This reuse of water has saved 2 percent of the total water used.
Reusing water that has been treated	The quality of treated wastewater was further improved so that it could be reused as feed water for the cooling tower and boiler, as water for gardening around the production facility, and as toilet flushing water in restrooms. This reuse of treated wastewater has saved a 10 percent of the total water used.

Due to the implementation of the effective water usage plan in 2021, the Company's total water consumption was 1,386,761 cubic meters, which was a combination of 322,904 cubic meters used by production processes and 1,063,857 cubic meters used by restaurants. The calculated water savings was 12 percent more than the 2021 target as compared to 2020. This is partly due to COVID-19 preventative measures where the company had to halt services and sales at its restaurant, which in turn impacted the amount of production and drastically

lowered water consumption. As such, the results of the initiatives in improving effective water usage were not as evident as should be. The Company's ratio of water consumption per unit of revenue was 120.16 cubic meter per million baht, which increased by 1.74 percent as compared to 2020 likewise due to the drastic revenue drop from COVID-19 preventative measures where the Company had to close its restaurants during certain lockdown periods.

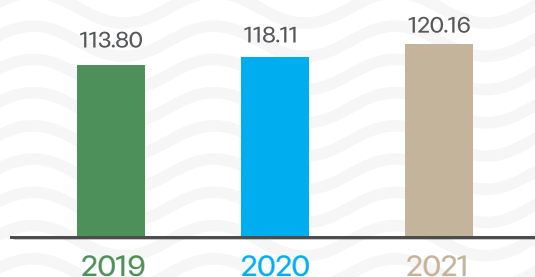
Water Consumption

Unit: Cubic Meters



Water Consumption per Unit of Revenue

Unit: Cubic Meters per Million Baht

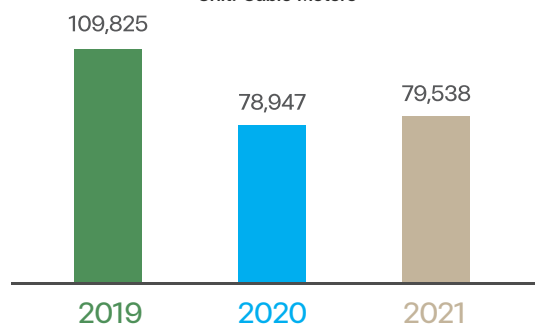


Wastewater Management

The Company is determined to utilize water resources to its maximum potential. Thus, the Company has improved its production processes to reduce wastewater and has separated its wastewater based on their types: wastewater contaminated with food or food coloring used in the production process, wastewater with high concentrations of chemicals, and normal wastewater. Each type requires a different type of treatment to achieve the required quality as stipulated by the law and related regulations. The wastewater was analyzed on a regular basis in the lab, which has been certified by the Department of Industrial Works. In 2021, the Company produced a total of 79,538 cubic meters of wastewater, which was higher by 0.75% as compared to 2020. The Company's production facility strictly complied with legal requirements set by the Department of Industrial Works under the Ministry of Industry in not releasing wastewater of any type outside of the production facility's area. As such, the company reused part of the treated wastewater for gardening around the production facility. The remaining wastewater was settled in a 14-rai clarifier, and through a natural process, the wastewater naturally evaporates. The 2021 test

Amount of Wastewater

Unit: Cubic Meters

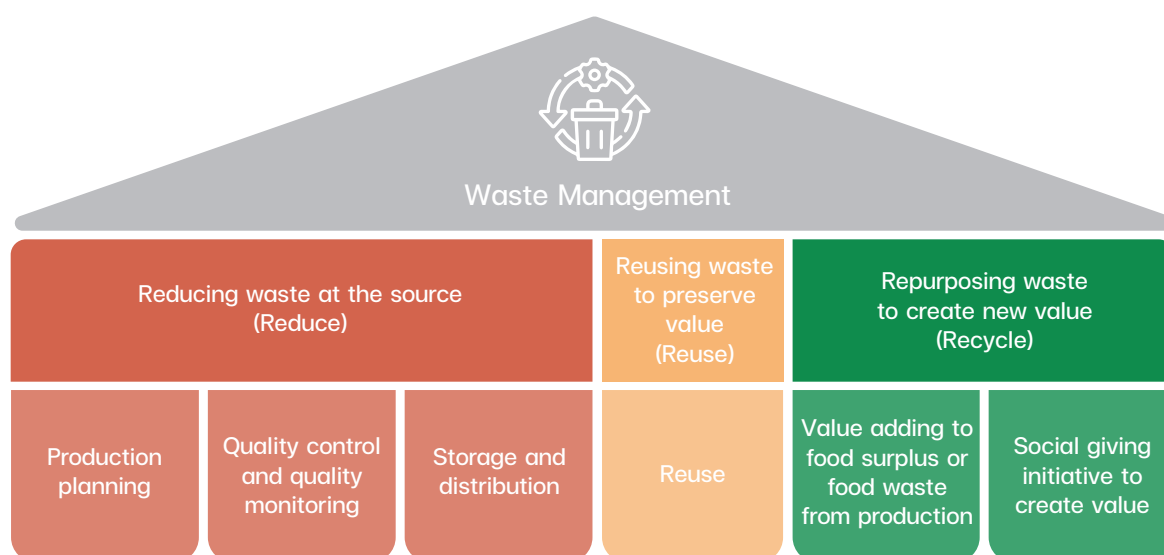


results from this natural wastewater treatment system showed that the quality of the treated water was well within standard.


Waste Management



Waste is generated throughout the Company's restaurant supply chain, in large amounts and various forms, affecting the environment and the Company's costs if not properly managed. Thus, the Company placed great importance in sustainable waste management to reduce the amount of food waste created during production, transportation, and management of product. Efforts were made to limit food waste and establish guidelines to add value to food waste, prevent wasting of natural resources, and mitigate future environmental impact. In essence, waste management could reduce the cost of production and create new opportunities for new product development.

Therefore, the Company established an organizational goal to reduce the amount of food waste by 50 percent within 2030 compared to base year 2023, to reduce the amount of waste other than food waste that is sent to landfill by 50% within 2025, and to collect data on the total amount of each type of waste within 2023. To achieve this goal, the Company has pushed forward its waste management program to reduce environmental impact through the principle of 3Rs (Reduce, Reuse, Recycle) and Circular Economy in activities throughout its value chain. The Company strives to emphasize the value of resources, reduce waste at its source, reuse and recycle waste to its highest benefit, and add value to waste using various methods. The Company has set the following guidelines for managing waste.



The Company manages waste according to legal requirements using various methods depending on the waste category, as follows.

Waste category	Type	Example	Management approach
Non-hazardous waste 	General	<ul style="list-style-type: none"> Plastic bags, used plastic gloves, milk cartons, paper straws or other non-hazardous waste 	<ul style="list-style-type: none"> Support waste separation in different areas, such as the recycling program at the headquarter, training centers, call centers, warehouse, and restaurants Clean recyclable waste and distributing them to designated points Separate non-recyclable waste and sending them to disposal contractors who use methods stipulated by the law

Waste category	Type	Example	Management approach
Non-hazardous waste 	Food waste	<ul style="list-style-type: none"> • Fresh food products, fresh vegetables, and meat that does not meet normal specification in terms of size, shape, color, etc. • Products that have been screened out or fallen out of grade during product grouping or placement • Food that is close to expiration date, has reached the expiration date or is past the expiration date 	<ul style="list-style-type: none"> • Reduce food waste by reducing waste at the source of production process • Develop production processes starting from the procurement of raw materials and production to the distribution and sales at restaurants or other channels based on customer's needs • Control and check quality, regularly improving and reviewing the standards and specification of goods, and setting standards for seasonal goods to lower the amount of disqualified goods • Set guidelines for appropriate storing and distribution for each type of goods as well as developing packaging to extend shelf life • Incorporate excess food into employee meals while observing food safety principles • Resell based on buyer needs • Donate to welfare centers through various foundations, such as Thai SOS, while observing food safety principles • Donate to local farmers to use as animal feed or basic agricultural mixtures
		<ul style="list-style-type: none"> • Excess raw ingredients from production processes 	<ul style="list-style-type: none"> • Incorporate excess food into employee meals while observing food safety principles • Utilize excess raw ingredients for other uses, such as using lime peels in cleaning certain types of equipment that has no consequence to food safety • Research opportunities to develop new products
	Value-added waste	Cardboard, plastic containers or gallon jugs, plastic water bottles, glass bottles or excess material that can be sold	<ul style="list-style-type: none"> • Support waste separation in the area and sales
		Damaged plastic trays that have been used to transport goods to restaurant branches	<ul style="list-style-type: none"> • Recycle damaged plastic trays into new plastic trays in proportions stipulated by the law
Hazardous waste 	Hazardous waste	Waste from laboratories (used chemical containers), sludge from the wastewater treatment system, waste from maintenance work (batteries, light bulbs, and engine oil)	<ul style="list-style-type: none"> • Complying with the law and relevant regulations

Waste category	Type	Example	Management approach
	Infectious waste	Waste from laboratories (needles, blades, syringes, glass test tubes, glass containers, and glass slides), infectious waste from clinics (cotton swabs or used medical equipment), employee equipment (face masks)	<ul style="list-style-type: none"> • Complying with the law and relevant regulations

Presently, the Company has collected data of waste from the headquarter, training center, call center, warehouse, and certain central kitchens, but has not yet gathered data from every location. However, the Company has laid out a plan to collect data on waste from all locations within 2023.

The Company has educated and supported employees' awareness on sustainable consumption and production throughout the supply chain. The Company contributed to the environmental and natural resource conservation by its restaurant waste separation program, in which waste were separated into 4 recyclable types and transported back to the central kitchen for sales. Furthermore, the Company initiated a pilot project on separating waste into 11 types at the headquarter in 2020 and has expanded the project to its training center, call center,

and warehouse in 2021. The 11 types of waste separated are categorized as PET water bottles, transparent/opaque plastics, glass bottles, cans, black&white papers, colored papers, cardboards, milk cartons, food waste, general waste, and hazardous waste. After separation, recyclable waste is sent to recycling companies of its respective type while food waste is composted into fertilizer and used for gardening. An estimate of 1,000 employees from all areas and departments participated in this project.

In 2021, the Company was able to separate a total of 860 tons, equivalent to 1,436,091 baht, from waste separation programs held at restaurant branches, the headquarter, call center, training center, and warehouse. Continuing into 2022, the Company has planned to expand its waste separation program of 11 types at its production facilities and restaurants based on the suitability of each area.

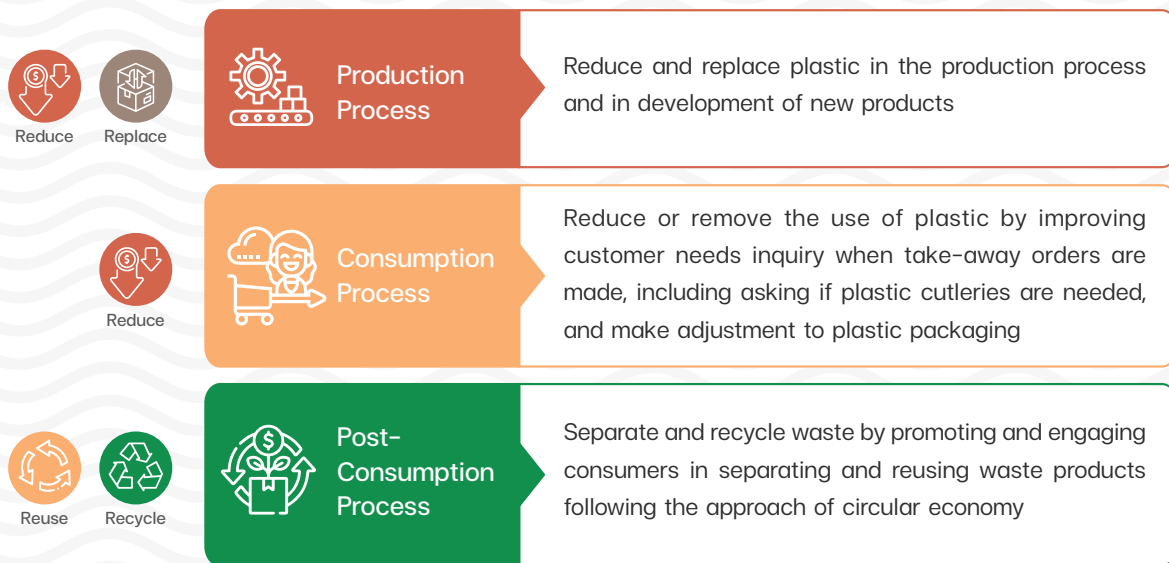
Responsible Packaging

The restaurant and service business uses a large variety of raw ingredients and products. Consumer goods pass through various processes, starting from food manufacturing factories, warehouses, distribution centers, and through to delivery to branch stores and customers. This process requires every product be packaged to ensure that it is delivered safely and in whole.

The Company is cognizant of the importance of selecting and managing packaging, particularly as it pertains to the use of plastic packaging which is subject to increasing international awareness. To emphasize this importance, the Company has developed policies and guidelines on "the responsible use of packaging", which aims to reduce packaging that is hazardous to the environment. This includes currently used packaging, such as foam trays and boxes. The Company has also designed and developed new packaging which are under its direct control, taking into consideration the Product Life Cycle and the benefit and safety of consumers and society. This is in line with market expectations, with reasonable cost, and is coupled with the highest-value and appropriate waste management.

The Company has set key targets to adapt its use of plastic packaging to be more environmentally friendly by 2025. To reduce the Company's negative environmental impact, the Company's plans for its packaging to be Reusable, Recyclable, and Compostable. The Company has also identified responsible packaging operating approaches by promoting employee involvement of its subsidiaries and relevant stakeholders in the following ways.

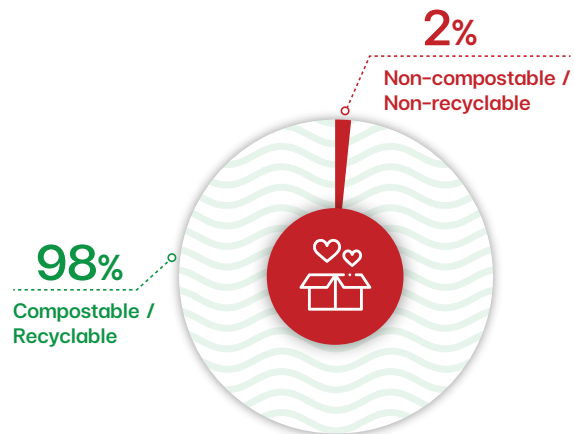




The Company has set targets to abolish all non-compostable or non-recyclable packaging from its branch stores, including from its take-away and delivery services, and transitioning to 100% naturally compostable or recyclable packaging within 2025. In the previous year, the Company has surveyed 282 packaging items used in its business and has changed 98% into compostable or recyclable materials. This was done in all branch stores, including in its take-away and delivery services. The Company is also studying appropriate substitute materials for the remaining packaging.

The Company has also collaborated with its Tier-1 suppliers in developing packaging methods and changing the use of plastic bags in storing raw ingredients in its production process into reusable "bulk packaging". This is to reduce plastic waste and production cost. This current endeavor is underway, with expected completion in June 2022. This will enable the Company to reduce 38,400 plastic bags per month or to the amount of 249,600 Baht monthly.

Additionally, the Company has set targets to develop a waste management approach for non-recyclable products by switching to recyclable materials following the Circular Economy principle. This is to reduce reliance on landfills. The Company collaborated with SCG Chemical Co., Ltd. and its Tier-1 suppliers to search and develop plastic pellet products composed of either one or two types of materials which are 100% recyclable, without increasing production cost and that can be effectively



used with the existing Company's equipment. This current endeavor is underway, with expected completion in October 2022. This will enable the Company to recycle 56,000 plastic bags used in its packaging, or equivalent to 176 tons per month.



Nourish our Partnership

“Elevating Partnerships in Joint Value Creation”

Engagement in Community and Social Development

A person’s ability to lead a good quality of life is determined by their good health and well-being. Therefore, the Company has placed an emphasis on the promotion of food nutrition and food security for communities and society, development of healthcare services, as well as capacity development through learning and access to education. Importantly, by developing quality and healthy human capital, the Company can contribute to the sustainable development of both Thailand and its business interests.

The Company has established a “Community and Social Development Policy” that aligns with its organizational vision and strategy under the “Nourish the Good Health and Well-Being” framework, which is composed of the following 3 missions.

1. Food Nutrition and Security
2. Healthcare Services
3. Journey of Learning

Nourish the Good Health and Well-Being



The Company has established a Social Responsibility Unit, tasked with taking action on community and social development following these three missions. It is supported by the “Aunty Thongkam Foundation”, a foundation named after Aunty Thongkam Mekto, founder of MK and subsidiary restaurants in the group. Aunty Thongkam had a bold resolution to help create a society of good health and wellness. As part of this

resolution, the Company established a policy to donate no less than 1% its annual profits to social development organizations. Additionally, it also promotes social and environmental responsibility among its employees at all levels of the Company. This includes taking part in community and social development by proposing new projects and participating in activities organized in local communities, among others.



1. Food Nutrition and Security

The Company believes that societal health and wellness starts from consuming food that is safe and nutritious, and has set a strategy that leverages its strength as a food business in collaboration with business partners and alliances to create social value. The Company has supported access to nutritious food, promotion of food security, and research into functional food with a goal to provide nutrition benefits and reduce the risk of disease.

1.1. Promoting Continuity for Upstream Farmers in The Food Supply Chain

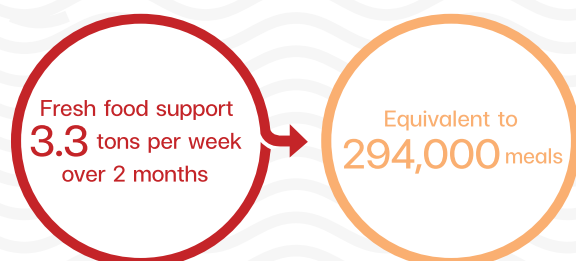
The Company has purchased agricultural products from the Royal Project since 2015 to support and promote the development of local economies and community well-being. Currently, a majority of the vegetables used in cooking in the Group's restaurants are sourced from the Royal Project in Chiang Mai. During COVID-19, consumer demands substantially decreased due to measures to curb infection rates, affecting the Company's raw ingredients purchase volume and income of upstream farmers who are Company's suppliers. To provide continuous support to this market channel, the Company set a policy to retain purchase volume at an appropriate price per given volume. In 2021, the Company purchased 3,279 tons of agricultural products from the Royal Project, equivalent to 40% of its total value of vegetable purchase, which had decreased from 2020 by 16%. These products are sourced from 10 dois, which are highland farms, benefiting farmers in 20 communities or 2,616 people. Average annual income generated is 68,191 Baht per farmer.

Additionally, the Company has collaborated with the Royal Project Foundation on developing various farmer community programs to improve the quality of life of highland communities. This includes developing non-formal education learning center, promotion of basic infrastructure, installing water filters for clean water access, and supporting environmental youth camps.



1.2 Transforming Upstream Products through Community Kitchens

Preventative measures related to the COVID-19 pandemic have negatively impacted the economy and income of many communities in Bangkok, greater Bangkok, and other regions. Many communities demonstrated strength and received support from various volunteer organizations, including the Up for Thai group, Thai SOS Foundation, and Duang Prateep Foundation. These organizations provided food assistance to communities—setting up community kitchens to cook and distribute food to local community members. The Company joined in supporting their efforts by providing upstream farmers' products and fresh food items, including Chinese kale, cabbage, spinach, pumpkin, pork loin, chicken and eggs—amounting to 3.3 tons per week. These were distributed to 195 community kitchens to be used for cooking over a period of 2 months, with quality and freshness controlled through cold-storage transport vehicles and also through the provision of 556 kitchen equipment and cold storage to communities. The Company supported 26 tons of agricultural produce and fresh food items, which was used by the communities to prepare over 294,000 meals.



1.3 Nutritious Breakfast

Children between the ages of 0–8 are going through a significant developmental stage and need sufficient nutrition to aid in their learning and development. In Thailand, many children living in distant areas are often malnourished and weighed below the standard set by the Ministry of Health. To be part of the solution on early

childhood nutrition, the Company has strived to support school food programs by partnering with various social development organizations, such as CCF Foundation for Children and Youth, Yuvabadhana Foundation, and World Vision Thailand. Support funding amounted to 450,000 Baht or 21,000 meals in 2021.

1.4 Promotion of Community Water Resource Management



Water resource management is an important factor in a community's livelihood, particularly those that find their sustenance through agriculture. Present and drastic climatic changes have caused annual natural disasters in Thailand, particularly in the forms of floods and droughts. These have directly affected the volume and quality of agricultural produce and the livelihood of farmer communities. To create food security for these communities, the Company has partnered, for the second year, with Utokapat Foundation Under the Royal Patronage of H.M. the King with the financial support of 1 million Baht to address the water problem in Amphoe Muang Chum, Chiang Rai. This is to aid the improvement and development of water sources through building stone weirs, sludge traps, building construction and piping, and developing water tanks for agricultural and consumption use for the community.

1.5 Support for Nutrition Research

Nutrition and food science research has the potential to create new knowledge and increase the capacity to address problems of social health and wellness. The Company has supported research into food with properties to rehabilitate and cure diseases. In 2021, the Company supported a research project to develop

medical food recipes to cure organic acid metabolism disease in children, led by the Agricultural Research Development Agency (ARDA), Mahidol University, worth 400,000 Baht in order to advance the knowledge and increase chances in controlling and addressing the disease.



2. Healthcare Services

Adequate healthcare services and medical treatment are an important enabling factor in the Company's commitment to create a society of good health and wellness. The Company is committed to supporting medical equipment and tools for university hospitals that are medical schools and hospital centers to increase their capacity and preparedness in caring for patients. This also supports access to medical services for patients of vulnerable and underserved backgrounds.

2.1 Restaurants with Social Business Model



The Company created a social business model by setting up 4 of the Group's restaurants at Siriraj Piyamaharajkarun hospital, consisting of MK Restaurant, Yayoi, Hakata, and Le Petite, as not-for-profit entities. Since 2013, all net profits of these 4 restaurants, after expenses, have been given to the Faculty of Medicine, Siriraj hospital to support the purchase of needed medical equipment and to fund for underserved patients.

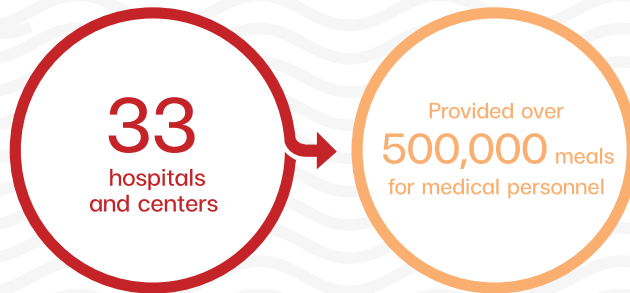
Siriraj Hospital is the largest hospital and medical learning center in Thailand, equipped with more than 2,000 beds and welcoming over 3 million patients a year in 2021. The Company has donated 7 million Baht in profit to Faculty of Medicine Siriraj Hospital.

2.2 Recharging Medical Teams through Meal Boxes

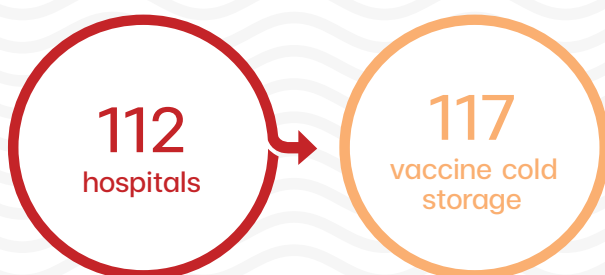
Medical personnel have an important role in handling the COVID-19 pandemic through their obligation to treat and care for large numbers of infected patients. As a result, medical personnel have at times struggled with self-care. The Company saw the importance of supporting and encouraging medical personnel through nutritious meals to help them on their mission. The company delivered over 500,000 meals from restaurants within the Group for 11 months, from January through



November 2021, to over 33 hospitals, field hospitals, rural medical teams, and vaccination centers.



2.3 Support for Vaccination Access through Provision of Vaccine Cold Storage to District and Community Hospitals



Following the spread of the COVID-19 pandemic, the Company promoted the mission of meeting the national target of 70% COVID-19 vaccination coverage by delivering 117 medical-grade vaccine cold-storage fridges and temperature monitoring systems to 112 district and community hospitals. This equipment assists the hospital's ability to store vaccines, while helping to improve vaccination access to community members in areas affected by the virus.



3. Journey of Learning

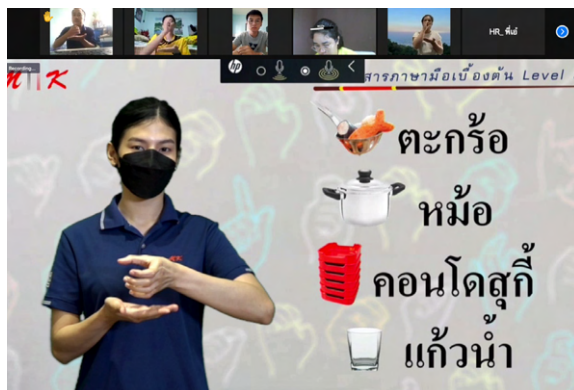
The Company recognizes that education and learning are an important foundation in creating opportunities to uplift the quality of life of members of society. To join in creating good health and wellness, the Company has set an education strategy by supporting the development of students' vocational training by partnering with educational institutions, the learning of early childhood education, and the equity in Thai education.

3.1 Work and Study : A Dual Vocational Education Program

To improve students' vocation and career development, the Company has partnered with the Office of Vocational Education Commission and 103 colleges under the supervision of the Ministry of Education. This is a collaboration between educational and business establishments in training students with academic and vocational skills through the joint development of curriculum, a pedagogy that combines in-class learning and practicum at the workplace, and scholarships to reduce tuition fees, as well as support for welfare and stipends. These are to equip students with the preparedness, experience, and skills that are in alignment with labor market demands. In 2021, the Company awarded scholarships to 111 students who participated in the bilateral education and vocational skills program, comprising of 20 students in the vocational track, 90 students in the high vocational track, and 1 in the undergraduate track. Of all the students who participated in the program, 19% continued their career with the Company following their graduation.



3.2 Support for Job Creation for People with Disabilities



The Company supports and promotes people with disabilities to be accepted by society, have stable jobs and income, and to be able to self-sustain. The Company has a policy to hire people with disabilities, and has opened pathways for students at School for the Deaf and more than 21 Punyanukun schools to provide opportunities to work and develop skills in restaurants, factories, and the head office. The Company has established a dedicated unit responsible to increase the capacity of employees with disabilities. The unit is tasked with working with

teachers in educational institutions, parents, and making visitations to improve the wellbeing of employees with disabilities. Additionally, to improve the working life for employees with the disabilities, the Company has developed an e-learning curriculum delivered in sign language and conducting sign language training of trainers for employees with disabilities. The Company has also leveraged telecommunications technologies, including



the Thai Telecommunications Relay Service (TTRS) application, to facilitate communication with

employees with hearing disabilities during the COVID-19 pandemic. The Company continues to implement its policy of hiring employees with disabilities, in the same way it implements its standard employment policies.

In 2021, the Company hired 190 employees with disabilities, who work in store branches, factories, and training centers in a variety of roles, including kitchen



staff, service staff, and head office staff. The Company continues to implement its policy to hire employees with disabilities throughout the COVID-19 pandemic, which was the same policy implemented for normal employees. This year, the Company received an outstanding award for supporting and improving the quality of life of people with disabilities.

3.3 Learning Promotion for Children in Home Isolation



The Company is cognizant of the difficulties faced by families with primary school children during the COVID-19 pandemic. The pandemic affected local underserved families who were unable to send their children to school or lacked the financial resources for online learning. This deprived children of needed stimulation during an important early developmental stage. The Company hence supported the Emergency Response Magic Box program with UNICEF to deliver 500 learning toolkits to 500 families so that parents and their children can engage in interactive learning while in home isolation.

3.4 Equitable Scholarships for Underserved Students

School closure measures during the COVID-19 pandemic halted learning and teaching, subsequently depriving students of learning and social skill developing opportunities with friends and teachers. This situation contributed to the "Covid Slide" phenomenon, particularly amongst 2 million children from underserved backgrounds. To extend educational opportunities and prevent children from dropping out of the education system during

the pandemic in 2021, the Company awarded 100 scholarships of 10,000 Baht to outstanding students nationwide through the Equitable Education Fund (EEF), an organization that maintains a verifiable student database, to support tuition fees and expenses throughout the academic year. Total scholarship disbursements amounted to 1 million Baht.

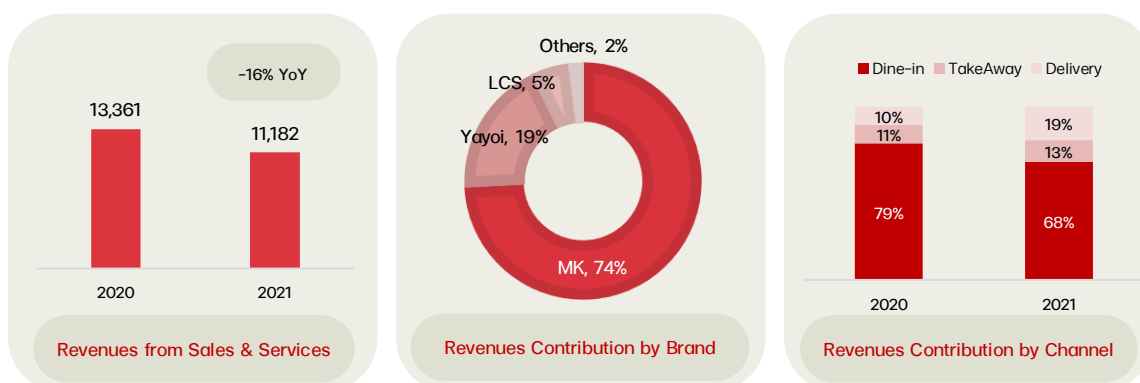


4. Management Discussion and Analysis

4.1 Performance and Financial Status Analysis

In 2021, the Company and its subsidiaries recorded total incomes of Baht 11,368 million, down by Baht 2,254 million or a decrease of 16.5% from the previous year. The decrease of revenues was mainly due to the decrease of revenues from sales and services amounted Baht 2,179 million as a result of the Coronavirus disease 2019 (COVID-19) epidemic situation. The Company and its subsidiaries also recorded the gross profit of Baht 7,167 million, down by 18.4% from the prior year. As a result, the Company and its subsidiaries recorded the net profit of Baht 131 million, dropped by Baht 776 million or a decrease of 85.6%.

Revenues from Sales and Services



For the year 2021, the Company and its subsidiaries recorded revenues from sales and services of Baht 11,182 million, decreased by Baht 2,179 million or a decrease of 16.3% as compared to last year. A decrease was mainly because the outbreak of the Coronavirus disease 2019 (COVID-19) had become more severe and spread in many areas especially in the third quarter. As a result, the government had taken various measures to control the spread. The measures impacted to the restaurant business were including the closure of restaurant, the prohibition of dine-in service (only take-away and delivery allowed), the limit of seating capacity in the restaurant, the restriction on operating hours, etc. These measures had a huge impact to the Company's revenues from sales and services.

Other Revenues

In 2021, the Company and its subsidiaries recorded Baht 186 million as other revenues, decreased Baht 74 million from the previous year primarily due to the decrease of gain from investment, revenues from selling member card, revenues from partners to support the marketing promotion as agreed and revenues from selling scrap materials.

Costs of Sales and Services

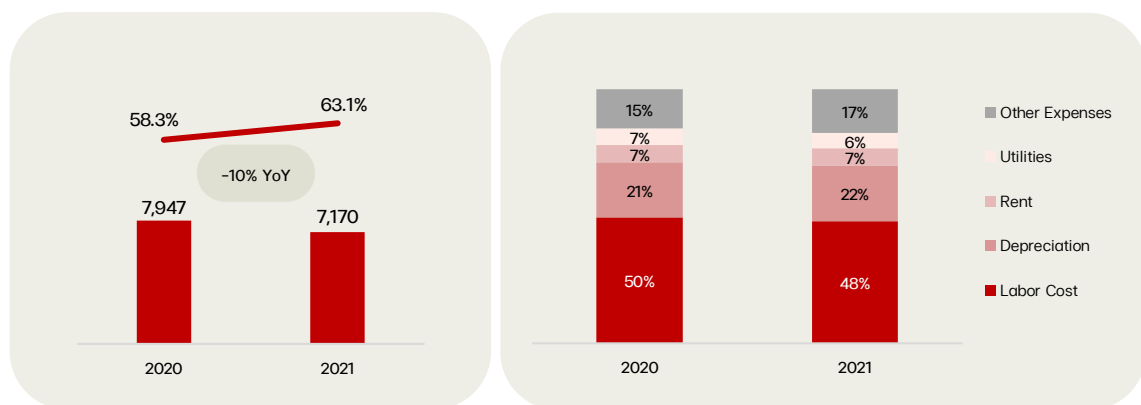
More than 90 percent of the Company's costs of sales and services were costs of food and beverages. Other costs included transportation, storage and warehousing expenses, depreciation of factory buildings and machinery and utilities expenses. The Company has an efficient sourcing and production process where orders of raw materials and finished products for the suki restaurants, Yayoi Japanese restaurants and other eateries have been centralized to profit from the economy of scale so that huge orders can be made at a time while simultaneously enabling the Company to command better purchasing power with distributors. At the other end, the fact that almost all of the manufacturing is done through the central kitchen not only results in an economy scale production but also helps the Company standardizing its food quality. The Company also actively manages inventories of raw materials and finished products by estimating demands of each branch on a daily basis and therefore could effectively control food delivered

to each branch and waste generated from them each day. The centralized management of raw materials and finished products helps managing delivery costs more effectively.

Gross profit

Gross profit represents the difference between revenues from sales and services and costs of sales and services which included food costs and transportation and warehousing costs. For the year 2021, gross profit of the Company and its subsidiaries amounted to Baht 7,167 million, or down by 18.4% year-on-year. Gross profit as a percentage of revenues from sales and services also decreased from 65.7% for the year 2020 to 64.1% for the year 2021. The decrease of gross profit as a percentage of revenues from sales and services was due largely to the closure of dine-in service for a certain period of time in order to control the spread of Coronavirus, as a result, the proportion of sales from delivery channel significantly increased which had lower gross margin than other channels because of the extensive marketing promotion.

Selling and Administrative Expenses



Selling and administrative expenses consist mainly of employee expenses, rents, utilities, advertising and sales promotion, restaurant supplies, depreciation and amortization. Selling and administrative expenses of the Company and its subsidiaries decreased from Baht 7,947 million for the year 2020 to Baht 7,170 million for this year, or a decrease of 9.8% year-on-year, owing mainly to a decrease of staff cost as a result of the reduction of number of employees, a decrease of rental expenses due to the reduction from the landlord during lockdown period, a decrease of utilities as a result of the restaurant closure during lockdown period and a decrease of marketing expenses. However, selling and administrative expenses as a percentage of total revenues increased from 58.3% for the year 2020 to 63.1% for the year 2021, mainly due to the huge drop of revenues from sales and services while most of the expenses did not drop as much as revenues from sales and services.

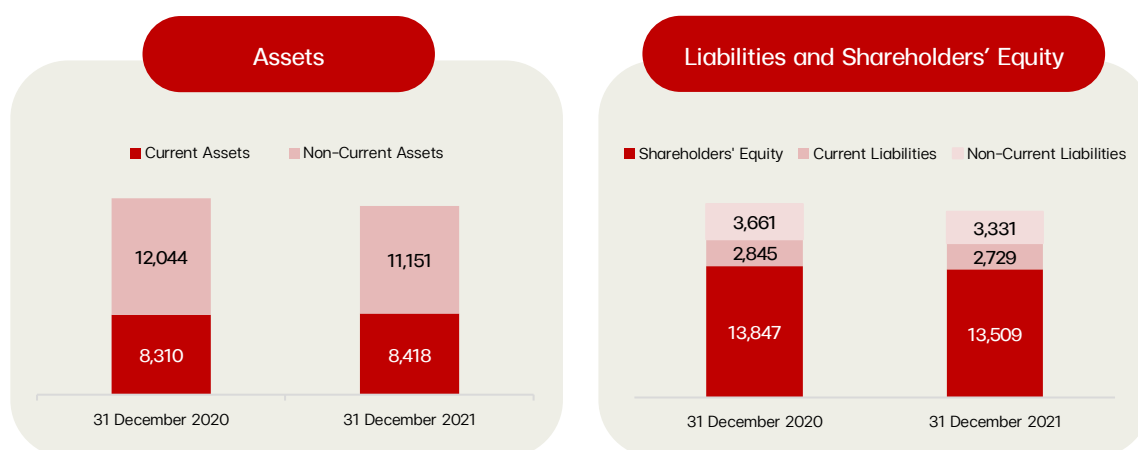
Financial Cost

The Company and its subsidiaries recorded the financial cost of Baht 69 million for the year 2021 which were the interest expenses from the lease liabilities due to the adoption of TFRS16.

Net Profits

As a result of the various factors which affected the operating results of the Company and its subsidiaries as mentioned above, net profit of the Company and its subsidiaries decreased from Baht 907 million for the year 2020 to Baht 131 million for the year 2021, decreased by Baht 776 million or a decrease of 85.6%.

Financial Position



Assets

As of December 31, 2021, the Company and its subsidiaries recorded total assets of Baht 19,569 million, comprising of current assets of Baht 8,418 million and non-current assets of Baht 11,151 million. The total assets decreased Baht 785 million or a decrease of 3.9% as compared to the end of last year due mainly to the decrease of right-of-use assets amounted Baht 504 million and property, plant and equipment amounted Baht 411 million.

Liabilities

As of December 31, 2021, the Company and its subsidiaries recorded total liabilities of Baht 6,060 million, decreased Baht 446 million or 6.9% from the end of last year due primarily to the decrease of the lease liabilities amounted 410 million and Income tax payable amounted 100 million.

Shareholders' equity

As of December 31, 2021, the Company and its subsidiaries recorded shareholders' equity of Baht 13,509 million, decreased Baht 339 million or 2.4% from the end of last year due primarily to the decrease of retained earnings as a result of the dividend payments during the year.

Cash Flows

(Unit: Million Baht)

Type of Cash Flows	2020	2021
Net cash from operating activities	2,092	1,700
Net cash from (used in) investing activities	343	(244)
Net cash used in financing activities	(2,734)	(1,470)
Net decrease in cash and cash equivalents	(299)	(13)

In 2021, the Company and its subsidiaries recorded Baht 1,700 million net cash from operating activities which decreased by Baht 392 million from the prior year. Most of which were from a decrease in operating profit before changes in operating assets and liabilities.

Meanwhile, the Company and its subsidiaries recorded Baht 244 million net cash used in investing activities, mainly from the purchase of plant and equipment.

In addition, the Company and its subsidiaries recorded Baht 1,470 million net cash used in financing activities due primarily to the cash paid to settle liabilities under lease liabilities of Baht 1,009 million and the dividend payment of Baht 460 million.

As a result of cash movements in operating activities, investing activities and financing activities, the Company's cash and cash equivalents in 2021 decreased by Baht 13 million from the previous year.

Financial Ratios Analysis

Liquidity Ratios

As of December 31, 2021, the Company and its subsidiaries had strong liquidity ratios. The current ratio for the year 2021 was 3.1 times which slightly increased from 2.9 times in 2020. Due to the nature of the Company's business which immediately collected cash after its sales and services, the Company's average collection period was very brief; namely 3 days while trade payables from the purchase of raw and finished products would be made later thanks to the credit term policy which the payment period was around 37 days. The average sale period was around 21 days. Thus, the Company recorded a cash surplus causing its cash cycle to be negative, namely (13) days.

Profitability Ratios

Due to the COVID-19 pandemic which started from the year 2020 and continued to this year, together with the measures from the government in order to control the spread, the Company's operations were adversely affected, as a result, the profitability ratios were significantly dropped compared to the previous year. The Company's return on equity (ROE) in 2021 stood at 1.0%, down from 6.5% in 2020. In addition, the net profit margin also dropped from 6.7% in 2020 to 1.2% in 2021.

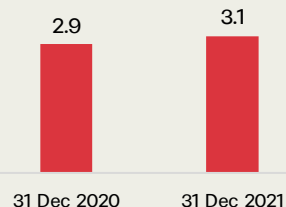
Efficiency Ratios

As for the Company's Return on Assets (ROA), as of December 31, 2021, ROA stood at 0.7%, down from 4.7% in 2020. This was the result of a decrease of net profit at 85.6% due to the COVID-19 outbreak while the average assets increased 4.2% compared to the previous year.

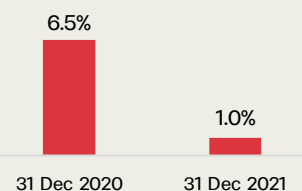
Capital Structure

As of December 31, 2021 the Company's debt to equity ratio (D/E) was 0.5 times, unchanged compared to the previous year. The liabilities were mainly from the lease liabilities as a result of the implementation of TFRS 16 Leases. The Company and its subsidiaries still have a strong financial structure in order to support the business expansion and investment in the future.

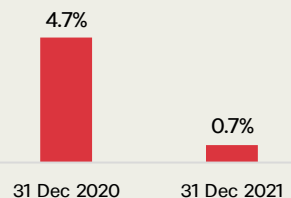
Current Ratio



Return on Equity



Return on Assets



Debt to Equity Ratio



4.2 Factors that may affect the Company's operations in the year 2022

Although in 2022 the restaurant business is likely to recover from 2021 due to the relaxation of the control measures of COVID-19 by the government and the high proportion of vaccinated people. However, the Company views that the year 2022 will continue to be challenging for another year due to the ongoing of the pandemic of Omicron variant. In this regard, the operators needs to create the flexibility for the business planning and operations as well as be adaptable to cope with the current situation together with the government's measures in a timely manner. However, the Company has strong financial positions and liquidity as well as the Company's executives also have experiences working under the COVID-19 restrictions during the past 2 years, the Company has the confidence that it will be able to overcome any uncertainties that may occur in the future.

In addition to the risk of the COVID-19 epidemic in 2022, all of the business operators have to face the increase of the operating costs especially the cost of raw materials and utilities, while the selling price adjustment is limited since the consumers' purchasing power has not yet recovered owing to the impact of the COVID-19 pandemic which has been continued for a couple of years and consumers spend with more caution. In this regard, the Company has been trying to manage costs and improving internal work processes to achieve efficiency and reduce production and operating costs including the introduction of technology in the work process to improve the speed and reduce errors, bringing service robots to serve in the restaurants to ease the burden of servers, installing solar rooftop system on the roofs of all factories and the head office building in order to reduce electricity cost and to support the clean energy concept in order to conserve the environment, etc.

However, the restaurant business is still be an attractive business with long-term growth potential which can be proven by the new comers including both large and small sizes and caused an intense competition.

The Company is aware of this situation and tries to create more food varieties by launching new menus as well as stimulate marketing strategies through marketing and promotional activities both offline and online channels. This includes the introduction of value set menus and specific menus for delivery channels to create the convenience for customers to access to the company's products and services according to the current economic situation. Meanwhile, the Company also creates the new revenue streams in addition to its main food menus by introducing new healthy food products such as beverages, snacks and food supplements in order to bring new experience together with good health to customers. The Company is confident that the operating performance for the year 2022 will be recovered with strong growth.

4.3 Financial Highlights and Financial Ratios

Income Statements	Y2019		Y2020		Y2021	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues						
Sales and services income	17,409	98.1	13,361	98.1	11,182	98.4
Other income	330	1.9	261	1.9	186	1.6
Total revenues	17,739	100.0	13,622	100.0	11,368	100.0
Expenses						
Cost of sales and services	(5,483)	(30.9)	(4,577)	(33.6)	(4,015)	(35.3)
Selling and distribution expenses	(7,902)	(44.5)	(6,766)	(49.7)	(6,078)	(53.5)
Administrative expenses	(1,281)	(7.2)	(1,181)	(8.7)	(1,092)	(9.6)
Total expenses	(14,666)	(82.7)	(12,524)	(91.9)	(11,185)	(98.4)
Profit from operating activities	3,074	17.3	1,097	8.1	183	1.6
Finance income	132	0.7	34	0.2	21	0.2
Share of loss from investments in joint ventures	(41)	(0.2)	(6)	(0.0)	(23)	(0.2)
Finance cost	(1)	(0.0)	(73)	(0.5)	(69)	(0.6)
Profit before income tax expenses	3,163	17.8	1,051	7.7	111	1.0
Income tax	(553)	(3.1)	(140)	(1.0)	10	0.1
Profit for the year	2,610	14.7	912	6.7	121	1.1
Profit attributable to:						
Equity holders of the Company	2,604	14.7	907	6.7	131	1.2
Non-controlling interests of the subsidiaries	7	0.0	4	0.0	(10)	(0.1)

Statements of Financial Positions	December 31, 2019		December 31, 2020		December 31, 2021	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Assets						
Current Assets						
Cash and cash equivalents	808	4.5	509	2.5	497	2.5
Short-term investments	7,225	40.3	-	-	-	-
Trade and other receivables	158	0.9	110	0.5	167	0.9
Inventories	358	2.0	418	2.1	392	2.0
Other current financial assets	-	-	7,154	35.1	7,192	36.8
Other current assets	191	1.1	119	0.6	170	0.9
Total current assets	8,740	48.7	8,310	40.8	8,418	43.0
Non-current assets						
Other non-current financial assets	-	-	826	4.1	818	4.2
Investments in joint ventures	902	5.0	895	4.4	873	4.5
Other long-term investments	1,219	6.8	-	-	-	-
Property, plant and equipment	3,769	21.0	3,254	16.0	2,842	14.5
Right-of-use assets	-	-	3,956	19.4	3,452	17.6
Goodwill	1,478	8.2	1,478	7.3	1,478	7.6
Intangible assets	977	5.4	919	4.5	881	4.5
Leasehold rights	206	1.1	-	-	-	-
Deferred tax assets	122	0.7	182	0.9	249	1.3
Deposits	529	2.9	534	2.6	559	2.9
Total non-current assets	9,201	51.3	12,044	59.2	11,151	57.0
Total assets	17,942	100.0	20,353	100.0	19,569	100.0
Liabilities						
Current liabilities						
Trade and other payables	1,855	10.3	1,312	6.4	1,355	6.9
Deferred income of membership fee	36	0.2	21	0.1	8	0.0
Current portion of lease liabilities	-	-	1,126	5.5	1,075	5.5
Current portion of liabilities under finance lease agreements	13	0.1	-	-	-	-
Income tax payable	279	1.6	145	0.7	45	0.2
Other current financial liabilities	-	-	-	-	23	0.1
Other current liabilities	283	1.6	240	1.2	222	1.1
Total current liabilities	2,467	13.7	2,845	14.0	2,729	13.9

Statements of Financial Positions	December 31, 2019		December 31, 2020		December 31, 2021	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Non-current liabilities						
Lease liabilities, net of current portion	-	-	2,565	12.6	2,207	11.3
Liabilities under finance lease agreements, net of current portion	39	0.2	-	-	-	-
Provision for long-term employee benefits	617	3.4	718	3.5	758	3.9
Deferred tax liabilities	171	1.0	165	0.8	160	0.8
Other non-current liabilities	21	0.1	213	1.0	206	1.1
Total non-current liabilities	848	4.7	3,661	18.0	3,331	17.0
Total liabilities	3,315	18.5	6,506	32.0	6,060	31.0
Shareholders' equity						
Registered share capital	921	5.1	921	4.5	921	4.7
Issued and fully paid share capital	921	5.1	921	4.5	921	4.7
Share premium	8,785	49.0	8,785	43.2	8,785	44.9
Capital reserve for share-based payment transactions	656	3.7	656	3.2	656	3.4
Retained Earnings						
Appropriated - statutory reserve	93	0.5	93	0.5	93	0.5
Unappropriated	3,845	21.4	3,064	15.1	2,735	14.0
Other component of shareholders' equity	7	0.0	4	0.0	5	0.0
Equity attributable to owners of the Company	14,306	79.7	13,523	66.4	13,194	67.4
Non-controlling interests of the subsidiaries	320	1.8	324	1.6	314	1.6
Total shareholders' equity	14,627	81.5	13,847	68.0	13,509	69.0
Total liabilities and shareholders' equity	17,942	100.0	20,353	100.0	19,569	100.0

Cash flow statements (Million Baht)	Y2019	Y2020	Y2021
Net cash from operating activities	3,434	2,092	1,700
Net cash from (used in) investing activities	(957)	343	(244)
Net cash used in financing activities	(2,394)	(2,734)	(1,470)
Net increase (decrease) in cash and cash equivalents	83	(299)	(13)
Cash and cash equivalents at beginning of year	725	808	509
Cash and cash equivalents at end of year	808	509	497

Financial Ratios

Financial Ratios	Unit	Y2019	Y2020	Y2021
<u>Liquidity Ratios</u>				
Liquidity Ratio (Current Ratio)	times	3.5	2.9	3.1
Quick Ratio	times	3.3	2.7	2.9
Cash Ratio	times	1.4	0.8	0.6
Account Receivables Turnover Ratio	times	361	214	141
Average Collection Period	days	1	1.7	3
Inventory Turnover Ratio	times	25.1	19.8	17.1
Average Sale Period	days	14	18	21
Account Payables Turnover Ratio	times	9.7	9.8	9.7
Payment Period	days	37	37	37
Cash Cycle	days	(22)	(17)	(13)
<u>Profitability Ratios</u>				
Gross Profit Margin	%	68.5	65.7	64.1
Operating Profit Margin	%	15.8	6.3	(0.0)
Operating Cash Flow to Operating Profit Ratio	%	125.2	250	(52,333)
Net Profit Margin	%	14.6	6.7	1.2
Return on Equity	%	18.3	6.5	1.0
<u>Efficiency Ratios</u>				
Return on Assets	%	14.8	4.7	0.7
Return on Fixed Assets	%	64.5	38.0	23.3
Total Asset Turnover Ratio	times	1.0	0.7	0.6
<u>Financial Policy Ratios</u>				
Debt to Equity Ratio	times	0.2	0.5	0.5
Interest-bearing Debt to Equity Ratio	times	0	0.3	0.2
Interest Coverage Ratio	times	5,777.1	31.4	25.4
Obligation Coverage Ratio (Cash Basis)	times	0.7	0.7	1.0

5. General Information and Other Related Information

5.1. General Information

Company Name	:	MK Restaurant Group Public Company Limited
Primary Business	:	Restaurant
Head Office	:	1200 Debaratna Road, Bangnatai, Bangna, Bangkok 10260
Registration No.	:	0107555000317
Homepage	:	www.mkrestaurant.com
Telephone	:	+66 2836 1000
Fax	:	+66 2836 1099
Share Capital as of December 31, 2021		
Registered Capital	:	Baht 920,878,100 comprising of 920,878,100 shares with a par value of Baht 1 each
Issued and Paid-up Capital	:	Baht 920,878,100 comprising of 920,878,100 shares with a par value of Baht 1 each
Registrar	:	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400 Tel: +66 2009 9000 Fax: +66 2009 9991
Auditors	:	EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel: +66 2264 0777 Fax: +66 2264 0789

5.2. Other Related Information

- None -

5.3. Legal Dispute

As of 31 December 2021, there is no material litigation against the Company or its subsidiaries which could have a negative effect on our assets exceeding 5% of shareholder's equity. In addition, there is no lawsuit, which could have a significant effect on our business.



Part II

Corporate Governance

6. Corporate Governance Policy

6.1 Corporate Governance Policy and Practice

Corporate Governance Policy

Being in a food and service business, MK Restaurant Group Public Company Limited operates restaurant chains in Thailand and abroad where the service reaches a large number of customers. The Company has been recognized not only for quality and safe food but also great service which have solidly driven its growth so far. Aside from running the business on this fundamental, the Board of Directors also places an extremely high priority to corporate governance (CG). In other words, as the Company firmly believes in the CG principles, CG rules and regulations have been applied in the operation while CG policy is adopted to manage the business and supervise internal functions. The goal, after all, is to ensure that the business is run efficiently and effectively to achieve its objectives.

The essence of the CG is to commit to integrity, transparency and fairness when doing business to reinforce confidence among shareholders, investors, customers, staff and all stakeholders. Our personnel are encouraged to be aware of the principles and to commit to moral practices when conduct the service business. As this reflects the Company's standards of management, it should be favorable to our business and further enhance our recognition here and abroad. That's why the Board of Directors has adopted the CG policy which corresponds to the CG principles for the business to grow sustainably and for us to remain trusted by our shareholders, investors, customers, staff and all stakeholders.

Corporate Governance Practice

To make the Company an efficient organization when it comes to business operation, corporate governance practices and management excellence where shareholders are treated with the best interest and stakeholders are taken into consideration while the Company's business is carried out with transparency and accountability, the Board of Directors has adopted the following corporate governance (CG) policy for itself, the Company's executives and employees to adhere to. Details are as follows.

1. The Board of Directors, executives and employees will perform duty with transparency and integrity towards the organization and other colleagues.
2. The Board of Directors' first priority is customers, to be followed, respectively, by welfare and happiness of employees and best interest of the organization and business partners.
3. The Board of Directors strives to perform its duty with responsibility and independence. Roles and responsibilities of chairman of the Board, Chief Executive Officer and every executive are clearly defined.
4. The Board of Directors strives to be respectable. It will be a leader in ethical practice and a role model for corporate governance compliance.
5. The Board of Directors will devote to the Company without considering their personal interests. Its actions will be mainly based on outcomes affecting the organization and the public at large.
6. The Board of Directors will disclose the Company's financial and non-financial information in an adequate and timely fashion for shareholders and stakeholders to equally access the information.
7. Shareholders will be equally treated for the rights to information and will be offered appropriate channels to communicate with the Company.
8. The Board may appoint a specific committee to carefully screen important matters as deemed appropriate. There will also be an appropriate selection process to recruit important executives of all levels as well as a transparent and fair nomination process.

Section 1: Shareholders' Rights

The Board of Directors is aware of shareholders' rights to own and control the Company through the Board of Directors appointed to perform duty on their behalf and to make decisions on the Company's major changes. That's why the Board of Directors has encouraged shareholders to exercise their rights based on the following fundamental rights of shareholders:

1. Shareholders' Meeting

- 1.1 The Board will ensure that the Company discloses information, identifies date and time of the meeting and meeting agendas with supporting explanations and rationale in each agenda in an invitation letter to attend the Annual General Meeting of Shareholders (AGM) and the Extraordinary General Meeting of Shareholders (EGM) as well as posts the information on its website. The Company will refrain from doing anything that will restrict shareholders from studying the Company's information.
- 1.2 The Board will facilitate the Shareholders' Meeting which will be held at a place large enough to accommodate shareholders in Bangkok or nearby provinces and not too far away to travel.
- 1.3 The Company will allow shareholders to propose meeting agenda or send questions to the Company before the meeting day through available channels.
- 1.4 The Company will allow shareholders who are unable to attend the meeting themselves to appoint a proxy who may vote on their behalf where absent shareholders will receive documents and explanations on how to appoint a legal proxy. Simultaneously, the Company will propose independent directors as a choice to be appointed as a proxy.

2. Procedures on the Shareholders' Meeting Date

- 2.1 The Company will introduce technology at the Shareholders' Meeting to register shareholders, count votes and present voting results to allow the meeting to proceed fast, correctly and accurately.
- 2.2 The Company will allow shareholders to pose questions to Chairman of the Board and chairman of sub-committees in matters relating to the meeting.
- 2.3 Shareholders are entitled to vote separately in each proposed agenda. For an election of member of the Board, shareholders are entitled to vote for each individual director.
- 2.4 The Company will appoint an independent person to count or check votes at both the AGM and the EGM before disclosing voting result to the meeting and recording it in the minutes of the meeting.
- 2.5 Chairman of the meeting shall appropriately manage the meeting session while encouraging shareholders to express their views and ask related questions to the meeting under a relevant meeting agenda.

3. Minutes of the Meeting and disclosure of resolutions of the Shareholders' Meeting

- 3.1 Voting procedures and presentation of counted votes will be explained to the meeting before it starts. Shareholders will be allowed to ask questions or raise an issue. In addition, questions and answers and voting results of each agenda indicating the number of shareholders who have voted yes, no or abstention will be recorded. A list of directors present at the meeting and absent from the meeting will also be recorded.
- 3.2 The Company will disclose to the public voting results of each meeting agenda at both the AGM and the EGM on the next business day on the Stock Exchange of Thailand's website and the Company's website.

Section 2: Equal treatment of shareholders

Realizing the importance of equal and fair treatment to all shareholders, the Board of Directors has done the following:

1. Giving information prior to the Shareholders' Meeting

- 1.1 The Board of Directors will have the Company submit a meeting schedule, meeting agendas and the Board's opinions to the Stock Exchange of Thailand (SET) as well as post them on the Company's website at least 28 days before the date of the shareholders' meeting.
- 1.2 The Board will have the Company notify shareholders all rules and regulations to be applied at the meeting including how to adopt a resolution and voting rights of different classes of shares held by shareholders.
- 1.3 An invitation letter to attend the Shareholders' Meeting will be entirely made both in Thai and English.

2. Protecting the rights of minority shareholders

- 2.1 The Company has prescribed the criteria and procedures whereby minority shareholders may propose agendas for the Meeting and nominate candidate to be considered for election as a director in advance. Such criteria and procedures are posted on the Company's website.
- 2.2 The Board of Directors will proceed with the meeting based on the agendas notified in the invitation letter to attend the Shareholders' Meeting and will not add any meeting agenda during the meeting without notifying shareholders in advance.
- 2.3 The Board of Directors will allow shareholders to appoint a director on an individual basis.

3. Protection against the use of insider information

To promote equal access to information and to prevent the use of insider information for the benefit of directors, executives and employees including their spouse and children not yet legally matured as well as to strengthen our CG practice, the Company has adopted the insider information policy as follows:

- 3.1 Directors, executives and employees including their spouses and children not yet legally matured who have access to material information and the Company's financial statements not yet disclosed to the public are prohibited to disseminate or disclose the information to other persons both in and outside the organization. In addition, there shall be the Chinese Wall among departments to prevent premature disclosure of material information not yet disclosed to the public unless such department is required by its duty to access the information which it shall take a good care of the information the same way the information owner does. This however excludes the disclosure of information to the supervising authorities.
- 3.2 The Company's directors, executives and employees including their spouses and children who are minors who have access to the Company's material information and its financial statements are prohibited to buy, sell, transfer or take transfer the Company's securities within one month prior to the disclosure of the Company's financial statements to the public and 24 hours after the release (Blackout Period). The Company will inform all concerned persons of the blackout period 14 days prior to such period.

4. Director's interest

- 4.1 At the Board of Directors' meeting, a director having an interest in a meeting agenda must report his interest to the meeting for the Board's acknowledgment. He/she has to leave the meeting room during the agenda.
- 4.2 The Board of Directors has a duty to review and resolve an issue of potential conflict of interest and connected transactions for the benefit of the Company and all stakeholders where it may designate the Audit Committee to review the issue and express an opinion regarding the

transaction with potential conflict of interest and any item relating to the Company's transaction. The Audit Committee should inform the Board on a quarterly basis.

Section 3: Roles of Stakeholders

The Board of Directors has given priority to the rights of all groups of stakeholders; namely customers, suppliers, competitors, creditors, the society, employees and shareholders. Realizing its roles and responsibilities, the Board has formulated the Code of Conduct and best practices for employees to be aware of the stakeholders, to be faithful to their duties and to refrain from corruption. In order to protect the interest of all parties in an honest and fair manner, various groups of stakeholders are treated as follows:

- Customers** The Company commits to make customers satisfactory and deliver quality food and good service to our customers. The Company also developed the system to survey the customer satisfaction including the customer's opinions, suggestions, and feedbacks. In addition, the Company has the customer relations unit which has the responsibility to receive the suggestions and feedbacks from the customers in order to improve the service to be more efficient.
- Suppliers** The Company commits to create a mutual relationship with suppliers through which both may share reciprocal benefits and which the Company may honestly maintain supplier's rights in the service business because it places high priority to supplier's integrity. The Company also focuses at keeping supplier's information confidential. In addition, the Company implemented the procurement and vendor selection policies and guidelines as well as the procedures to do business with the Company in order to select suppliers in a systematic, fair, transparent and ethical manner. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption.
- Competitors** The Company has the policy to treat competitors fairly and aims to compete on quality and service efficiency for the best interest of customers. It will not destroy competitor's reputation just for the Company's interest. Simultaneously, the Company considers other firms both as a supplier and a person sharing the same profession who has mutually committed to the ratification governing the profession.
- Creditor** The Company treats creditors fairly and strictly complies with the terms and conditions of contracts. In case that the Company is not able to comply with the terms and conditions, the Company shall inform the creditors in advance in order to find the solutions to prevent the damages. In addition, the Company places emphasis on the capital management to create the proper financial structure in order to prevent the default risk.
- Society** Realizing that the Company is a component in a society, the Board of Directors has instructed the Management to adopt the CSR (corporate social responsibility) policy to provide assistance and support and to create something beneficial for communities and the society. In addition, employees are urged to be aware of their responsibilities to every sector of the society.
- Employees** Equal opportunity is given to employees at all levels. Human resources management is carried out on the basis of ethics and fairness. Remunerations, welfare and the provident fund will be provided for employee's secured future. The Company also pays attention to the development of human resources regardless of their levels both in terms of knowledge and skill enhancement as well as work attitude. The Company will take care of safety and healthcare issues of factory workers. All employees will be subject to a competency evaluation system. Besides, the Key Performance Indicators (KPIs) have been introduced to evaluate employee's performance vis-à-vis the Company's goals.

Remuneration and employee benefits management

The Company oversees its remuneration management to ensure that its employees are offered appropriate, fair and competitive remuneration compared across organization as well as other companies in the same industry. The remuneration is determined by individual performance and positions held and paid in form of salary, bonus and special compensation. The Company has also formulated an appropriate compensation structure for each position level with adjustments made in accordance with economic circumstances, inflation rates and consumer price index. In addition, the Company also regularly surveys the remunerations for all position levels of other companies in order to maintain the retention and create the employees' motivation.

Moreover, the Company also established an employee benefit policy with comprehensive coverage to enhance the quality of life of its employees. The employee benefits are also regularly reviewed to ensure alignment with the current circumstances, needs and living cost.

Shareholders The Company commits to maintain the interest of shareholders for their maximum satisfaction through remarkable returns and a steady growth. In addition, information will be accurately and transparently disclosed to investors and shareholders in an accurate and reliable manner. All shareholders are given a chance to equally exercise their rights.

Contacts for Stakeholders

The Company has provided channels for employees and external stakeholders to contact, complain and report violation cases through various channels as follows:

- Report directly to trusted supervisor
- Send e-mail to supervisor or internal audit manager
- Send mail to Chairman of Audit Committee or directors to the following address:
 MK Restaurant Group Public Company Limited
 1200 Debaratna Road, Bangnatai, Bangna
 Bangkok 10260

When the Company receives the complaint, the Company will assign internal audit department or other appropriate department to collect relevant facts from the whistle blower. In the event that the violation is proven, internal audit department or other appropriate department will propose to Audit Committee and Board of Directors to consider and set the action plan including forming the investigation committee. After investigated the case, the investigation committee will propose the guidance to Audit Committee and Board of Directors for the corrective action and punishment.

Section 4: Disclosure of information and transparency

1. The Board of Directors has a duty to equally disclose all financial and non-financial information in a timely and reliable manner to shareholders and stakeholders via the Company's annual report, the SET's electronic notification system and the Company's website. Information to be disclosed will cover what's stated in the SET's best practices which requires the Company to disclose significant and necessary information on a regular basis in Thai and English through the SET's communication channels and on the Company's website.
2. The Company has set up the Investor Relations Unit to coordinate with institutional investors, securities analysts and shareholders of the Company to provide them with the Company's performance and investment information through a convenient, fast and easy-to-access channel of communication.

3. Significant information with effect to the Company's securities price or which could affect investment decision or make an impact to shareholders' rights and benefits will only be disclosed after the information has been officially disseminated to the SET.
4. The Board of Directors is responsible for reporting its liability to the financial statements where such report must be published with the Annual Report. It is to report remunerations of each director in the annual report and to disclose the number of meetings held annually.
5. The Board of Directors has entrusted the Audit Committee to oversee the Management Discussion and Analysis (MDA) in conjunction with financial statements on a quarterly basis. This includes reviewing an auditing fee which shall also be disclosed in the annual report.
6. The Board of Director is required to disclose a policy under which remunerations are paid to directors and senior executives that can reflect each individual's roles and responsibilities. The disclosure shall include nature or characteristics of the remunerations as well as what each director receives from his/her directorship of subsidiary companies.
7. The Board of Directors must report changes in the Company's shareholding ratio based on the regulations of the Securities and Exchange Commission (SEC) and the SET.
8. The Board of Directors requires the Audit Committee to examine and oversee risk management where a risk assessment analysis will be conducted and risk is to be kept at an acceptable level.

Investor Relations Unit

Investor Relations Unit has the responsibility to communicate with institutional investors, retail investors, shareholders, analysts and other relevant units on an equal and fair basis. Shareholders requiring additional information can contact the Investor Relations Unit directly via investorrelations@mkrestaurantgroup.com. In addition, the Company organizes various activities in order that the Company's management had chance to meet investors and analysts on a regular basis and present the operating results and answer questions as summarized below:

- Organize Analyst Meeting at least twice a year.
- Company Visit and Conference Call which allow investors to inquire about the business operation and strategies of the Company. Investors' inquiries are also directly responded via e-mail and telephone on a regular basis.
- Domestic roadshow with domestic institutional investors to present, communicate and create an accurate understanding regarding the Company's business operation.

Should there be any need for additional information, shareholders can directly contact the Investor Relations Unit via channels as follows:

Address: 1200 Debaratna Road, Bangnatai, Bangna, Bangkok 10260
 Tel: 0-2836-1000
 Email: investorrelations@mkrestaurantgroup.com

Section 5: Responsibilities of the Board of Directors

1. Components and qualifications of the Board of Directors and appointment

- 1.1 The Board of Directors shall consist of no fewer than five members but not exceeding 12. This however depends on what the Shareholders' Meeting may determine from time to time. Of this, at least half shall be independent directors.
- 1.2 Directors shall possess qualifications and shall not have prohibited characteristics as stated in the laws on public limited company. Nor shall they possess any feature that indicates the lack of qualifications to be trusted to manage a business whose shares are held by the public under the laws and the SEC's notification on securities and exchange.
- 1.3 The Board of Directors shall adopt rules and regulations that carefully allow directors to hold positions at other companies taking into consideration how efficient directors who work for

several firms will be and how reassuring that directors can adequately dedicate themselves for the Company. As such, each director should hold directorship in a maximum of four other listed companies. In other words, efficiency of a person as the Company director may fall if he/she holds directorship in too many companies.

- 1.4 The Board of Directors will assign Company Secretary to inform legal and regulatory advice that it had better learn. The Company Secretary will oversee the Board's activities and coordinate with other parties to ensure compliance with the Board's resolutions. The Company Secretary shall be a law or accounting graduate or has attended training relating to the Company Secretary's functions.
- 1.5 The Board of Directors may appoint an unlimited number of sub-committee as necessary to help it screen and oversee work under its responsibility.
- 1.6 Members of the Board shall be appointed with transparency. The Corporate Governance, Nominating and Compensation Committee shall start a nomination process where a person with appropriate qualifications will be nominated as the Company's director together with detailed resume. The Corporate Governance, Nominating and Compensation Committee will then submit a list of nominees to the Board who will propose them to the Shareholders' Meeting for approval and appointment.
- 1.7 Resumes of all directors will be posted on the Company's website.
- 1.8 Newly-appointed directors will attend an orientation session within three months after the appointment in which information proven beneficial and necessary to their performance will be presented to them.
- 1.9 The Board of Directors will clearly adopt a policy and procedures governing the way the Company's CEO and senior executives hold directorship at other companies. This will include types of directorship and a number of companies they may sit at. All of this is subject to the Board's approval.
- 1.10 The Board of Directors has designated the Company Secretary to summarize and brief new information to new directors via the Board of Directors' Manual. New directors will make a company visit to better understand the Company's business.

2. Roles and responsibilities of the Chairman of the Board of Directors

The following are major roles and responsibilities of the Chairman of the Board of Directors:

- 2.1 Set the Board meeting agenda and ensure Board members receive accurate, complete, timely, and clear information prior to the meeting in order to make decision properly.
- 2.2 Be the leader and chair the Board of Directors
 - 2.2.1 Conduct the meeting according to the agenda, the Company's Articles of Association and applicable laws.
 - 2.2.2 Allocate sufficient time for discussion and encourage all members to participate and share opinion independently and carefully by taking into account all stakeholders.
 - 2.2.3 Conclude the meeting's solutions and action plan clearly.
 - 2.2.4 Setup the Board meeting without the presence of the executive directors.
- 2.3 Oversee, monitor and ensure that the Board performs duties efficiently and achieves the Company's objectives.
- 2.4 Chair the meeting of shareholders according to the agenda, the Company's Articles of Association and relevant laws by allocating time appropriately and providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' enquiries are responded appropriately and transparently.
- 2.5 Support and be a role model in compliance with the principles of good corporate governance and the Company's code of conduct.

- 2.6 Strengthen the relationship between the Board of Directors and the management and support the management's duty in accordance with the Company's policy.
- 2.7 Oversee to ensure the transparency of disclosure and management in the event of conflict of interest.
- 2.8 Oversee to ensure that the Board of Directors has appropriate structure and composition.
- 2.9 Oversee that the Board of Directors, Sub-Committees, and each individual member perform duties efficiently and effectively.

3. Specific committee

One of the Board of Directors' duties is to thoroughly and effectively review and approve important matters relating to the Company's operation. As a result, the Board has decided to set up the following specific committees:

- 3.1 The Audit Committee – At least three independent directors are appointed as members of the Audit Committee, one of whom must be knowledgeable in finance and accounting. They shall be independent as defined in the SET's announcement and according to the definition of independent director specifically for company. The Audit Committee will audit internal control system, financial reporting system and risk management and will select and appoint auditor.
- 3.2 The Corporate Governance, Nomination and Compensation Committee – All members are appointed from the Board of Directors. At least three of them shall be independent non-executive directors and at least 50% of them as well as the chairman of the committee shall be the independent director. Moreover, the chairman of the Board of Directors should not be the chairman or the member of the Corporate Governance, Nomination and Compensation Committee.

4. The Board of Directors' Meeting and information provided for the Meeting

- 4.1 The Board of Directors will schedule meeting dates of the Board of Directors in advance on an annual basis. The Company Secretary will inform each director accordingly.
- 4.2 The Board of Directors will receive information relating to the meeting in advance. The Company Secretary will prepare an invitation letter to attend the meeting plus meeting agendas and supporting documents at least five days before the meeting date to allow the Board enough time to study the information before attending the meeting unless it's an emergency meeting.
- 4.3 Chairman of the Board shall approve meeting agendas where he is to consult with the CEO. Each director has liberty to propose a matter into the meeting agendas. The Company Secretary will gather proposed agendas from each director.
- 4.4 Directors having an interest in an agenda are required to abstain from voting or refrain from expressing opinion in the agenda. At the Board of Directors' meeting, if a director is having an interest in an agenda, Chairman of the Board will ask the director to comply with the policy by acknowledging his interest in the agenda to the meeting before he/she is invited to step out of the meeting during the agenda.
- 4.5 The Board of Directors has designated the Company Secretary to record a minutes of the meeting in a complete, accurate and timely fashion. The minutes must be clear in terms of meeting results and opinions of the Board for further use as reference.
- 4.6 Non-executive directors should be able to meet, as necessary, among themselves without the management team in order to debate their concerns. In the year 2021, there was a meeting among non-executive directors without management team on December 22, 2021.

5. Remunerations of the Board and CEO

The Board of Directors and CEO may not set their own remunerations since this is obviously a conflict of interest. To do so, the Corporate Governance, Nominating and Compensation Committee will

determine the rates and propose them for the Board to approve before the matter is presented to shareholders for their approval based on the Board's performance.

- 5.1 The Corporate Governance, Nominating and Compensation Committee has a duty to provide advice regarding remunerations of the Board and CEO to the Board of Directors. Other advice includes structure/ components of the remunerations proven fair to the Board's responsibilities and in line with its performance at an amount that can effectively retain qualified directors in the same industry. Meanwhile, structure/components of the remunerations shall be clear, transparent and easy to understand.
- 5.2 Shareholders are entitled to review rules and policies regarding remunerations of each director annually. The Board of Directors is to submit director's remunerations to shareholders who will review the information as part of the meeting agendas at the Annual General Meeting of Shareholders (AGM).
- 5.3 The Board of Directors and senior executives are required to report principles and rationale regarding director's remunerations in the Company's Annual Report and its financial statements.

6. Performance Assessment

- 6.1 The Company has stipulated the performance assessment for the Board of Directors and Sub-Committees at least once a year on a yearly basis in order to improve each of the committee's performance and enhance their efficiency. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. An assessment of the Board of Directors and Sub-Committees will be based on the guideline as suggested by SET. Adjustment will be made to suit the Company's nature of business.
- 6.2 The Corporate Governance, Nominating and Compensation Committee has the responsibility to assess CEO's performance by considering the Company's operating result compared with other companies having comparable size in the same industry, the implementation of the Company's policies and the overall socio-economic circumstances. By taking into account those information, the Corporate Governance, Nominating and Compensation Committee will consider the CEO's remuneration and propose to the Board of Directors.

7. Succession plan

- 7.1 The Board of Directors has entrusted CEO and the management to adopt a succession plan for executives and positions in line operation.
- 7.2 The Board of Directors has designated CEO to regularly report actions under the development and succession plan so that the Company is constantly ready for a successor in case the CEO could no longer perform his duty.
- 7.3 The Board will ensure that a system is in place to properly select responsible personnel.

8. Enhancement of directors and executives

- 8.1 The Board will promote and facilitate CG training to enhance knowledge on this subject.
- 8.2 The Board will regularly attend knowledge-enhancement courses organized by supervisory agencies where the Corporate's Secretary is designated to coordinate with directors to inform them of relevant courses.

Nomination of Directors and Executives

Directors

The procedure for nominating the Company's director complies with the guidelines for appointing directors according to the Company's Articles of Association. Such person shall meet the qualifications under the Public Limited Companies Act B.E. 2535, Law of Securities and Exchange, regulations of the Securities and Exchange Commission and the Capital Market Supervisory Board and the related rules and regulations. The Company's Articles of Association state that the Board of Directors shall comprise of no fewer than 5

directors and not less than half of total number of directors shall reside in the Kingdom. The Board shall appoint the chairman and may appoint the vice chairman as deemed appropriate. The shareholders' meeting shall appoint the directors on the basis of majority vote in accordance with the following rules and procedures:

1. A shareholder shall have one vote for each share.
2. At the election of Directors, the shareholders shall vote for each individual candidate nominated for Directors, but not exceeding the number of Directors required for that election. The vote shall not be distributed.
3. The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the directors positions are filled. If the votes cast for the candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman of the meeting shall cast the deciding vote.

At every annual general meeting of shareholders, one-third of the directors shall vacate in proportion. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third shall vacate office. The directors retiring by rotation are eligible for re-election as directors for another term. Other than retiring by rotation, the director will vacate office in case of death, resignation, disqualification, having prohibited characteristics under the Public Limited Companies Act, having resolution from the shareholders' meeting or having the order from the court. In such case, the Board may elect the qualified person not having prohibited characteristics under the Public Limited Companies Act to replace as a director for the next meeting unless the remaining term is less than 2 months. The person appointed as the director in his place will hold the position of director only for the remaining term of the director he replaces. The resolution is required a vote of not less than two-thirds of the total number of the remaining directors.

In addition, the directors are prohibited from doing business in the same nature and in competition with the Company's business or being a partner in ordinary partnership, a partner with unlimited liability in limited partnership or a director in other private company or public company which performs business in the same nature and in competition with the Company's business, unless it has been notified to the shareholders' meeting prior to the appointment. The directors shall notify without delay if there is any direct or indirect conflict of interests in any contract made by the Company or any change (increase/decrease) in holding shares or debentures of the Company or affiliated companies.

Independent Director

The Board of Directors will nominate a persons to serve as an independent director by considering the qualifications according to the Public Company Limited Act, B.E.2535, Law of Securities and Exchange, regulations of the Securities and Exchange Commission and the Capital Market Supervisory Board and the related rules and regulations. The Board of Directors shall be comprised of at least 3 independent directors or not less than one-thirds of total number of directors, whichever is higher.

Qualifications of Independent Director

The independent director must not own the business or involve in the Company's management or benefits which may impact to the independent decision making. The qualifications of the independent director are summarized as follows:

1. Holding shares of not more than 1% of total voting rights of the company, parent company, subsidiaries, associates, major shareholder or the company controlling person. The number of held shares shall be inclusive of shares held by any related persons of independent director.
2. Not being or having been an executive director, employee, staff member, advisor who receives a regular salary or being a controlling person of the company, parent company, subsidiaries, associates, subsidiaries which have the same parent company, major shareholder or the company controlling person except where such relationship was terminated for at least 2 years before appointment as an

independent director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.

3. Not being a person who is related by blood or registration under laws, including mother, father, spouses, sibling and children and spouse of children of other director, management, major shareholder, controlling person or a person to be nominated as a director, management or controlling person of the company or subsidiaries.
4. Not having or having had a business relationship with the company, parent company, subsidiaries, associates, major shareholders or the company controlling person which may compromise independence. In addition, independent directors may not be or have been a significant shareholder, or controlling person who had a business relationship with the company, parent company, subsidiaries, associates, or major shareholder or the company controlling person, except where such relationship was terminated for at least 2 years before appointment as an independent director.

The relationships mentioned in the first paragraph include normal business transactions, transactions regarding rental or lease of immovable assets, transactions related to assets and services, transactions regarding financial support including lending, borrowing, guarantees, or providing assets to pledge or mortgage loans or any other similar action, which have transaction values of higher than 3% of net tangible assets or 20 million baht, whichever is lower. The calculation will include the transaction value taking place with the same person who has business relationship during 12 months period prior to the day of the decision to enter into the transaction and will be subject to the Capital Market Advisory Board regarding the rules on connected transactions.

- 5 Not being or having been an independent auditor of the company, parent company, subsidiaries, associates, major shareholders, or the company controlling person, and not being a significant shareholder, controlling person or partner of the audit firm which has provided independent auditor services to the company, parent company, subsidiaries, associates, major shareholder or the company controlling person except where such relationship was terminated at least 2 years period before appointment as an independent director.
- 6 Not providing or having been providing professional services including legal advice, financial advice in consideration of service fees that are higher than two million baht per year from the company, parent company, subsidiaries, associates, major shareholder or the company controlling person and not being a significant shareholder, controlling person or partner of the independent service provider except such relationship was terminated for at least 2 years before the appointment as an independent director.
- 7 Not being a director who was appointed as a representative of a director of the company, major shareholder or shareholder who is related to the major shareholder of the company.
- 8 Not providing the same services as the company and not being competitors of the company and subsidiaries or not being a significant partner in a partnership or being an executive director, staff, employee, consultant who receives regular payroll, or holding over 1% of voting rights of other company which operates the same business and competes with the company and subsidiaries.
- 9 Not having any other conflicts that prevent independent directors from giving independent opinions to the company.

The independent directors may be assigned by the Board of Directors to make decision related to the operating business of the company, parent company, subsidiaries, associates, subsidiaries which have the same parent company, major shareholder or the company controlling person on the basis of collective decision.

In case that the appointed independent director is the person who has or used to have a business relationship, or provision of professional services at a value exceeding the specified amount under item 4 or 6, the Company shall be granted an exemption from such prohibition of having or having had a business relationship or provision of professional services at such excessive value, provided that the Company has

obtained an opinion of the Board of Directors indicating that after a consideration in accordance with Section 89/7 of the Securities and Exchange Act, the appointment of such person does not affect the performance of duties and the giving of independent opinions, and that the relevant information is disclosed in the notice of shareholders' meeting under the agenda of the appointment of the independent director as follows:

- a. The business relationship or the provision of professional services that makes such person not qualified by the rules
- b. The reason and the necessity to appoint such person to be an independent director
- c. The opinion of the Board of Directors to propose such person to be an independent director

Executives

In order to nominate the Chief Executive Officer (CEO), the Board of Directors is responsible for setting the criteria and policy for the nomination and appointment. While CEO has the authority to set the criteria and policy to nominate and appoint the Managing Director, Executive Vice President and the executives from the level of Vice President and above.

6.2 Code of Conduct

The details disclose on the Company's website: www.mkrestaurant.com

6.3 Significant Change and Corporate Governance Development in 2021

The Board of Directors has reviewed the implementation of Corporate Governance Code 2017 for listed companies (CG Code) for the Company's business at least once a year. In 2021, the Board of Directors reviewed and amended the policy and corporate governance principles as follows:

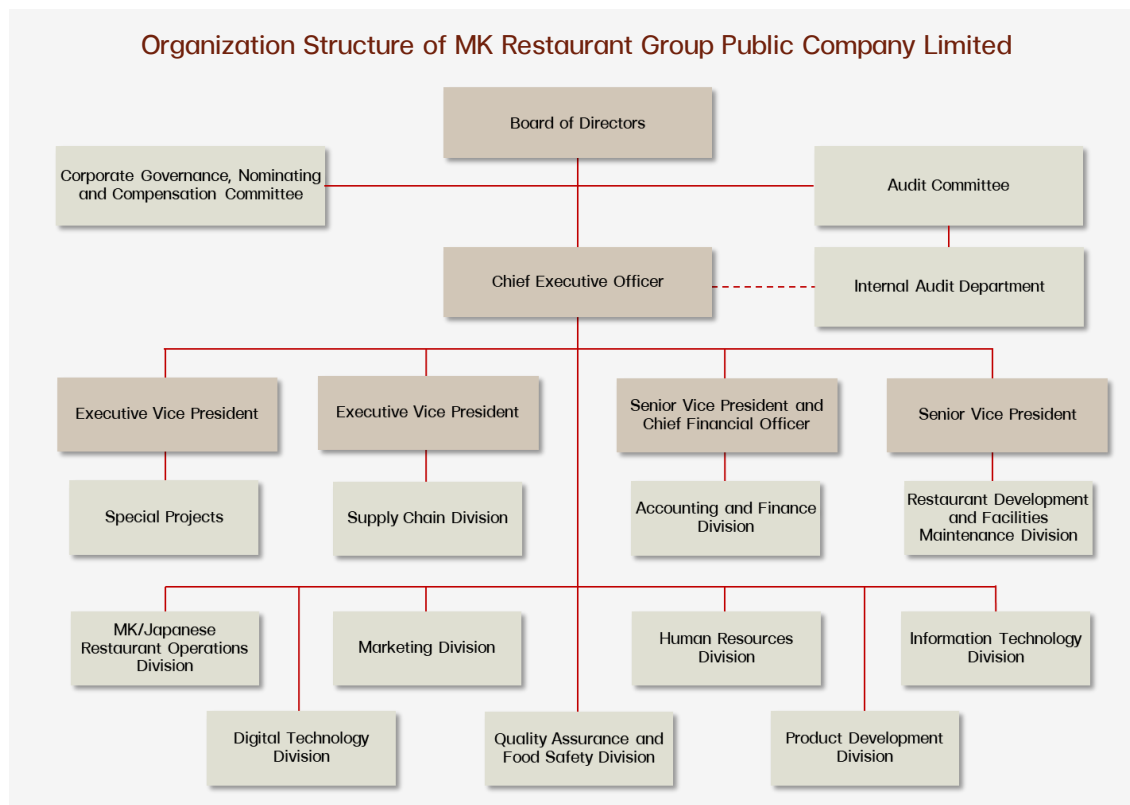
- Review and amendment of the roles and responsibilities of the Audit Committee in order to cover the anti-corruption and in accordance with the CG Code.
- Review and amendment of the Corporate Governance, Nominating and Compensation Committee Charter to align with the practice and in accordance with the CG Code.
- Establishment of Risk Management Policy and Plan to ensure the effective and efficient risk management of the organization.

However, in comparison of the CG Code of Office of the Securities and Exchange Commission, there remained some issues that the Company has not yet complied with, including the following:

- The Chairman of the Board of Directors should be an independent director and not be the same person as Managing Director. Currently, the Chairman of the Board is the same person as Managing Director and not an independent director. However, the Board of Directors comprises of 5 independent directors, representing 50% of the Board which creates a balance of authority between the Board and management. In addition, the Company has the internal control system that incorporates the transparent operating mechanism and in accordance with the CG Code.
- The independent director should hold office not longer than 9 years from the date of the first appointment as independent director. Currently, the Company's corporate governance policy does not set the number of years to hold office for independent director and there are 4 independent directors hold office more than 9 years since the first appointment as independent director. However, all of the independent directors have knowledge, experience and expertise in various areas as required by the Company. In addition, all of them have well understanding in the Company's business and are able to provide the independent opinions and valuable recommendations to the Company. Therefore, all of 4 independent directors are qualified to continue to be independent directors.

7. Corporate Governance Structure, Board of Directors, Committees, Executives, Employees and Others

7.1. Corporate Governance Structure



7.2. Board of Directors

7.2.1. Board of Directors' Structure

As of December 31, 2021, the Board of Directors consisted of 10 directors. The composition of the Board was as follows:

- 7 non-executive directors (70% of the Board)
- 3 executive directors (30% of the Board)
- 5 independent directors (50% of the Board)
- 2 female directors (20% of the Board)

Board Skills Matrix

Name	Accounting and Finance	Information Technology	Human Resources	Risk Management	Marketing	Logistics and Distribution	Law	Research and Development	Engineering
1. Mr. Rit Thirakomen	✓		✓	✓	✓	✓		✓	✓
2. Mr. Somchai Hanjirkasem					✓	✓			
3. Mr. Somchai Pipitvijitkorn	✓			✓	✓		✓		
4. Dr. AnnopTanlamai	✓			✓	✓				✓
5. Mrs. Vilai Chattanrassamee	✓								
6. Mr. Thanong Chotisorayuth			✓					✓	✓
7. Dr. Katiya Greigarn	✓	✓		✓				✓	✓
8. Mr. Sujint Chumpolkanjana									✓
9. Mr. Pravit Tantiwasinchai	✓						✓		
10. Mrs. Yupin Thirakomen			✓		✓				

7.2.2. Details of Board of Directors and Controlling Persons

As of December 31, 2021, the Board of Directors consisted of 10 directors as follows:

1.	Mr. Rit	Thirakomen	Chairman
2.	Mr. Somchai	Hanjirkasem	Director
3.	Mr. Somchai	Pipitvijitkorn	Director and Member of Corporate Governance, Nominating and Compensation Committee
4.	Dr. Annop	Tanlamai	Independent Director and Chairman of Audit Committee
5.	Mrs. Vilai	Chattanrassamee	Independent Director, Member of Audit Committee and Member of Corporate Governance, Nominating and Compensation Committee
6.	Mr. Thanong	Chotisorayuth	Independent Director
7.	Dr. Katiya	Greigarn	Independent Director, Member of Audit Committee and Chairman of Corporate Governance, Nominating and Compensation Committee
8.	Mr. Sujint	Chumpolkanjana	Independent Director
9.	Mr. Pravit	Tantiwasinchai	Director
10.	Mrs. Yupin	Thirakomen	Director

Note: Mrs. Yupin Thirakomen was appointed to be a director on December 22, 2021

7.2.3. Board of Directors' Responsibilities**Authorized Directors**

Authorized directors who may sign on behalf of the Company are Mr. Rit Thirakomen, Mr. Somchai Hanjirkasem, and Mr. Somchai Pipitvijitkorn totaling two persons together with the Company's seal.

Roles and Responsibilities of the Board of Directors

1. To manage the Company in accordance with the laws, the Company's objectives, its Articles of Association and resolutions of the Shareholders' Meeting with integrity and care to protect the Company's interest.
2. To consider and approve key business matters such as vision and mission of the Company, strategy, financial targets, risks, major plans of action and budget with an annual revision and approval.
3. To monitor and follow-up the compliance of management on approved policies and plans.
4. To govern long-term business operations, including executive development plan and management succession plan.
5. To set and approve a written corporate governance policy for the Company and review and enforce the policy regularly, at least annually.
6. To ensure that a written code of business conduct be in place and all directors, executives and employees understand business ethical standards of the Company as well as to closely monitor the enforcement of the code of business conduct.
7. To consider any conflict of interest thoroughly. There should be clear guidelines on the approval of transactions with conflict of interests so that the transactions are conducted for the best interests of the Company and all shareholders. The person who has conflict of interest should not participate in decision-making process. The Board should also monitor the regulation regarding criteria, procedures and disclosure of transactions with conflict of interests.
8. To oversee and ensure that the Company has efficient risk management and to review and evaluate the efficiency of risk management regularly and wherever there is change in risk level.
9. To ensure that an internal control system is in place, including financial, compliance, and policy controls, and to assign an independent person or department to audit and report at least annually.
10. The annual report should contain a statement from the Board of Directors or the audit committee on the adequacy of the Company's internal controls and risk management.
11. To set up the clear procedures on whistle-blowing for related parties or stakeholders and publish them on the Company's website or directly report to the Company. One channel is via independent directors or the audit committee, who should arrange an investigation and report findings to the Board.
12. To have clear procedures on governing its subsidiaries in order to protect investor benefits including assigning directors of its subsidiaries to be the director of its subsidiaries to ensure the alignment of the parent company's policy and under the Securities and Exchange laws or SET regulations.
13. To attend the meeting of Board of Directors and Shareholders unless in case of force majeure where absent directors shall notify Chairman of the Board or Company Secretary before the meeting.
14. To evaluate once a year of its work, functions and performance.

7.3. Committees

Audit Committee

As of December 31, 2021, the Audit Committee consisted of 3 directors as follows:

1.	Dr. Annop	Tanlamai	Chairman
2.	Mrs. Vilai	Chattanrassamee	Member
3.	Dr. Katiya	Greigarn	Member

The members of the Audit Committee No. 1 & 2 are knowledgeable and experienced persons in finance and accounting.

Roles and Responsibilities of the Audit Committee

1. To verify that the Company has accurately and adequately reported its financial position.
2. To verify that the Company has proper and effective internal control and internal audit systems and to review the independence of internal audit function of the Company; to approve the appointment,

transfer and termination of head of the internal audit function or any other functions responsible for internal auditing.

3. To verify the Company's compliance with the laws on securities and exchange, the SET's regulations and laws relating to the Company's business.
4. To review and discuss the Company's major risk with the management and to discuss measures the management has put in place to monitor and control the risk.
5. To review, select and nominate independent person as the Company's auditor and to propose his/her remunerations; to attend the meeting with the auditor without the management's presence at least once a year.
6. To review connected transactions or those with potential conflict of interest that they comply with the laws and the SET's requirements to ensure that the transactions are reasonable and carried out for the best interest of the Company.
7. Review the accuracy of the anti-corruption's reference documents and the self-assessment of the Company according to the Thailand's Private Sector Collective Action Coalition against Corruption.
8. To prepare the Audit Committee's report and submit it to the Board of Directors after each meeting of the Audit Committee.
9. To prepare the Audit Committee's report for disclosure in the annual report. This report must be signed by Chairman of the Audit Committee and must consist of the following information to the least:
 - a. Opinion on the accuracy, completion and reliability of the Company's financial statements
 - b. Opinion on the adequacy of the Company's internal control system
 - c. Opinion on legal compliance with the laws on securities and exchange, the SET's regulations or laws relating to the Company's business
 - d. Opinion regarding the soundness of the auditor
 - e. Opinion regarding transactions with potential conflict of interest
 - f. Number of meetings organized by the Audit Committee and an attendance record of each member
 - g. Opinion or observation in general that the Audit Committee receives from its performance under the Charter
 - h. Other items that the Audit Committee feels that shareholders and investors should know within its scopes of roles and responsibilities designated by the Board.
10. To do other things as designated by the Board upon the Audit Committee's approval.
11. During its performance, if the Audit Committee finds or is suspicious of the following action which could materially affect the Company's financial position and performance, it must report the incident to the Board for remedy purpose within a deadline deemed appropriate by the Audit Committee
 - a. Transactions that could lead to conflict of interest
 - b. Corruption or unusual or material defects in the internal control system
 - c. Violation against the laws on securities and exchange, the SET's regulations or laws relating to the Company's business. If the Board or the executives fail to amend it within the timeframe, any Audit Committee's member may report such findings to the SEC or the SET.
12. During its performance, the Audit Committee may seek advice from third-party independent advisor or expert in relevant profession if considered necessary and appropriate at the Company's expense.

When performing its duties mentioned above, the Audit Committee is directly liable to the Board of Directors who shall remain responsible for the Company's operation to the third party.

Corporate Governance, Nominating and Compensation Committee

As of December 31, 2021, the Corporate Governance, Nominating and Compensation Committee consisted of 3 directors as follows:

1.	Dr. Katiya	Greigarn	Chairman
2.	Mr. Somchai	Pipitvijitkorn	Member
3.	Mrs. Vilai	Chattannassamee	Member

Roles and Responsibilities of the Corporate Governance, Nominating and Compensation Committee

Corporate Governance

1. To develop and recommend the best practice of the corporate governance principles for the Company to the Board of Directors for approval. The corporate governance principles should be consistent with SET's corporate governance principles.
2. To oversee the Company's operations to ensure the consistency with the Company's corporate governance principles as approved by the Board of Directors.
3. To review, compare the corporate governance principles of the Company with the international best practice and SET's principles and recommend changes as necessary to the Board of Directors.
4. To review the business philosophy, code of conduct for the business operation, directors, and employees as well as other related principles and recommend changes as necessary to the Board of Directors.
5. To perform any other duty regarding the corporate governance matters as designated by the Board of Directors.

Nomination

1. To search for individuals qualified to become members of the Board of Directors as well as the Chief Executive Officer. The nominees for the Chief Executive Officer and members of the Board of Directors in order to replace the vacancies caused from any matters except retiring by rotation shall be approved by the Board of Directors or be proposed by the Board of Directors to the Annual General Meeting of Shareholders for approval if necessary.
2. In order to search for individuals qualified to become members of the Board of Directors as well as the Chief Executive Officer as mentioned in no.1, the Committee shall perform as follows:
 - 2.1 Define the required qualifications and characteristics for the directors and the Chief Executive Officer by taking into consideration various attributes such as knowledge, experience, expertise in required matter, leadership skill, integrity and accountability, professional, maturity and stability as well as ability to express their opinion differently and independently, etc.
 - 2.2 Consider and ensure the qualification of candidates nominated to be independent directors of the Company.
 - 2.3 Consider the time dedication to perform duties as a director. The number of meeting attendance shall be considered for the retiring directors to be reappointed for another term while the number of existing board memberships with other companies shall be considered for the new candidate.
 - 2.4 Examine carefully the qualifications of the candidates to ensure their qualifications complied with the laws and regulations of government agencies.
3. Review and make recommendation to the Board of Directors for the size and the composition of the Board of Directors to achieve the efficiency in the Board of Directors. For example, there should be enough qualified members to be assigned by the Board of Directors for members of other sub-committee. In addition, to achieve the prudence decisions in any matters, the Board of Directors shall comprise of directors with knowledge, capability, experience, and expertise in various aspects. Furthermore, the number of independent directors shall be considered to conform to the good corporate governance principles.
4. To perform any other duty regarding the nominating matters as designated by the Board of Directors.

Compensation

1. To consider the remuneration for the Board of Directors, the sub-committee assigned by the Board of Directors, and the Chief Executive Office and recommend to the Board of Directors or the Annual General Meeting of Shareholders for approval. The remunerations are including (a) Retainer which is the monthly compensation (b) Attendance fee which is the compensation paid only for the directors attending the meeting (c) Incentive which based on the Company's performance such as annual bonus (d) Other benefits as specified by the Board of Directors.
2. In order to create the transparency, fairness, and reasonability, the Committee shall consider the remuneration according to the following principles and guidelines:
 - 2.1 The compensation should be reasonable and attractive enough to retain the qualified directors and executive management. The compensation shall be compared with that of other companies with good corporate governance principles and having the same size measured by company's size such as sales size, asset size, etc., profitability and complexity.
 - 2.2 The remuneration of directors should commensurate with the duties and responsibilities of each director. Directors with more responsibilities should receive additional compensation for their increased responsibilities. The director who is the members of the sub-committee should receive the additional compensation. The chairman of the Board of Directors and the chairman of the sub-committee should receive the compensation more than the member of the Board of Directors or the member of the sub-committee.
 - 2.3 The compensation which is paid to directors in accordance with the annual performance of the Company, such as directors' annual bonus, should be linked to the payment of dividends to shareholders. If no dividend payments were paid to shareholders in any one year, the directors would also not be paid their annual bonus in that year.
 - 2.4 Executives of the Company who also serve as directors of the Company shall not be paid any additional compensation in their capacity as the directors of the Company.
3. To review and recommend on an annual basis the remuneration of directors based on the principles and guideline mentioned above to the Board of Directors to consider before propose to the Annual General Meeting of Shareholders for approval.
4. To evaluate the Chief Executive Officer's performance in order to set the Chief Executive Officer's compensation based upon these evaluation on an annual basis and propose to the Board of Directors for approval. The Committee shall evaluate the Chief Executive Officer's performance with consideration of the Company's performance, the performance of other important duties and the sustainable return to the Company and shareholders. In addition, the Committee shall compare with the performance of other comparable companies in the same industry.
5. To perform any other duty regarding the compensation matters as designated by the Board of Directors.

7.4. Management

As of December 31, 2021, the Company had 5 executives. Their names and titles are as follows:

1.	Mr. Rit	Thirakomen	Chief Executive Officer
2.	Mr. Somchai	Hanjitkasem	Executive Vice President
3.	Mrs. Yupin	Thirakomen	Executive Vice President
4.	Mr. Kiatkong	Kungwanwong	Senior Vice President
5.	Mrs. Sudarut	Patvivatsiri	Senior Vice President

Roles and Responsibilities of Chief Executive Officer (CEO)

CEO is the Company's top executive who has authority, roles and responsibilities to manage the Company's affairs as entrusted by the Board and he directly reports to the Board. The CEO's authority, roles and responsibilities as designated by the Board shall include the following:

1. To manage the Company's affairs to be in compliance with the laws, objectives, Articles of Association and resolutions of the Shareholders' Meeting as well as with policy, regulations, orders and resolutions of the Board of Directors.
2. To perform duty with integrity and care for the best interest of the Company. When performing its duties mentioned above, the Audit Committee is directly liable to the Board of Directors who shall remain responsible for the Company's operation to the third party.
3. To adopt business plan, investment plan and annual budget of the Company and to amend the plan and budget during the year if necessary to correspond to a material situation change before submitting the amendment to the Board for approval.
4. To control and monitor the operation according to business plan, investment plan and budget approved by the Board to achieve the goal.
5. To submit an operation report; the Company's monthly, quarterly and annual financial report and other related information deemed crucial for the review of the Company's operation to the Board for acknowledgement or approval.
6. To promptly report the Board in case of an incident or any event that may likely and materially make a negative impact to the Company's performance or its financial position or reputation in the future; to propose measures or offer advice to remedy such incident for the Board's approval.
7. To formulate or improve the executive organizational structure; to determine roles and responsibilities of senior executives under the CEO's line of command and to submit it to the Board for approval.
8. To formulate or amend a table of authority and submit it for the Board's approval.
9. To efficiently supervise the Company's operation and daily activities; to supervise employees for strict compliance with policies, regulations, orders and resolutions of the Board of Directors.
10. To command all employees and staff; to employ, appoint, transfer, exercise disciplinary actions and terminate their employment. However, any action affecting employees in the position of director or higher shall be reported to the Board for acknowledgment.
11. To issue regulations regarding the Company's operation; to adopt, change, amend or terminate regulations, orders or announcements regarding the Company's operation without conflicting with or against regulations or orders of the Board of Directors.
12. To authorize other persons to perform or do anything on his behalf as deemed appropriate subject however to the CEO's scopes of authority.
13. To approve or act in other matters as stated in the table of authorization already approved by the Board.
14. To perform any other duty as designated by the Board of Directors from time to time.

However, the CEO's exercise of his authority as described above is not allowed if the CEO or a person with potential conflict of interest as defined in the notifications of the SEC and the SET has any interest or may have a conflict of interest in any other manner with the Company or subsidiaries unless it's an approval of a normal business transaction with general business conditions and unless the Board has already approved the matter in principle according to the laws on securities and exchange.

Remuneration Policy for Top Executive

The Board of Directors and the Corporate Governance, Nominating and Compensation Committee assess the performance of the CEO based on the evaluation of the yearly operating performance of the Company as a whole, the CEO's performance in other key functions as well as the creation of long term returns to the Company. In addition, the appropriateness of the CEO's total compensation was also reviewed based

on the comparison of the CEO's compensation with the compensation of executives in comparable positions of other organizations having comparable size.

Executive's remunerations

The executive's remunerations are in accordance with the policy and criteria set by the Board of Directors. Each year the human resources department has responsibility to propose the principal and appropriate remunerations to be approved by the Board of Directors

In 2021, the Company paid Baht 43,671,344 worth of salaries, bonuses and other remunerations to its executives.

Table of Executives' Remunerations

Type of Remunerations	No. of Executives	Remunerations (Baht)
Salary	5	28,425,870
Bonus	5	1,871,217
Other remunerations*	5	13,374,258
Total	5	43,671,344

*Other remunerations included provident fund, medical expenses, etc.

Other remunerations

-None-

7.5. Employees

As of December 31, 2021, there were 14,684 employees comprising 11,898 permanent employees and 2,786 temporary employees.

Company	Permanent Staff	Temporary Staff	Total
MK Restaurant Group Plc.	8,388	2,606	10,994
MK Interfood Co., Ltd.	2,395	141	2,536
MK Service Training Center Co., Ltd.	444	-	444
International Food Supply Co., Ltd.	56	-	56
Laem Charoen Seafood Co., Ltd.	603	39	642
Mark One Innovation Center Co., Ltd.	12	-	12
Total	11,898	2,786	14,684

Significant Change in Number of Employees during the last 3 years

-None-

Significant Labor Dispute during the last 3 years

-None-

Employee Compensation

The employee compensation included salary, bonus, provident fund, insurance, uniform, medical expenses, over-time and other benefits. For the year 2021, the employee compensation were summarized as follows:

Employee Compensation	Amount (Baht)
Salary	2,790,256,213
Bonus	86,509,488
Other benefits*	588,608,511
Total	3,465,374,212

* Other benefits included provident fund, commission, uniform, medical expenses, etc.

7.6. Other information

Chief Financial Officer

Mrs. Sudarut Patvivatsiri

Senior Vice President, Accounting and Finance Division

Accounting Supervisor

Mrs. Chumporn Sripaiboon

Assistant Vice President, Accounting and Finance Division

Corporate's Secretary

The Board of Directors appointed Mrs. Sudarut Patvivatsiri, with her proper experience and qualifications, as the Corporate's Secretary. The roles and responsibilities of the Corporate's Secretary are as follows:

1. To perform duty with care, prudence and integrity for the best interest of the Company and to comply with the laws, objectives and Articles of Association of the Company and resolutions of the Board of Directors and Shareholders' meetings.
2. To manage the meetings of the Board of Directors and Shareholders so that they are in compliance with the laws, the Company's regulations and its best practices.
3. To record the minutes of the meetings of the Board of Directors and Shareholders including to inform resolutions of these two meetings to the management and monitor the compliance with such resolutions through CEO.
4. To prepare and keep the following documents:
 - 4.1 Registration of Directors
 - 4.2 Invitation letter to attend the Board of Directors' meeting, minutes of the Board of Directors' meeting and the Company's annual report
 - 4.3 Invitation letter to attend the Shareholders' meeting and minutes of the Shareholders' Meeting.
5. To keep and maintain a report of interest as filed by directors and executives.
6. To disclose information and reports under his responsibility to supervisory agencies based on the authorities' regulations.
7. To communicate shareholders' rights and the Company's information to shareholders.
8. To provide recommendations and information relating to laws and regulations that the Board is required to know and comply with; and to regularly monitor accurate compliance.
9. To oversee activities of the Board of Directors to ensure that directors can effectively perform their duties.

Head of Internal Audit

The internal audit unit reports directly to Audit Committee while Mr. Pasakorn Lila, Assistant Vice President, is the head of internal audit. The internal audit unit is responsible for the corporate governance, risk management, the performance's review and evaluation for all units of the Company and its subsidiaries.

Investor Relations Unit

Investor Relations Unit has the responsibility to communicate with institutional investors, retail investors, shareholders, analysts and other relevant units on an equal and fair basis.

Should there be any need for additional information, shareholders can directly contact the Investor Relations Unit via channels as follows:

Head of Investor Relations	Mrs. Sudarut Patvivatsiri
Address:	1200 Debaratna Road, Bangnatai, Bangna, Bangkok 10260
Tel:	0-2836-1000
Email:	investorrelations@mkrestaurantgroup.com

Audit Fee

Audit Fee

For the year 2021, the Company paid the audit fee amounted Baht 2,340,000.

Non-Audit Fee

For the year 2021, the non-audit fee which were the witness for asset destruction and other expenses such as the travel expenses etc. amounted Baht 495,435.

8. Report on Important Operational Results of Corporate Governance

8.1 Summary of Board of Directors' Performance in the Past Year

8.1.1. Nomination, Development and Performance Assessment of the Board of Directors

Nomination of Directors

In respect of the nomination of qualified persons to replace the directors retiring by rotation, the Committee reviewed the candidates' qualifications in accordance with the guidelines provided in the Charter. In addition, the Company has provided an opportunity for the shareholders to nominate qualified persons to be elected as directors of the Company during October 1, 2021 – December 30, 2021. However, no shareholder nominated any person for consideration as candidate for directorship.

The Corporate Governance, Nominating and Compensation Committee recommended that the retiring directors namely, Mr. Katiya Greigarn, Mr. Sujint Chumpolkajana, Mr. Pravitt Tantiwasinchai and Mrs. Yupin Thirakomen, be reappointed as the directors of the Company for another term because they meet the required qualifications of the Company, attended Board meetings regularly, and were able to provide constructive and useful recommendations to the meetings.

Directors' Development

The Board encourages and facilitates the directors for the training regarding the Board's duties and corporate governance consistently and continuously. The Corporate's Secretary is designated to coordinate with directors to inform them of relevant courses.

In 2021, the Board has attended the seminar and knowledge sharing related to the Board's duties as follows:

Name	Course	Organized By
Dr. Katiya Greigarn	IT Governance and Cyber Resilience Program	Thai Institute of Directors Association (IOD)
Mrs. Vilai Chattanrassamee	The Conference with Audit Committee of the Listed Companies	The Securities and Exchange Commission (SEC)

In this regard, directors attending the training will perform the knowledge sharing session in the BOD's meeting in order to share the knowledge from the training to other directors.

Performance Assessment of the Board of Directors

The Company has stipulated the performance assessment for the Board of Directors and Sub-Committees at least once a year on a yearly basis in order to improve each of the committee's performance and enhance their efficiency. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. An assessment of the Board of Directors and Sub-Committees will be based on the guideline as suggested by SET. Adjustment will be made to suit the Company's nature of business.

The result of the performance assessment of the Board of Directors and Sub-Committees for the year 2021 were summarized as follows:

No. 1	Board of Directors	98%
	Audit Committee	100%
	Corporate Governance, Nominating and Compensation Committee	97%
No. 2	Self-assessment	99%

8.1.2. Meeting Attendance and Remunerations

Table of the Board's meeting attendance in 2021

Name			Board of Directors	Audit Committee	Corporate Governance, Nominating and Compensation Committee
1.	Mr. Rit	Thirakomen	7/7	-	-
2.	Mr. Somchai	Hanjitkasem	7/7	-	-
3.	Mr. Somchai	Pipitvijitkorn	7/7	-	2/2
4.	Dr. Annop	Tanlamai	6/7	6/6	-
5.	Mrs. Vilai	Chattannassamee	7/7	6/6	2/2
6.	Mr. Thanong	Chotisorayuth	6/7	-	-
7.	Dr. Katiya	Greigarn	7/7	6/6	2/2
8.	Mr. Sujint	Chumpolkajana	7/7	-	-
9.	Mr. Pravitt	Tantiwasinchai	7/7	-	-
10.	Mrs. Yupin	Thirakomen	-	-	-

Note: Mrs. Yupin Thirakomen was appointed to be a director on December 22, 2021

Remunerations

Remuneration Policy for the Board of Directors and the Sub-Committees

The Company sets appropriate remuneration for members of the Board of Directors and Sub-Committees at the rates which comparable to those of leading companies listed in the SET and other companies in the same industries. The operating performance of the Company is another factor to consider in order to set the director remunerations. In addition, remunerations for the Board and Sub-Committees are proposed for approval in the Shareholder's Meeting.

Director's remunerations

In 2021, the Company paid Baht 4,697,000 to its directors. However, based on the rules governing director's remunerations, executive director was remunerated for his status as an executive only and not as a director.

In addition to monetary remunerations, the Company does not grant other privileges to the directors.

Monthly Remuneration and Bonuses

The 2021 Annual General Meeting of Shareholders on May 7, 2021 approved the directors' remuneration for the year 2021 and the directors' bonus for the year 2020 as follows:

Position	Monthly retaining fee	Bonus
Chairman	37,500 Baht/month	467,000 Baht
Director	25,000 Baht/month	311,000 Baht

Remuneration for the Sub-committees

The 2021 Annual General Meeting of Shareholders on May 7, 2021 approved the remuneration for the Sub-committees as follows:

Sub-committee	Position	Attendance Fee
Audit Committee	Chairman	27,000 Baht
	Director	18,000 Baht
Corporate Governance, Nominating and Compensation Committee	Chairman	22,500 Baht
	Director	15,000 Baht

Table of Director's Remunerations for the year 2021

Name	Board of Directors	Audit Committee	Corporate Governance, Nominating and Compensation Committee	Total
1. Mr. Rit Thirakomen	-	-	-	-
2. Mr. Somchai Hanjitkasem	-	-	-	-
3. Mr. Somchai Pipitvijitkorn	611,000	-	30,000	641,000
4. Dr. Annop Tanlamai	611,000	135,000	-	746,000
5. Mrs. Vilai Chattanrassamee	611,000	90,000	30,000	731,000
6. Mr. Thanong Chotisorayuth	611,000	-	-	611,000
7. Dr. Katiya Greigarn	611,000	90,000	45,000	746,000
8. Mr. Sujint Chumpolkajana	611,000	-	-	611,000
9. Mr. Pravit Tantiwasinchai	611,000	-	-	611,000
10. Mrs. Yupin Thirakomen	-	-	-	-
Total	4,277,000	315,000	105,000	4,697,000

Note: Mrs. Yupin Thirakomen was appointed to be a director on December 22, 2021

8.1.3. Supervision of Subsidiaries and Joint Venture

Regarding the operational governance of subsidiaries or joint ventures, the Company delegates a director or executive as its representative to set the policy for business operation to be in accordance with the Company's policy and for the best interests of subsidiaries and joint ventures. The management has the authority to delegate the representatives to perform their duties and directly report to the management for the best interests of the Company. The important transaction is required to be reported to the Board of Directors for approval.

8.1.4. Ensuring Compliance with Corporate Governance Policies and Guidelines

Prevention of Conflicts of Interests

The Company has a policy to operate business in an honest, transparent and equitable manners, therefore the Company has established the guideline regarding the prevention of conflicts of interests as follows:

- Directors, executives and their related persons must file a report with the Company clarifying their interests related to the operating business of the Company and its subsidiaries when taking the position of director or executives for the first time and when there is any change in their interests.
- At the Board of Directors' meeting, any director who has a conflict of interests in any agenda under consideration, must not participate or not attend or abstain from voting in such agenda in order to ensure that the Board of Directors makes decision in a fair manner.
- In the event that the connected transaction which is not a normal transaction and may have a conflict of interests, must be reviewed and concurred by the Audit Committee before submitting for approval from the Board of Directors or shareholder's meeting.

In the past year, no evidence found any transactions that have conflict of interests.

Inside Information

The Company established the policy and procedures to prevent all directors and executives from using inside information for their own interests. The directors must report any change in their M shareholding to SEC within 3 business days from the date of change. The changes of directors' M shareholding are also reported to the Board of Directors' meeting every quarter.

In addition, the Company prohibits all directors, executives and employees including spouses and minor children who access the inside information from trading or transferring the Company's securities during the blackout period which is a period of 1 month prior to the release of financial statements to public and within 24 hours after the release of financial statements. The Company will send the notifications of blackout period to all directors and executives 14 days prior to the blackout period.

In the past year, no evidence found that there were trading transaction from directors and executives during blackout period or the disclosure of confidential information.

Anti-Corruption

Corruption is a national issue that roots deep within the Thai society. It lowers economic growth, erodes trust, discourages investment, and marginalizes markets. Due to this persisting problem, heavy economic burden is put on the poor and social and economic development has only been able to progress at a slow pace. In a bid to effectively combat this problem, leaders from both government and private sectors have joined forces to pursue corruption-free practice on a serious and continued basis. Such cooperation has also been embraced by the business sector.

Listed on The Stock Exchange of Thailand (SET), MK Restaurant Group Public Company Limited places an important mission to set a good example on corruption-free practice for other members in the private sector. The Company is committed to conducting its business in line with good ethics, corporate governance, transparency and accountability that is free from any form of corruption. In order to hold itself accountable, the Company has pledged under the Declaration on Thailand's Private Sector Collective Action Coalition against Corruption on September 23, 2014. The chairman and CEO of the Company also established an anti-corruption panel on October 24, 2014 for the purpose of suppressing corruption with greater efficiency. The panel is tasked with the responsibility to review the Company's anti-corruption measures and formulate practical guidelines on anti-corruption. In 2015, the anti-corruption policy and guideline, developed by the anti-corruption panel, was approved by the Board of Directors and enacted as guidance for directors, management teams and employees. In 2020, the Company was certified to renew a membership of Thailand's Private Sector Collective Action Coalition against Corruption which the certification is valid for 3 years.

In addition to setting a policy against corruption, the Company has also instilled in its employees an attitude of not taking bribes, money or gift from other parties. In the event that employees must accept gifts on special occasions, all received items shall be commonly redistributed.

Whistleblowing

The Company has provided channels for employees and external stakeholders to contact, complain and report violation cases through various channels as follows:

- Report directly to trusted supervisor
- Send e-mail to supervisor or internal audit manager
- Send mail to Chairman of Audit Committee or directors to the following address:

MK Restaurant Group Public Company Limited
1200 Debaratna Road, Bangnatai, Bangna
Bangkok 10260

When the Company receives the complaint, the Company will assign internal audit department or other appropriate department to collect relevant facts from the whistle blower. In the event that the violation is

proven, internal audit department or other appropriate department will propose to Audit Committee and Board of Directors to consider and set the action plan including forming the investigation committee. After investigated the case, the investigation committee will propose the guidance to Audit Committee and Board of Directors for the corrective action and punishment.

8.2 Report of the Audit Committee

The report of the Audit Committee is shown in Attachment 6. Details of the meetings and meeting attendance of the Audit Committee members can be found under 8.1.2 on Board of Directors Meetings and Remuneration of Directors

8.3 Report of the Corporate Governance, Nominating and Compensation Committee

The report of the Corporate Governance, Nominating and Compensation Committee is shown in Attachment 6. Details of the meetings and meeting attendance of the Corporate Governance, Nominating and Compensation Committee members can be found under 8.1.2 on Board of Directors Meetings and Remuneration of Directors

9. Internal Control and Connected Transaction

9.1 Internal Control

The Board of Directors and the management have placed much importance on internal-control system. The Audit Committee is assigned to supervise in order to ensure that the internal control of the Company is satisfied for the business. The internal-control division has the duty to audit operations systems of each unit based on the annual audit plan and report directly to the Audit Committee. It aims to ensure that the operations of the Company are effective and efficient; that the Company's resources are used efficiently for maximum benefits; that the Company's assets are well protected and maintained; and that any mistake is minimized and damages from fraud and misconduct are prevented. The audits are also carried out to supervise the Company's operations, to ensure that financial statements are accurate, reliable, and prepared in a timely manner, as well as to ensure compliance with policies, rules, regulations and laws so as to prevent any damage from being done to the Company.

In addition, the Audit Committee performs the internal control assessment of the Company every year and reports to the Board of Directors based on the guidelines from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) which comprised of five components as follows:

1. Control Environment

The Company has completely and clearly established the policies and business goals. The Company's organizational structure and line of command are properly designed to support the good internal control. Employee's performance is assessed based on key performance indicator (KPIs) which are consistent with the organization's goals. The authority delegation manuals and the operation manuals for all functions are clearly defined and written. In addition, the Company has continued to reinforce the good corporate governance principles to all executives and employees in order to create the sustainable growth in the future.

2. Risk Assessment

The Company has continue to place much importance on the risk management which may affect its business and prevent from achieving its goals. The Board of Directors had the resolution to setup the risk management working panel comprising of the managements from various functions responsible for defining, measuring and monitoring the risks regularly and report to the Board of Directors. The risk management detail is described in the "Risk Factors" topic.

3. Control Measures

The Company has adequate and proper control measures. It has formulated policies and guidelines in a way that clearly prescribes the scope of duties, authority and power to approve and delegation of duties. Control measures also include manuals that offer work guideline at every stage, as well as audits of financial statements and reports on the Company's nonfinancial operating results to ensure compliance with rules and regulations. All the accounting transactions are recorded accurately and completely. The accounting information and documents are retained systematically and legally. The internal audit and quality control departments have the responsibilities to check and ensure the accuracy in order to prevent and reduce the mistake that may occur. The information systems are also implemented to improve the work efficiency. The Company also implemented the human resource management system, the evaluation of employee performance and human development to ensure that employees have the knowledge of work and can perform their work efficiently. In addition, the management must propose the transaction with the parties that may have conflict of interest to the Audit Committee in order to consider the suitability of the transaction and propose to the Board of Directors for approval.

4. Information System and Communications

The Company recognizes the important of the information systems and communications among organization and outside organization, therefore the information systems are continuously improved to ensure the

accuracy, up to date and effectiveness. The systems have stored information and kept documents in an efficient manner. The Company has established Personal Data Protection Committee in order to ensure that business operation and use of important information are well managed in accordance with the Personal Data Protection Act (PDPA). In addition, the Company's Investor Relations Unit is in place to coordinate with investors ensuring that they can get information on the Company's operations and investments promptly and conveniently through highly accessible channels such as Company's website, e-mail, call center, etc. The Company also provides the channels for the whistle-blowing or complaints from outside.

5. Monitoring System

Assigned by the Board of Directors, the Audit Committee is responsible for monitoring and assessing the Company's internal control system driven by the internal audit department based on the annual internal-audit plans approved by the Audit Committee and reported to the Audit Committee and executives quarterly. If the material defects are found, they must be reported to the Audit Committee in a timely manner including the action plan to improve them. In addition, the Audit Committee has invited the Company's auditor to its meeting to review and acknowledge the results of financial-statement audits and internal-control issues which no significant issues found.

Head of Internal Audit

The Audit Committee resolved to approve the appointment of Mr. Pasakorn Lila, Assistant Vice President, as the Head of Internal Audit. The Audit Committee considered the qualifications of Mr. Pasakorn Lila and concluded that he has the qualifications including education, knowledge and understanding of the Company's business and long experience in internal audit job which are appropriate for the position.

The consideration and approval of the appointment, termination, transfer of the Head of Internal Audit must be approved by the Audit Committee.

9.2 Connected Transactions

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2019	2020	2021	
1. Global Asset Development Co., Ltd. (GAD)	Three directors, executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen and Mr. Somchai Hanjitasem are GAD's major shareholders holding 82.9% of its shares (combining shares held by Mr. Rit, Mrs. Yupin and Mrs. Yupin on behalf of the estate of Mrs. Thongkam Mekto and Mr. Somnuk Hanjitasem) and 17.1% respectively. Common directors: Mr. Rit Thirakomen, Mrs. Yupin Thirakomen and Mr. Somchai Hanjitasem.	Account Preparation	0.02	0.02	0.02	<ul style="list-style-type: none"> Service fee for account preparation for GAD. The fee was determined on the basis of estimated service time and costs of staff required in the service. <u>Audit Committee's opinion:</u> The account preparation fee for GAD was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.
		Rent for land	36.09	28.22	40.64	<ul style="list-style-type: none"> Rent for Company's Head Office and Central Kitchen (CK5) and the rent was paid by monthly basis. <u>Audit Committee's opinion:</u> The land rent was a normal transaction. The rate was comparable to market rates of nearby properties. The transaction was considered reasonable and for the best interest of the Company.
2. MK Worldwide Co., Ltd. (MKWW)	Three directors, executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen and Mr. Somchai Hanjitasem are MKWW's major shareholders holding 85% of its shares (combining shares held by Mr. Rit, Mrs. Yupin and Mrs. Yupin on behalf of the estate of Mrs. Thongkam Mekto and Mr. Somnuk Hanjitasem) and 15% respectively. Common directors: Mr. Rit Thirakomen, Mrs. Yupin Thirakomen and Mr. Somchai Hanjitasem.	Account Preparation	0.02	0.02	0.02	<ul style="list-style-type: none"> Service fee for account preparation for MKWW. The fee was determined on the basis of estimated service time and cost of staff required in the service. <u>Audit Committee's opinion:</u> The account preparation fee for MKWW was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2019	2020	2021	
3. Superior Food Service Co., Ltd. (SFS)	The Company's director, executive and major shareholder, Mrs. Yupin Thirakomen, is SFS's director and major shareholder holding 65% of its shares. Common director: Mrs. Yupin Thirakomen and Mr. Somchai Hanjirkasem.	Rent for dishwasher and ice-making	57.74	52.94	48.45	<ul style="list-style-type: none"> This involved rent of dishwashers for the restaurants in MK Group. SFS was one of several service providers chosen by the Company. SFS's price was not different from what other service providers proposed. This involved rent of ice-making machines for the restaurants in MK Group. SFS was the only supplier offering the rent of ice-making machines with after-sales maintenance service. <u>Auditor Committee's opinion:</u> This equipment rent was a normal transaction where the pricing had been compared with what was quoted by other service providers. The transaction therefore was reasonable and was carried out for the Company's best interest.
4. KV Electronic Co., Ltd. (KVE)	The Company's director, Dr. Katiya Greigarn, is KVE's authorized director and major shareholder holding 57.6% of its shares. Common director: Dr. Katiya Greigarn.	IT advisory fee	0.91	0.81	0.81	<ul style="list-style-type: none"> The Company hired KVE as an IT consultant and the service fee was paid by monthly basis which was not different from other service providers proposed. <u>Auditor Committee's opinion:</u> This hiring-of-service transaction was a normal transaction of the Company of which the IT system required constant upgrades to cope with its business expansion. The consulting fee was made in relation to quotations made by other service providers. The transaction therefore was reasonable and for the Company's best interest.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2019	2020	2021	
5. M-Senko Logistics Co., Ltd. (MSL)	Joint venture business and the Company hold 49.75% of its shares.	Logistic and warehouse management service fee	240.98	308.23	284.83	<ul style="list-style-type: none"> The Company hired MSL as a warehouse management and logistic provider for the restaurant in MK Group. The fee was determined on the basis of distance and capacity. <p><u>Auditor Committee's opinion:</u></p> <p>This item was a normal transaction where the pricing had been compared with what was quoted by other service providers. The transaction therefore was reasonable and was carried out for the Company's best interest.</p>
		Operation support service fee	14.86	7.42	7.63	<ul style="list-style-type: none"> The Company provided the operation support service including property rent, utilities and maintenance for MSL to operate logistic business. <p><u>Audit Committee's opinion:</u></p> <p>This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and for the best interest of the Company.</p>
		Sales of product	2.13	1.78	2.63	<ul style="list-style-type: none"> This involved sales of products to MSL at the market price and conditions. <p><u>Audit Committee's opinion:</u></p> <p>The transaction in which products were sold was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
		Management fee	4.46	3.72	4.55	<ul style="list-style-type: none"> The Company provided services including human resources, accounting and finance, information technology, procurement and training for MSL. The fee was determined on the basis of estimated service time and cost of staff required in the service. <p><u>Audit Committee's opinion:</u></p> <p>This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2019	2020	2021	
		Training Service Fee	1.44	0.41	0.43	<ul style="list-style-type: none"> Its subsidiaries provided the training services to MSL at the marketing price and conditions. <u>Audit Committee's opinion:</u> The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.
6. Laem Charoen Seafood Co., Ltd. (LCS)	Catapult Co., Ltd., the subsidiary, hold 65% of its shares. Common directors: Mr. Rit Thirakomen.	Management fee	0.78	9.72	14.40	<ul style="list-style-type: none"> The Company provide services including human resources, accounting and finance, information technology, and management for LCS. The fee was determined on the basis of estimated service time and cost of staff required in the service. <u>Audit Committee's opinion:</u> This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.
		Sales of products and assets	0.24	1.32	41.43	<ul style="list-style-type: none"> The Company sold goods and office equipment to LCS at market price and conditions. <u>Audit Committee's opinion:</u> The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.
		Training Service Fee	-	-	1.37	<ul style="list-style-type: none"> Its subsidiaries provided the training services to LCS at the marketing price and conditions. <u>Audit Committee's opinion:</u> The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2019	2020	2021	
		Other service fee	-	-	2.51	<ul style="list-style-type: none"> The Company provided other services for LCS's restaurant i.e. delivery services, pest control services etc. <p><u>Audit Committee's opinion:</u> This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.</p>
7. Modern Intelligent Service Co., Ltd. (MIS)	The Company's director, executive and major shareholder, Mrs. Yupin Thirakomen, is MIS's director and major shareholder holding 57% of its shares (combining shares held by Mrs. Yupin Thirakomen in Superior Food Service Co., Ltd.) Common directors: Mrs. Yupin Thirakomen.	Maintenance service fee	30.17	96.72	91.20	<ul style="list-style-type: none"> The Company hired MIS to provide the maintenance service for machines and equipment in the restaurants for all branches at the market price and conditions. <p><u>Audit Committee's opinion:</u> The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
		Service Fee for IT systems	0.23	0.12	0.01	<ul style="list-style-type: none"> The Company provided service for IT systems to MIS at market price and conditions. <p><u>Audit Committee's opinion:</u> The transaction was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.</p>
8. Mrs. Yupin Thirakomen	The Company's director, executive and major shareholder	Rent of property	0.40	0.52	0.65	<ul style="list-style-type: none"> The premise was rented as a home delivery hub and R&D center. <p><u>Audit Committee's opinion:</u> The property rent was for the Company's business and was carried out after the location had been considered appropriate to service customers. The rent was comparable to rents offered in the same location. The transaction therefore was reasonable and for the best interest of the Company.</p>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2019	2020	2021	
9. Aunt Thongkam Foundation	Two directors, executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen and Mr. Somchai Hanjitkasem are the chairman and vice chairman of Aunt Thongkam Foundation.	Sales of product	-	-	66.61	<ul style="list-style-type: none"> This involved sales of products to MSL at the market price and conditions. <u>Audit Committee's opinion:</u> <ul style="list-style-type: none"> The transaction in which products were sold was the Company's normal transaction at the market price. The transaction therefore was reasonable and fair.

Necessity and rationality behind the transactions

The Company and its subsidiaries have conducted connected transactions with prudence taking into consideration the best interest of the Company and its shareholders. All connected transactions of the Company and its subsidiaries carried out with persons having potential conflict of interest therefore were normal, necessary and reasonable to be executed to support normal business course of the Company itself and the subsidiaries. Conditions in these connected transactions were made on the basis of normal business conditions and aligned with market prices. In addition, the transactions were executed in the same manner if done at arm's length with customers having the same or similar nature. Regarding money borrowed from related companies, the Company and its subsidiaries did so only to increase liquidity when required.

Connected transaction approval procedure

The Company approved connected transactions on the basis of the best interest of itself and the subsidiaries. The approval had to go through a review process based on related regulations of both itself and its subsidiaries and through related committees which included senior management of the Company and its subsidiaries who would review impacts and ensured that the pricing was appropriate as in normal business conditions as if the transaction was executed at arm's length. The significant connected transactions will be approved by the Board of Director. The Company has sought approval in principle regarding business agreements with general business conditions in a transaction between the Company and its subsidiaries vs. director, executive or related persons. Details are as follows: as the Company and subsidiaries may have transaction with each other in the future, that's why the Company has sought an approval in principle to allow the management to approve such transaction as long as it contains the same business agreement normal people would execute with contractual parties under the same circumstance and as long as there is no influence from the fact that one is a director, executive or a related person over a business negotiation. The Company will submit a summary of transactions being executed and report to the meeting of the Audit Committee and the Board of Directors on a quarterly basis. If a company director, executive director, managing director or anyone with potential conflict of interest has an interest or conflict of interest, the director will not be authorized to approve the transaction for the Company or its subsidiaries as stipulated by the SEC and/or the SET.

The Company will disclose major connected transactions in Notes to Financial Statements audited by the auditor of the Company and its subsidiaries.

9.3 Future policy on connected transactions

The Company and its subsidiaries have a policy to execute connected transactions at present and in the future with persons having potential conflict of interest where they will be treated as if they were customers in general. This will be carried out through a fair price policy and will also correspond with business conditions in general. The transactions will also be executed through a clear, transparent and fair approval process which corresponds to the principles of corporate governance (CG) as well as rules and regulations of the Company and its subsidiaries. Finally, the transactions must be done in accordance with approval authority governing the execution of connected transactions.



Part III


Financial Statements

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of MK Restaurant Group Public Company Limited is responsible for the financial statements of the Company and its subsidiaries which have been prepared in accordance with generally accepted accounting standards in Thailand under Accounting Act B.E. 2543 and the Securities and Exchange Act B.E. 2535. The policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements which the auditors has reviewed and expressed opinions in the auditor's report.

The Board of Directors has appointed the Audit Committee comprising of the independent directors to supervise the financial report, internal control system for the purpose of efficiency and effectiveness and align with the financial reporting standard in Thailand and international Best Practice to ensure that the accounting records are accurate, complete and timely to prevent fraud and materially irregular operations. The opinion of the Audit Committee regarding to these matters appears in the Report of Audit Committee in this Annual Report.

The Board of Directors has confidence that the internal control and the internal audit systems of the Company and its subsidiaries present the financial position, results and cash flow accurately.



(Mr. Rit Thirakomen)
Chairman of the Board of Directors

Independent Auditor's Report

To the Shareholders of MK Restaurant Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of MK Restaurant Group Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of MK Restaurant Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MK Restaurant Group Public Company Limited and its subsidiaries and of MK Restaurant Group Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 1.2 to the consolidated financial statements. The COVID-19 pandemic has significantly affects the Group's business since the number of restaurant customers have not yet been restored. These are significantly impacting the Group's financial position, operating results, and cash flows at present and is expected to do so in the future. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgements in respect of various issues as the situation has evolved.

My opinion is not modified in respect of the above matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenues from sales and services are the Group's main transactions that have significant volume of transactions and amounts, and directly affect profit or loss of the Group. The Group has numerous sales and services made by cash and credit cards through a large number of branches nationwide. In addition, because of the intensified competition of the food and beverage industry, the Group has to continually adapt its marketing strategies and promotional activities in order to boost sales. I have therefore focused on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's information technology general controls and internal controls with respect to the revenue cycle by making enquires of responsible executives, gaining an understanding of controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales and service transactions occurring during the year and near the end of the accounting period to examine the supporting documents. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales and service transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 14 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

In addition, I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. I also tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry and involving expert to assist in the assessment of this information by comparing it to external sources based on an expert's knowledge and past experience, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

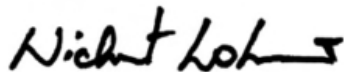
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 24 February 2022

Statements of Financial Position

MK Restaurant Group Public Company Limited and Its Subsidiaries As at 31 December 2021

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	7	496,502,922	509,452,008	367,409,757	383,587,704
Trade and other receivables	6, 8	166,733,041	110,000,215	267,019,011	196,807,720
Inventories	9	392,331,736	418,164,039	345,092,554	378,378,219
Other current financial assets	10	7,192,221,893	7,153,654,136	6,326,077,629	6,255,937,743
Other current assets		170,216,144	118,623,229	142,827,829	85,179,267
Total current assets		8,418,005,736	8,309,893,627	7,448,426,780	7,299,890,653
Non-current assets					
Other non-current financial assets	10	817,897,078	825,806,858	817,897,078	825,806,858
Investments in subsidiaries	11	-	-	2,761,479,762	2,761,479,762
Investments in joint ventures	12	872,519,167	895,039,974	912,947,457	912,947,457
Property, plant and equipment	13	2,842,181,314	3,253,668,194	2,166,435,318	2,478,229,407
Right-of-use assets	17	3,452,236,270	3,956,249,695	2,633,305,927	3,067,677,304
Goodwill	14	1,477,657,048	1,477,657,048	-	-
Intangible assets	15	880,575,127	919,273,423	72,170,200	82,304,219
Deferred tax assets	23	248,693,126	181,838,109	173,033,862	148,218,676
Deposits		558,903,851	534,004,815	370,364,525	356,721,363
Total non-current assets		11,150,662,981	12,043,538,116	9,907,634,129	10,633,385,046
Total assets		19,568,668,717	20,353,431,743	17,356,060,909	17,933,275,699

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

Statements of Financial Position (continued)

MK Restaurant Group Public Company Limited and Its Subsidiaries As at 31 December 2021

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 16	1,354,915,147	1,312,171,112	1,135,001,842	1,113,071,511
Deferred income of membership fee		8,339,751	21,064,471	5,650,301	14,925,394
Current portion of lease liabilities	17	1,074,621,047	1,126,492,433	789,798,750	831,564,448
Income tax payable		45,472,936	145,405,922	45,472,936	142,496,724
Other current financial liabilities		23,444,821	-	23,444,821	-
Other current liabilities		222,309,242	239,990,186	174,888,771	181,207,104
Total current liabilities		2,729,102,944	2,845,124,124	2,174,257,421	2,283,265,181
Non-current liabilities					
Lease liabilities, net of current portion	17	2,206,708,725	2,564,580,262	1,703,480,602	2,017,022,828
Provision for long-term employee benefits	18	758,081,716	718,466,074	662,370,645	630,148,174
Deferred tax liabilities	23	159,554,960	165,270,362	-	-
Other non-current liabilities		206,385,304	212,547,040	149,465,308	156,486,222
Total non-current liabilities		3,330,730,705	3,660,863,738	2,515,316,555	2,803,657,224
Total liabilities		6,059,833,649	6,505,987,862	4,689,573,976	5,086,922,405

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

Statements of Financial Position (continued)

MK Restaurant Group Public Company Limited and Its Subsidiaries As at 31 December 2021

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
920,878,100 ordinary shares of Baht 1 each		920,878,100	920,878,100	920,878,100	920,878,100
Issued and fully paid					
920,878,100 ordinary shares of Baht 1 each		920,878,100	920,878,100	920,878,100	920,878,100
Share premium		8,785,027,903	8,785,027,903	8,785,027,903	8,785,027,903
Capital reserve for share-based Payment transactions		656,331,057	656,331,057	656,331,057	656,331,057
Retained earnings					
Appropriated - statutory reserve	19	92,585,000	92,585,000	92,585,000	92,585,000
Unappropriated		2,734,643,750	3,064,100,985	2,211,664,873	2,391,531,234
Other component of shareholders' equity		4,992,853	4,076,922	-	-
Equity attributable to owners of the Company		13,194,458,663	13,522,999,967	12,666,486,933	12,846,353,294
Non-controlling interests of the subsidiaries		314,376,405	324,443,914	-	-
Total shareholders' equity		13,508,835,068	13,847,443,881	12,666,486,933	12,846,353,294
Total liabilities and shareholders' equity		19,568,668,717	20,353,431,743	17,356,060,909	17,933,275,699

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

Income Statements

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Revenues					
Sales and service income		11,181,512,178	13,360,876,148	9,422,765,438	11,119,294,555
Other income		186,495,239	260,634,488	378,644,105	431,733,180
Total revenues		11,368,007,417	13,621,510,636	9,801,409,543	11,551,027,735
Expenses	22				
Cost of sales and services		4,014,575,124	4,577,203,543	4,014,517,312	4,428,111,382
Selling and distribution expenses		6,078,040,608	6,765,532,533	4,654,693,830	5,185,426,828
Administrative expenses		1,092,145,648	1,181,435,713	782,517,050	851,667,426
Total expenses		11,184,761,380	12,524,171,789	9,451,728,192	10,465,205,636
Profit from operating activities		183,246,037	1,097,338,847	349,681,351	1,085,822,099
Financial income	20	20,755,076	33,747,167	20,696,828	33,598,728
Share of loss from investments in joint ventures	12	(23,436,738)	(6,303,864)	-	-
Finance cost	21	(69,172,130)	(73,296,526)	(55,924,138)	(57,531,895)
Profit before income tax expenses		111,392,245	1,051,485,624	314,454,041	1,061,888,932
Income tax	23	9,518,960	(139,879,619)	(33,884,453)	(153,126,616)
Profit for the year		120,911,205	911,606,005	280,569,588	908,762,316
Profit attributable to:					
Equity holders of the Company		130,978,714	907,372,570	280,569,588	908,762,316
Non-controlling interests of the subsidiaries		(10,067,509)	4,233,435		
Earnings per share	24	120,911,205	911,606,005		
Basic earnings per share					
Profit attributable to equity holders of the Company		0.14	0.99	0.30	0.99

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

Statements of Comprehensive Income

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2021	2020	2021	2020
Profit for the year		120,911,205	911,606,005	280,569,588	908,762,316
Other comprehensive income:					
<i>Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		915,931	(699,482)	-	-
Transferred the effect of changes in value of available-for-sale investments disposed during the period to profit or loss		-	(2,902,783)	-	(2,902,783)
Less: Income tax effect	23	-	580,556	-	580,556
Loss on investments designated at fair value through other comprehensive income - net of income tax		-	(2,322,227)	-	(2,322,227)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial losses	18.2	-	(37,018,840)	-	(25,385,490)
Less: Income tax effect	23	-	6,762,619	-	5,077,098
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(30,256,221)	-	(20,308,392)
Other comprehensive income for the year		915,931	(33,277,930)	-	(22,630,619)
Total comprehensive income for the year		121,827,136	878,328,075	280,569,588	886,131,697
Total comprehensive income attributable to:					
Equity holders of the Company		131,894,645	874,094,640	280,569,588	886,131,697
Non-controlling interests of the subsidiaries		(10,067,509)	4,233,435		
		121,827,136	878,328,075		

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

Statements of Changes in Shareholders' Equity

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

Consolidated Financial Statements												
Equity attributable to owners of the Company												
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Other component of shareholders' equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
					Appropriated-statutory reserve	Unappropriated	Other comprehensive income					
							Exchange differences on translation of financial statements in foreign currencies	Fair value reserve of investments at FVOCI	Total other components of shareholders' equity			
Balance as at 1 January 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	3,844,557,041	4,776,404	2,322,227	7,098,631	14,306,477,732	320,210,479	14,626,688,211
Profit for the year		-	-	-	-	907,372,570	-	-	-	907,372,570	4,233,435	911,606,005
Other comprehensive income for the year		-	-	-	-	(30,256,221)	(699,482)	(2,322,227)	(3,021,709)	(33,277,930)	-	(33,277,930)
Total comprehensive income for the year		-	-	-	-	877,116,349	(699,482)	(2,322,227)	(3,021,709)	874,094,640	4,233,435	878,328,075
Dividend paid	26	-	-	-	-	(1,657,572,405)	-	-	-	(1,657,572,405)	-	(1,657,572,405)
Balance as at 31 December 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	3,064,100,985	4,076,922	-	4,076,922	13,522,999,967	324,443,914	13,847,443,881
Balance as at 1 January 2021		920,878,100	8,785,027,903	656,331,057	92,585,000	3,064,100,985	4,076,922	-	4,076,922	13,522,999,967	324,443,914	13,847,443,881
Profit for the year		-	-	-	-	130,978,714	-	-	-	130,978,714	(10,067,509)	120,911,205
Other comprehensive income for the year		-	-	-	-	-	915,931	-	915,931	915,931	-	915,931
Total comprehensive income for the year		-	-	-	-	130,978,714	915,931	-	915,931	131,894,645	(10,067,509)	121,827,136
Dividend paid	26	-	-	-	-	(460,435,949)	-	-	-	(460,435,949)	-	(460,435,949)
Balance as at 31 December 2021		920,878,100	8,785,027,903	656,331,057	92,585,000	2,734,643,750	4,992,853	-	4,992,853	13,194,458,663	314,376,405	13,508,835,068

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

Statements of Changes in Shareholders' Equity (continued)

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

Separate Financial Statements

	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Other component of shareholders' equity	Total shareholders' equity
					Appropriated-statutory reserve	Unappropriated	Other comprehensive income Fair value reserve of investments at FVOCI	
Balance as at 1 January 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	3,160,649,715	2,322,227	13,617,794,002
Profit for the year		-	-	-	-	908,762,316	-	908,762,316
Other comprehensive income for the year		-	-	-	-	(20,308,392)	(2,322,227)	(22,630,619)
Total comprehensive income for the year		-	-	-	-	888,453,924	(2,322,227)	886,131,697
Dividend paid	26	-	-	-	-	(1,657,572,405)	-	(1,657,572,405)
Balance as at 31 December 2020		920,878,100	8,785,027,903	656,331,057	92,585,000	2,391,531,234	-	12,846,353,294
Balance as at 1 January 2021		920,878,100	8,785,027,903	656,331,057	92,585,000	2,391,531,234	-	12,846,353,294
Profit for the year		-	-	-	-	280,569,588	-	280,569,588
Other comprehensive income for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	280,569,588	-	280,569,588
Dividend paid	26	-	-	-	-	(460,435,949)	-	(460,435,949)
Balance as at 31 December 2021		920,878,100	8,785,027,903	656,331,057	92,585,000	2,211,664,873	-	12,666,486,933

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

Statements of Cash Flows

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	111,392,245	1,051,485,624	314,454,041	1,061,888,932
Adjustment to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(56,414,326)	(111,768,413)	(52,303,825)	(103,906,252)
Loss (gain) on revaluation of investments in debt instruments	12,653,191	(18,829,978)	12,070,562	(19,120,201)
Unrealized loss on exchange	2,449,342	23,026,554	2,449,342	23,026,554
Share of loss from investments in joint ventures	23,436,738	6,303,864	-	-
Loss on damaged inventories	2,248,219	2,783,970	2,248,219	2,783,970
Reduce cost to net realizable value	1,899,335	-	1,899,335	-
Amortization of prepaid expenses	22,660,378	22,452,249	18,897,421	18,650,723
Allowance for impairment loss on assets	1,055,733	-	1,055,733	-
Depreciation and amortization	2,009,187,419	2,136,979,493	1,450,347,018	1,551,722,439
Reduction in lease payments by lessors	(300,810,931)	(277,482,225)	(199,125,989)	(193,335,055)
Loss on disposals and write-off of equipment, right-of-use assets and intangible assets	55,453,972	29,402,139	43,351,938	14,938,856
Provision for long-term employee benefits	71,235,415	79,039,169	59,883,999	64,684,461
Realization of gift voucher, net of sales and cash received during the year	(39,990,101)	(16,867,465)	(27,030,211)	(15,911,135)
Realization of deferred income, net of sales and cash receivable during the year	(21,064,471)	(36,477,189)	(14,925,394)	(24,057,812)
Interest income	(20,755,076)	(33,747,167)	(20,696,828)	(33,598,728)
Interest expenses	85,033,910	91,965,087	67,194,787	70,832,851
Profit from operating activities before changes in operating assets and liabilities	1,959,670,992	2,948,265,712	1,659,770,148	2,418,599,603

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

Statements of Cash Flows (continued)

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	(48,968,250)	(4,027,683)	(61,378,163)	27,744,534
Inventories	21,684,749	(62,849,930)	29,138,111	(71,298,445)
Other current assets	(70,974,013)	(36,964,683)	(75,236,880)	(41,194,103)
Deposits	(24,899,036)	(4,908,868)	(13,643,162)	502,485
Operating liabilities increase (decrease)				
Trade and other payables	19,880,776	(490,321,217)	3,397,614	(365,852,281)
Other current liabilities	22,309,157	(26,456,995)	20,711,878	(23,302,008)
Deferred income	8,339,751	21,064,471	5,650,301	14,925,393
Provision for long-term employee benefits	(31,619,773)	(14,944,209)	(28,730,080)	(13,643,035)
Other non-current liabilities	(3,542,495)	13,277,628	(3,884,087)	5,739,757
Cash from operating activities	1,851,881,858	2,342,134,226	1,535,795,680	1,952,221,900
Cash received from interest income	12,990,500	85,619,781	12,932,252	85,471,342
Cash paid for income tax	(164,478,511)	(335,811,614)	(155,723,427)	(262,283,257)
Net cash from operating activities	1,700,393,847	2,091,942,393	1,393,004,505	1,775,409,985

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

Statements of Cash Flows (continued)

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2021	2020	2021	2020
Cash flows from investing activities				
Decrease (increase) in investments in debt instruments and fixed deposits	34,098,637	657,096,555	(1,001,364)	759,598,556
Cash paid for purchases of plant and equipment	(271,203,346)	(302,172,388)	(187,009,220)	(197,939,293)
Cash paid for intangible assets	(9,262,050)	(13,423,935)	(7,506,243)	(8,383,735)
Proceeds from disposals of equipment and Intangible assets	2,721,347	1,630,970	14,485,002	10,966,841
Net cash from (used in) investing activities	(243,645,412)	343,131,202	(181,031,825)	564,242,369
Cash flows from financing activities				
Cash paid to settle liabilities under lease liabilities	(1,009,261,572)	(1,076,156,877)	(767,714,678)	(807,135,805)
Dividend paid	(460,435,949)	(1,657,572,405)	(460,435,949)	(1,657,572,405)
Net cash used in financing activities	(1,469,697,521)	(2,733,729,282)	(1,228,150,627)	(2,464,708,210)
Net decrease in cash and cash equivalents	(12,949,086)	(298,655,687)	(16,177,947)	(125,055,856)
Cash and cash equivalents at beginning of year	509,452,008	808,107,695	383,587,704	508,643,560
Cash and cash equivalents at end of year (Note 7)	496,502,922	509,452,008	367,409,757	383,587,704
Supplement disclosure of cash flows information				
Non-cash items				
Accounts payable for purchases of plant and equipment	71,865,553	48,822,294	57,435,565	38,902,848
Increase in right-of-use assets	813,567,355	902,860,372	541,616,491	674,348,414

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

Notes to Consolidated Financial Statements

MK Restaurant Group Public Company Limited and Its Subsidiaries For the year ended 31 December 2021

1. General information

1.1 Corporate information

MK Restaurant Group Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and subsequently registered the change of its status to a public limited company under the Public Limited Companies Act, and domiciled in Thailand. The Company is principally engaged in sales of foods and beverages through restaurants, under the trademark “MK Restaurants”. The registered office of the Company is at 1200 Debaratna Road, Bangnatai, Bangna, Bangkok.

As at 31 December 2021, the Group had operated 703 branches (the Company only: 479 branches) (2020: 722 branches, the Company only: 499 branches).

1.2 The COVID-19 Pandemic

The COVID-19 pandemic has resulted in an economic slowdown and adversely impacted most businesses and industries in terms of supply chains, consumer spending, limited or suspended operations, operational delays, and more.

This situation significantly affects the Group’s business since the number of restaurant customers has not yet returned to normal levels. In addition, the second wave of the COVID-19 pandemic in Thailand that broke out in December 2020 resulted in another decrease in the number of customers using the Groups’ services from January 2021. Moreover, the COVID-19 outbreak has continued from the end of March 2021 to the present. This is significantly impacting the Group’s financial position, operating results, and cash flows at present and is expected to do so in the future. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgements in respect of various matters as the situation has evolved.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the notes on accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of MK Restaurant Group Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as follows:

Company’s name	Nature of business	Country of incorporation	Percentage of shareholding	
			2021	2020
			Percent	Percent
<u>Subsidiaries (held by the Company)</u>				
MK Interfood Company Limited	Restaurant	Thailand	100	100
MK Service Training Center Company Limited	Training service provider	Thailand	100	100
International Food Supply Company Limited	Manufacture and distribution of foods	Thailand	100	100
Mark One Innovation Center Company Limited	Research, development of technology and innovation of food and beverage products	Thailand	100	100
Catapult Company Limited	Invest in food business	Thailand	100	100
<u>Subsidiaries (held by Catapult Company Limited)</u>				
Laem Charoen Seafood Company Limited	Restaurant	Thailand	65	65

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) The excess of the fair value of net assets at the date of the acquisition of the subsidiaries over related cost of investment is accounted as "Goodwill" in the consolidated statement of financial positions.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

Furthermore, the Group elected to adopt the amendments to TFRS 16, *Leases*, relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Group applies the practical expedient to all rent concessions that meet the above conditions and the effects of the application of this expedient, due to resulting changes in payments under leases are recognised in profit or loss for the year ended 31 December 2021, amounting to Baht 300.8 million (2020: Baht 277.5 million) (the Company only: Baht 199.1 million, 2020: Baht 193.3 million). There was no impact on the opening balance of retained earnings.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales and service income

These mainly represent revenues from sales of foods and beverages through the restaurants which are recognised upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts and allowances.

Membership fee

Income from membership cards is recognised on a straight-line basis over the membership period.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised on an accrual basis.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Finished goods are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost is defined as all the costs of production including labour cost and attributable factory overheads.

Raw materials and supplies are valued at the lower of cost (first-in, first-out method) and net realisable value, and are charged to production costs whenever consumed.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

4.4 Investments in subsidiaries and joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvement	5 years
Building	20 years
Leasehold improvement	Lease term
Utility system	10 years
Kitchen utensils and operating equipment	5 years
Machinery and equipment	5 years and 10 years
Furniture, fixtures and office equipment	3 years and 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in the income statement when the asset is derecognised.

4.6 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Group's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Group estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

A summary of intangible assets with finite useful lives is as below.

	Useful lives
Computer software	5 years and 10 years
Trademark	30 years

4.8 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.9 Leases

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Right-of-use building space	3-9 years
Kitchen utensils and operating equipment	Lease term
Furniture, fixture and office equipment	5 years
Intangible assets	5 years
Leasehold right	Lease term

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use asset and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.12 Employee benefits

Short-term benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by the employees and the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treat these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term employee benefits are recognised immediately in the income statement.

4.13 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.14 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in the income statements when the asset is derecognised, modified or impaired.

Financial assets at FVOCI (debt instruments)

The Group measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and to sell the financial asset and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the income statements and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the income statements.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statements.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in the income statements.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statements when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any discounts or premiums on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statements.

Regular way purchases and sales of financial assets

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date, i.e., the date on which the Group commits to purchase or sell the asset / the settlement date, i.e., the date on which an asset is delivered.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due, and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.16 Derivatives

The Group uses derivatives, such as forward currency contracts, to hedge its foreign currency risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 – Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 – Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 – Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases***Determining the lease term with extension and termination options – The Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate – The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both bank and counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the disclosures of fair value hierarchy.

Property, plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of plant and equipment and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

	Consolidated financial statements		Separate financial statements		(Unit: Million Baht)
	2021	2020	2021	2020	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	912	929	Cost plus margin
Sublease and subservice income	-	-	24	23	At the rate stipulated in the agreements
Management service income	-	-	189	177	At the rate stipulated in the agreements
Sales of fixed assets	-	-	8	9	Net book value plus margin
Rental income	-	-	6	6	At the rate stipulated in the agreements
Purchases of goods	-	-	181	211	Market price
Training expenses	-	-	141	128	Market price
Royalty fee expenses	-	-	5	2	At the rate stipulated in the agreements
<u>Transactions with related companies</u>					
Sales of goods	2	1	2	1	Cost plus margin
Royalty fee income	3	3	3	3	At the rate stipulated in the agreements
Management service income	5	4	5	4	At the rate stipulated in the agreements
Operation support service income	7	7	7	7	At the rate stipulated in the agreements
Royalty fee expenses	36	43	36	43	At the rate stipulated in the agreements
Rental expenses for operating equipment	36	42	21	25	Market price
Rental expenses for land and construction	41	28	41	28	At the rate stipulated in the agreement
Logistic expenses	149	160	147	160	At the rate stipulated in the agreement
Service expenses	98	97	71	74	Contractually agree prices
Warehousing service expenses	135	147	135	147	At the rate stipulated in the agreement

As at 31 December 2021 and 2020, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	143,154,166	113,502,566
Joint ventures	1,713,308	1,550,877	1,713,308	-
Related companies (related by common directors)	629,733	357,836	629,733	1,905,931
Total trade and other receivables - related parties	2,343,041	1,908,713	145,497,207	115,408,497
Trade and other payable - related parties (Note 16)				
Subsidiaries	-	-	37,988,975	36,235,829
Joint ventures	33,003,985	30,317,348	32,071,614	-
Related companies (related by common directors)	27,583,504	18,486,062	18,241,403	40,526,164
Total trade and other payable - related parties	60,587,489	48,803,410	88,301,992	76,761,993

Significant agreements with related parties

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

On 10 February 1994, the Company entered into a franchise agreement with Plenus-MK Limited, a related party in Japan, in order to grant the latter the right to use the trademark and the servicemark of "MK Restaurants" in its operating of the Thai-style Sukiyaki restaurants in Japan. A monthly royalty fee is charged at a rate stipulated in the agreement. The agreement shall continue for a term of three years, and thereafter shall be automatically renewed on a three-year basis until being terminated by either party by giving a written notice 180 days prior to the expiration of such contract.

Management service agreements

The Company entered into management service agreements with its subsidiaries, whereby the Company agreed to provide management service to the subsidiaries in areas of branch operations, business development, engineering, procurement, marketing, accounting and finance, human resources, quality assurance and information technology support. The subsidiaries agreed to pay management fee to the Company the rate stipulated in the agreements. The agreements is effective from 1 January 2021 to 31 December 2021. The agreements shall be automatically extended for another 1 year until the subsidiaries give a written notice of termination 3 months prior to its expiration.

Sublease and subservice agreements

The Company entered into several sublease and subservice agreements, granting 6 leasehold rights to MK Interfood Company Limited ("MKI"). Sublease and subservice fees are charged according to the terms of the agreements. The agreements are effective for a period of 3 years and will be renewed automatically for another 3 years unless MKI has breached them.

Building lease agreement

On 1 February 2016, the Company entered into a lease agreement for lease of building to International Food Supply Co., Ltd. ("IFS"), under which IFS agrees to pay rental to the Company at a rate of Baht 0.54 million per month. The lease agreement is for a period of 6 years, from 1 May 2016 to 30 April 2022. Subsequently, on 17 May 2016, the Company and IFS agreed to adjust the rental space and the rental rate to be Baht 0.37 million per month.

On 15 June 2017, the Company and IFS agreed to adjust the rental space and the rental to be Baht 0.46 million per month.

On 3 November 2021, the Company entered into a lease agreement for lease of building to M-Senko Logistics Company Limited ("M-Senko"), under which M-Senko agrees to pay rental to the Company at a rate of Baht 0.02 million per month. The lease agreement is for a period of 1 year, from 1 November 2021 to 31 October 2022.

Land and construction lease thereon agreement

On 16 November 2017, the Company and Global Asset Development Co., Ltd. entered into a lease agreement, whereby the latter agrees to lease land and construction thereon to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. In a total amount of Baht 1.94 million per month, from 1 January 2018 to 31 December 2020. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 23 October 2020, the Company and Global Asset Development Co., Ltd. entered into a new lease agreement, whereby the latter agrees to lease land and construction thereon to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. In a total amount of Baht 2.23 million per month, from 1 January 2021 to 31 December 2023. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Operation support service agreement

The Company entered into operation support service agreement with M-Senko Logistics Company Limited ("M-Senko"), whereby the Company agreed to provide management service to M-Senko in areas of procurement, accounting and finance, human resources and information technology support. M-Senko agreed to pay management fee to the Company and at a rate of Baht 0.38 million per month. This agreement is effective from 1 January 2021 to 31 December 2021 (1 January 2020 to 31 December 2020: at a rate of Baht 0.31 million per month).

The Company entered into operation support service agreement with M-Senko Logistics Company Limited ("M-Senko"), whereby the Company agreed to provide service of utilities and truck repair and maintenance to M-Senko. M-Senko agreed to pay service fee to the Company at a rate of Baht 0.59 million per month, effective from 1 January 2021 to 31 December 2021 (1 January 2020 to 31 December 2020: at a rate of Baht 0.53 million).

The Company entered into operation support service agreement with Laem Charoen Seafood Company Limited ("LCS"), whereby the Company agreed to provide call-center service and delivery to LCS. LCS agreed to pay service fee to the Company and at a rate stipulated in the agreement. This agreement is effective from 1 January 2021 to 31 December 2021.

Land and distribution center building lease agreement

On 1 March 2013, the Company entered into a lease agreement for lease of land and distribution center building with Global Asset Development Co., Ltd., whereby the latter agrees to lease land and distribution center building to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. At the rate stipulated in the agreement. The lease agreement is for a period of 20 years, from 1 November

2013 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 November 2013 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 18 April 2016, the Company entered into additional lease agreement for lease of land with Global Asset Development Co., Ltd, whereby the latter agrees to lease land to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. At the rate stipulated in the agreement. The lease agreement is for a period of 17 years and 6 months, from 1 May 2016 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 May 2016 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Warehousing and logistics service agreement

The Company entered into a warehousing and logistics service agreement with M-Senko Logistics Company Limited ("M-Senko"), whereby the latter agrees to provide the service for the warehousing and logistics to the Company and the Company agrees to pay the service fee at the rate stipulated in the agreement. The agreement is expired on 30 June 2022.

Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Short-term employee benefits	133	143	116	129
Post-employment benefits	5	7	4	5
Total	138	150	120	134

During the year 2021, the Company has paid post-employment benefits to its directors and management of approximately Baht 13 million (2020: Baht 3.3 million).

7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash	114,259,789	115,414,732	91,138,016	92,288,399
Bank deposits	382,243,133	394,037,276	276,271,741	291,299,305
Total	496,502,922	509,452,008	367,409,757	383,587,704

As at 31 December 2021, bank deposits in savings accounts carried interests between 0.05 and 0.125 percent per annum (2020: 0.05 and 0.125 percent per annum).

8. Trade and other receivables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	487,174	120,648	122,333,934	92,837,399
Total trade accounts receivable - related parties	487,174	120,648	122,333,934	92,837,399
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	96,640,429	61,699,996	66,822,354	44,544,121
Total trade accounts receivable - unrelated parties	96,640,429	61,699,996	66,822,354	44,544,121
Total trade accounts receivable	97,127,603	61,820,644	189,156,288	137,381,520
<u>Other receivables</u>				
Other receivables - related parties	1,855,867	1,788,065	23,163,273	22,571,098
Advances	6,409,174	7,772,669	5,477,722	6,963,000
Accrued interest receivable	14,688,405	6,923,829	14,688,405	6,923,829
Others	46,651,992	31,695,008	34,533,323	22,968,273
Total other receivables	69,605,438	48,179,571	77,862,723	59,426,200
Total trade and other receivables	166,733,041	110,000,215	267,019,011	196,807,720

9. Inventories

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Finished goods	233,463,904	235,650,579	200,133,205	207,049,549
Raw materials	38,501,759	59,306,179	32,698,190	56,157,986
Supplies	122,265,408	123,207,281	114,160,494	115,170,684
Total	394,231,071	418,164,039	346,991,889	378,378,219
Less: Reduce cost to net realisable value	(1,899,335)	-	(1,899,335)	-
Inventories - net	392,331,736	418,164,039	345,092,554	378,378,219

10. Other financial assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
<u>Debt instruments at amortised cost</u>				
Fixed deposits	700,001	1	700,001	1
<u>Other financial assets at FVTPL</u>				
Investments in debt instruments	7,310,118	7,967,145	6,443,974	7,069,429
Derivatives-forward exchange contracts	-	12,315	-	12,315
Total other financial assets at FVTPL	7,310,118	7,979,460	6,443,974	7,081,744
<u>Equity instruments designated at FVOCI</u>				
Non-listed equity instruments	-	-	-	-
Total equity instruments designated at FVOCI	-	-	-	-
Total other financial assets	8,010,119	7,979,461	7,143,975	7,081,745
Consisted of:				
Current	7,192,222	7,153,654	6,326,078	6,255,938
Non-current	817,897	825,807	817,897	825,807

11. Investments in subsidiaries

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

(Unit: Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2021	2020	2021 (Percent)	2020 (Percent)	2021	2020
MK Interfood Company Limited	400,000,000	400,000,000	100	100	299,049,977	299,049,977
MK Service Training Center Company Limited	35,000,000	35,000,000	100	100	52,429,895	52,429,895
International Food Supply Company Limited	280,000,000	280,000,000	100	100	279,999,970	279,999,970
Mark One Innovation Center Company Limited	60,000,000	60,000,000	100	100	59,999,970	59,999,970
Catapult Company Limited	2,070,000,000	2,070,000,000	100	100	2,069,999,950	2,069,999,950
Total					2,761,479,762	2,761,479,762

In 2021 and 2020, there were no dividend payments from the above subsidiaries.

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

(Unit: Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the year	
	2021 (percent)	2020 (percent)	2021	2020	2021	2020
Investment of Catapult Company Limited ("the subsidiary)						
Laem Charoen Seafood Company Limited	35	35	314,376,405	324,443,914	(10,067,509)	4,233,435

11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling interests

Summarised information about financial position

(Unit: Baht)

	Laem Charoen Seafood Company Limited	
	2021	2020
Current assets	170,105,358	176,862,045
Non-current assets	212,311,181	203,389,621
Current liabilities	97,657,191	90,446,103
Non-current liabilities	29,297,034	28,418,170

Summarised information about comprehensive income

(Unit: Baht)

	Laem Charoen Seafood Company Limited For the year ended 31 December	
	2021	2020
Revenues	606,801,729	759,246,596
Profit (loss)	(5,902,706)	34,957,136
Other comprehensive income	-	-
Total comprehensive income	(5,902,706)	34,957,136

12. Investments in joint ventures

12.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Baht)

Joint venture	Nature of business	Country of incorporation	Paid-up capital	Shareholding percentage		Consolidated financial statements		Separate financial statements					
						Carrying amount based on equity method		Cost		Allowance for impairment loss		Carrying amount based on cost method - net	
				2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
				(Percent)	(Percent)								
Plenus and MK Pte Ltd.	Restaurant	Singapore	12.5 million Singapore dollars	50.00	50.00	37,702,313	45,596,421	149,207,500	149,207,500	(106,885,043)	(106,885,043)	42,322,457	42,322,457
M-Senko Logistics Co., Ltd.	Warehousing and logistic services	Thailand	Baht 1,750 million	49.75	49.75	834,816,854	849,443,553	870,625,000	870,625,000	-	-	870,625,000	870,625,000
Total						872,519,167	895,039,974	1,019,832,500	1,019,832,500	(106,885,043)	(106,885,043)	912,947,457	912,947,457

12.2 Share of gain (loss)

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

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	2021	2020
Plenus and MK Pte Ltd.	(8,810)	3,973
M-Senko Logistics Co., Ltd.	(14,627)	(10,277)
	(23,437)	(6,304)

12.3 Summarised financial information about joint ventures

Summarised information about financial position

(Unit: Thousand Baht)

	As at 31 December			
	M-Senko Logistics Co., Ltd.		Plenus and MK Pte Ltd.	
	2021	2020	2021	2020
Current assets	337,678	372,587	67,731	63,461
Non-current assets	1,448,234	1,423,594	103,659	151,655
Total assets	1,785,912	1,796,181	171,390	215,116
Current liabilities	71,002	57,288	22,779	23,887
Non-current liabilities	36,886	31,468	73,207	100,037
Total liabilities	107,888	88,756	95,986	123,924
Net assets	1,678,024	1,707,425	75,404	91,192
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Share of net assets	834,817	849,444	37,702	45,596
Carrying amounts of joint ventures based on equity method	834,817	849,444	37,702	45,596

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December			
	M-Senko Logistics Co., Ltd.		Plenus and MK Pte Ltd.	
	2021	2020	2021	2020
Revenue	394,971	346,428	242,481	252,887
Other income	5,860	13,486	31,107	50,670
Cost of sales and services	(399,441)	(308,370)	(58,333)	(64,825)
Selling and administrative expenses	(30,791)	(66,123)	(232,875)	(230,785)
Profit (loss) for the year	(29,401)	(14,579)	(17,620)	7,947
Other comprehensive income	-	(6,078)	-	-
Total comprehensive income	(29,401)	(20,657)	(17,620)	7,947
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Comprehensive income as shareholding percentage	(14,627)	(10,277)	(8,810)	3,973
Share of gain (loss) from investments in joint ventures	(14,627)	(10,277)	(8,810)	3,973

13. Property, plant and equipment

(Unit: Baht)

	Consolidated financial statements										Total
	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	
Cost											
31 December 2019	325,075,815	22,437,088	518,644,314	2,790,841,872	2,512,154,600	1,917,944,755	223,965,853	2,977,152,139	88,700,260	34,570,482	11,411,487,178
Reclassify to right-of-use assets	-	-	-	(6,008,206)	-	-	-	(24,470,364)	-	-	(30,478,570)
Additions	-	-	438,799	3,598,011	10,359,758	80,467,585	2,492,463	43,001,093	-	113,077,849	253,435,558
Transfers in (out)	-	-	1,536,210	42,763,886	30,857,884	8,527,210	1,129,100	35,539,371	-	(120,353,661)	-
Disposals/write-off	-	-	-	(30,258,540)	(27,075,323)	(21,778,029)	(2,904,800)	(55,688,187)	-	(1,049,673)	(138,754,552)
31 December 2020	325,075,815	22,437,088	520,619,323	2,800,937,023	2,526,296,919	1,985,161,521	224,682,616	2,975,534,052	88,700,260	26,244,997	11,495,689,614
Additions	-	-	55,000	2,326,083	18,050,870	42,277,815	6,483,925	72,202,336	-	150,885,362	292,281,391
Transfers in (out)	-	-	548,879	42,779,732	50,550,651	8,509,106	469,600	34,397,841	-	(137,255,809)	-
Disposals/write-off	-	-	-	(88,419,403)	(75,135,270)	(25,284,233)	-	(70,612,504)	-	(3,289,382)	(262,740,792)
31 December 2021	325,075,815	22,437,088	521,223,202	2,757,623,435	2,519,763,170	2,010,664,209	231,636,141	3,011,521,725	88,700,260	36,585,168	11,525,230,213

(Unit: Baht)

	Consolidated financial statements										
	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Accumulated depreciation											
31 December 2019	-	22,178,588	351,275,943	1,245,444,906	1,641,428,822	1,535,452,879	142,644,358	2,533,428,336	72,378,267	-	7,544,232,099
Reclassify to right-of-use assets	-	-	-	(1,185,142)	-	-	-	(2,319,656)	-	-	(3,504,798)
Depreciation for the year	-	67,592	20,278,586	173,595,453	188,514,680	140,124,374	17,062,588	162,156,078	6,966,396	-	708,765,747
Depreciation on disposals/write-off	-	-	-	(13,038,287)	(16,260,548)	(20,239,029)	(2,904,798)	(53,140,640)	-	-	(105,583,302)
31 December 2020	-	22,246,180	371,554,529	1,404,816,930	1,813,682,954	1,655,338,224	156,802,148	2,640,124,118	79,344,663	-	8,143,909,746
Depreciation for the year	-	67,593	18,888,771	165,232,533	180,434,180	120,822,488	14,878,444	138,602,087	4,765,861	-	643,691,957
Depreciation on disposals/write-off	-	-	-	(54,582,199)	(57,602,041)	(22,998,311)	-	(68,537,660)	-	-	(203,720,211)
31 December 2021	-	22,313,773	390,443,300	1,515,467,264	1,936,515,093	1,753,162,401	171,680,592	2,710,188,545	84,110,524	-	8,583,881,492

(Unit: Baht)

	Consolidated financial statements										Total
	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	
Allowance for impairment loss											
31 December 2019	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
31 December 2020	-	-	-	-	-	98,111,674	-	-	-	-	98,111,674
Increase	-	-	-	-	-	1,055,733	-	-	-	-	1,055,733
31 December 2021	-	-	-	-	-	99,167,407	-	-	-	-	99,167,407
Net book value											
31 December 2020	325,075,815	190,908	149,064,794	1,396,120,093	712,613,965	231,711,623	67,880,468	335,409,934	9,355,597	26,244,997	3,253,668,194
31 December 2021	325,075,815	123,315	130,779,902	1,242,156,171	583,248,077	158,334,401	59,955,549	301,333,180	4,589,736	36,585,168	2,842,181,314

Depreciation for the year

2020 (Baht 115.7 million included in producing cost, and the balance in selling and administrative expenses)

708,765,747

2021 (Baht 111.2 million included in producing cost, and the balance in selling and administrative expenses)

643,691,957

(Unit: Baht)

	Separate financial statements										
	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	Total
Cost											
31 December 2019	303,336,705	22,437,088	457,484,760	2,328,150,894	2,041,869,979	1,298,367,266	148,056,629	2,482,750,106	88,006,503	31,048,827	9,201,508,757
Reclassify to right-of-use assets	-	-	-	-	-	-	-	(24,470,364)	-	-	(24,470,364)
Additions	-	-	130,799	2,516,813	7,438,107	56,705,098	217,813	34,714,675	-	64,191,502	165,914,807
Transfers in (out)	-	-	24,210	24,533,371	14,626,212	1,253,532	-	23,936,611	-	(64,373,936)	-
Disposals/write-off	-	-	-	(19,564,692)	(16,302,735)	(21,351,940)	(2,904,800)	(51,437,545)	-	(2,565,726)	(114,127,438)
31 December 2020	303,336,705	22,437,088	457,639,769	2,335,636,386	2,047,631,563	1,334,973,956	145,369,642	2,465,493,483	88,006,503	28,300,667	9,228,825,762
Additions	-	-	55,000	1,864,045	15,140,598	28,683,968	6,483,925	67,937,050	-	84,068,248	204,232,834
Transfers in (out)	-	-	548,879	26,496,421	32,717,319	163,673	500,000	19,459,941	-	(79,886,233)	-
Disposals/write-off	-	-	-	(72,264,498)	(63,008,497)	(24,648,696)	-	(67,411,848)	-	(3,289,382)	(230,622,921)
31 December 2021	303,336,705	22,437,088	458,243,648	2,291,732,354	2,032,480,983	1,339,172,901	152,353,567	2,485,478,626	88,006,503	29,193,300	9,202,435,675
Accumulated depreciation											
31 December 2019	-	22,178,588	322,249,461	1,076,782,562	1,392,661,963	1,073,534,163	125,774,531	2,170,229,857	71,635,062	-	6,255,046,187
Reclassify to right-of-use assets	-	-	-	-	-	-	-	(2,319,656)	-	-	(2,319,656)
Depreciation for the year	-	67,592	17,142,940	135,026,458	142,998,675	83,708,487	8,282,996	112,462,502	6,919,996	-	506,609,646
Depreciation on disposals/write-off	-	-	-	(9,780,570)	(11,294,066)	(14,411,874)	(2,904,798)	(49,945,424)	-	-	(88,336,732)
31 December 2020	-	22,246,180	339,392,401	1,202,028,450	1,524,366,572	1,142,830,776	131,152,729	2,230,427,279	78,555,058	-	6,670,999,445
Depreciation for the year	-	67,592	15,739,795	127,366,085	136,580,062	70,894,091	6,956,522	94,435,528	4,738,858	-	456,778,533
Depreciation on disposals/write-off	-	-	-	(46,356,869)	(49,168,616)	(18,397,915)	-	(58,506,864)	-	-	(172,430,264)
31 December 2021	-	22,313,772	355,132,196	1,283,037,666	1,611,778,018	1,195,326,952	138,109,251	2,266,355,943	83,293,916	-	6,955,347,714

(Unit: Baht)

	Separate financial statements										Total
	Land	Land improvement	Building	Leasehold improvement	Utility systems	Kitchen utensils and operating equipment	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress and equipment under installation	
Allowance for impairment loss											
31 December 2019	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
31 December 2020	-	-	-	-	-	79,596,910	-	-	-	-	79,596,910
Increase	-	-	-	-	-	1,055,733	-	-	-	-	1,055,733
31 December 2021	-	-	-	-	-	80,652,643	-	-	-	-	80,652,643
Net book value											
31 December 2020	303,336,705	190,908	118,247,368	1,133,607,936	523,264,991	112,546,270	14,216,913	235,066,204	9,451,445	28,300,667	2,478,229,407
31 December 2021	303,336,705	123,316	103,111,452	1,008,694,688	420,702,965	63,193,306	14,244,316	219,122,683	4,712,587	29,193,300	2,166,435,318

Depreciation for the year

2020 (Baht 98.6 million included in producing cost, and the balance in selling and administrative expenses)

506,609,646

2021 (Baht 94.9 million included in producing cost, and the balance in selling and administrative expenses)

456,778,533

As at 31 December 2021 and 2020, certain equipment items of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 5,533 million and Baht 5,083 million, respectively (the Company only: Baht 4,686 million and Baht 4,259 million, respectively).

14. Goodwill

The Group has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations summarise as follows:

(Unit: Percent per annum)

Long-term revenue growth rate	1.8
Discount rate	10.8

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.

15. Intangible assets

Details of intangible assets which are as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Cost		
31 December 2019	1,111,632,509	241,950,531
Reclassify to right-of-use assets	(26,191,520)	(26,191,520)
Additional	13,423,935	8,383,735
Write-off	-	(500,000)
31 December 2020	1,098,864,924	223,642,746
Additional	9,262,050	7,506,243
Write-off	(137,171)	(75,605)
31 December 2021	1,107,989,803	231,073,384
Accumulated amortisation		
31 December 2019	134,636,387	126,605,944
Reclassify to right-of-use assets	(2,482,813)	(2,482,813)
Amortisation for the year	47,437,927	17,354,955
Amortisation on write-off	-	(139,559)
31 December 2020	179,591,501	141,338,527
Amortisation for the year	47,914,682	17,580,616
Amortisation on write-off	(91,507)	(15,959)
31 December 2021	227,414,676	158,903,184
Net book value		
31 December 2020	919,273,423	82,304,219
31 December 2021	880,575,127	72,170,200
Amortisation for the year		
2021	47,437,927	17,354,955
2021	47,914,682	17,580,616

16. Trade and other payables

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Trade accounts payable – related party	2,423,393	-	31,412,975	20,974,288
Trade accounts payable – unrelated party	407,961,568	415,850,396	363,135,292	374,208,501
Other payables – related parties	58,164,096	48,803,410	56,889,017	55,787,705
Other payables – unrelated parties	62,656,655	72,691,757	54,677,511	64,934,488
Accounts payable for purchase of plant and equipment	71,685,553	48,822,294	57,435,565	38,902,848
Accrued expenses	729,634,817	708,301,466	552,897,813	543,511,213
Others	22,389,065	17,701,789	18,553,669	14,752,468
Total	1,354,915,147	1,312,171,112	1,135,001,842	1,113,071,511

17. Liabilities under lease agreements**17.1 The Group as a lessee**

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 – 20 years.

a) Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	Total
1 January 2020	4,084,962	97,379	22,151	23,709	205,965	4,434,166
Additions	843,634	59,226	-	-	-	902,860
Depreciation for the year	(1,272,004)	(58,131)	(4,894)	(5,238)	(40,509)	(1,380,776)
31 December 2020	3,656,592	98,474	17,257	18,471	165,456	3,956,250
Additions	875,570	13,099	-	-	-	888,669
Write-off	(74,583)	(520)	-	-	-	(75,103)
Depreciation for the year	(1,223,432)	(53,789)	(4,894)	(5,238)	(30,227)	(1,317,580)
31 December 2021	3,234,147	57,264	12,363	13,233	135,229	3,452,236

(Unit: Thousand Baht)

	Separate financial statements					
	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	Total
1 January 2020	3,116,859	64,994	22,151	23,709	193,374	3,421,087
Additions	615,983	58,365	-	-	-	674,348
Depreciation for the year	(937,289)	(41,778)	(4,894)	(5,238)	(38,559)	(1,027,758)
31 December 2020	2,795,553	81,581	17,257	18,471	154,815	3,067,677
Additions	593,020	10,724	-	-	-	603,744
Write-off	(62,127)	-	-	-	-	(62,127)
Depreciation for the year	(898,686)	(38,730)	(4,894)	(5,239)	(28,439)	(975,988)
31 December 2021	2,427,760	53,575	12,363	13,232	126,376	2,633,306

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Lease payments	3,474,130	3,908,582	2,650,004	3,029,681
Less: Deferred interest expenses	(192,800)	(217,509)	(156,724)	(181,094)
Total	3,281,330	3,691,073	2,493,280	2,848,587
Less: Portion due within one year	(1,074,621)	(1,126,493)	(789,799)	(831,564)
Lease liabilities – net of current portion	2,206,709	2,564,580	1,703,481	2,017,023

A maturity analysis of lease payments is disclosed in Note 29.1 under the liquidity risk.

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Balance at beginning of year	3,691,073	4,044,055	2,848,587	3,104,140
Add: Additions during the period	884,461	934,210	601,535	690,800
Accretion of interest	82,081	88,665	65,078	68,655
Less: Payments during the period	(1,009,262)	(1,076,157)	(767,714)	(807,136)
Reduction in lease payments by lessors	(300,811)	(277,482)	(199,126)	(193,335)
Decrease from cancelation of lease agreements	(66,212)	(22,218)	(55,080)	(14,537)
Balance at end of year	3,281,330	3,691,073	2,493,280	2,848,587

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets (net of reduction in lease payments by lessors)	1,032,632	1,121,962	788,133	847,724
Interest expense on lease liabilities	66,219	69,997	53,807	55,354
Expense relating to leases of low-value assets	225	258	218	247
Expense relating to variable lease payments that do not depend on an index or a rate	11,554	15,979	8,915	12,608

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

During 2020, the Group has elected to apply Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak” which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 1,021 million (2020: Baht 1,092 million) (the Company only: Baht 790 million, 2020: Baht 820 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

17.2 The Group as a lessor

The Group has entered into operating leases for buildings of the lease terms are between 1 and 6 years.

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Within 1 year	3,387	1,384	15,214	14,345
Over 1 year and up to 5 years	808	–	4,621	8,099
Total	4,195	1,384	19,835	22,444

18. Provision for long-term employee benefits**18.1 Defined contribution plans**

The Group and their permanent employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees and the Group at rates of 2 percent of the employees’ basic salaries. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2021, the contributions of the Group amounting to Baht 24 million (2020: Baht 29.7 million) and of the Company amounting to Baht 20 million (2020: Baht 25.0 million) were recognised as expenses.

18.2 Defined benefit plans and other long-term employee benefits

(Unit: Baht)

	Consolidated financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2020	575,749,101	41,603,173	617,352,274
Included in profit or loss:			
Current service cost	44,491,310	3,208,118	47,699,428
Past service cost	–	11,709,154	11,709,154
Interest cost	15,448,464	1,247,114	16,695,578
Actuarial loss (gain)			
Financial assumptions changes	–	2,982,769	2,982,769
Experience adjustments	–	(47,760)	(47,760)
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	19,902,397	–	19,902,397
Experience adjustments	17,116,443	–	17,116,443
Benefits paid during the year	(12,304,209)	(2,640,000)	(14,944,209)
As at 31 December 2020	660,403,506	58,062,568	718,466,074

(Unit: Baht)

	Consolidated financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	660,403,506	58,062,568	718,466,074
Included in profit or loss:			
Current service cost	52,628,175	6,893,833	59,522,008
Interest cost	10,757,229	956,178	11,713,407
Benefits paid during the year	(27,259,773)	(4,360,000)	(31,619,773)
As at 31 December 2021	696,529,137	61,552,579	758,081,716

(Unit: Baht)

	Separate financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2020	517,758,888	35,962,370	553,721,258
Included in profit or loss:			
Current service cost	34,550,833	2,200,186	36,751,019
Past service cost	-	10,523,803	10,523,803
Interest cost	13,836,432	1,059,889	14,896,321
Actuarial loss (gain)			
Financial assumptions changes	-	2,491,642	2,491,642
Experience adjustments	-	21,676	21,676
Included in other comprehensive income:			
Actuarial loss (gain)			
Financial assumptions changes	14,907,607	-	14,907,607
Experience adjustments	10,477,883	-	10,477,883
Transferred out	(5,282,055)	(587,202)	(5,869,257)
Benefits paid during the year	(5,533,778)	(2,240,000)	(7,773,778)
As at 31 December 2020	580,715,810	49,432,364	630,148,174

(Unit: Baht)

	Separate financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	580,715,810	49,432,364	630,148,174
Included in profit or loss:			
Current service cost	44,005,708	5,653,321	49,659,029
Interest cost	9,436,593	788,377	10,224,970
Transferred in	1,068,552	-	1,068,552
Benefits paid during the year	(25,130,080)	(3,600,000)	(28,730,080)
As at 31 December 2021	610,096,583	52,274,062	662,370,645

The Group expects to pay Baht 23.75 million for long-term employee benefits during the next year (separate financial statements: Baht 21.43 million) (2020: Baht 27.79 million, separate financial statements: Baht 24.73 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits of the Group is 13 years (Separate financial statements: 13 years) (2020: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated financial statements / Separate financial statements	
	2021	2020
Discount rate	1.7	1.7
Future salary increase rate (depending on age of employees)	4.0 - 5.5	4.0 - 5.5

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below.

31 December 2021

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(83.6)	100.6	96.9	(82.5)
Other long-term employee benefits	(2.8)	3.1	-	-

(Unit: Million Baht)

	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(76.7)	92.1	88.8	(75.7)
Other long-term employee benefits	(2.5)	2.8	-	-

31 December 2020

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(78.6)	94.5	91.1	(77.6)
Other long-term employee benefits	(2.7)	3.0	-	-

(Unit: Million Baht)

	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(72.4)	87.0	83.8	(71.4)
Other long-term employee benefits	(2.5)	2.7	-	-

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Finance income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest income on bank deposits	697	13,243	639	13,095
Interest received from investment in debt instruments at FVTPL	20,048	20,478	20,048	20,478
Other	10	26	10	26
Total	20,755	33,747	20,697	33,599

21. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Interest expenses on provision for decommissioning	2,953	3,300	2,117	2,178
Interest expenses on lease liabilities	66,219	69,997	53,807	55,354
Total	69,172	73,297	55,924	57,532

22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Salaries, wages and other employee benefits	3,637,881,039	4,143,065,053	2,830,264,692	3,200,490,543
Raw materials and consumables used	2,304,309,542	2,273,272,475	2,002,466,955	1,929,319,493
Rental and service expenses from operating lease agreements	563,625,955	657,531,159	174,323,784	229,941,225
Depreciation of plant and equipment and amortisation of intangible assets	691,606,639	756,203,674	474,359,149	523,964,601
Depreciation of right-of-use assets	1,032,631,628	1,121,962,155	788,132,528	847,723,739
Utilities expenses	546,328,240	634,187,690	408,742,215	476,343,593
Advertising expenses	105,407,985	174,166,828	68,156,275	122,976,588
Logistic expenses	153,426,917	166,473,998	148,762,145	161,895,210
Repair and maintenance expenses	167,540,487	155,294,301	128,494,416	121,322,593
Training expenses	4,894,332	3,561,193	143,284,511	128,966,493
Property tax expenses	7,406,256	9,500,756	7,654,417	6,940,591
Travelling expenses	11,061,854	18,122,491	7,069,876	13,423,552
Changes in finished goods	(2,186,675)	(8,776,607)	(6,916,344)	(17,389,665)

During the year 2020, the Group has elected to apply Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak” which the Group has taken the lease payments reduction by lessors to reverse depreciation of right-of-

use assets and interest on lease liabilities recognized in each period in proportion to the reduction, with any differences then recognised in the income statements.

23. Income tax

23.1 Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Current income tax:				
Current income tax charge	63,051,459	192,265,499	58,699,639	183,040,275
Adjustment in respect of income tax of previous year	-	6,238,058	-	4,146,045
Deferred tax:				
Relating to origination and reversal of temporary differences	(72,570,419)	(58,623,938)	(24,815,186)	(34,059,704)
Income tax reported in the income statements	(9,518,960)	139,879,619	33,884,453	153,126,616

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax relating to change in value of investment designated at FVOCI	-	580,556	-	580,556
Deferred tax relating to actuarial losses	-	6,762,619	-	5,077,098
Income tax charged to other comprehensive income	-	7,343,175	-	5,657,654

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2021 and 2020 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Accounting profit before tax	111,392,245	1,051,485,624	314,454,041	1,061,888,932
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	22,278,449	210,297,125	62,890,808	212,377,786
Adjustment in respect of income tax of previous year	-	6,238,058	-	4,146,045
Effects of:				
Income not subject to tax	(787,800)	-	(240,000)	-
Promotional privileges (Note 23.2)	(4,971,901)	(4,527,889)	(2,358,809)	-
Non-deductible expenses	8,829,815	15,540,860	1,554,148	2,446,555
Unrecognized tax losses of subsidiaries	835,445	1,470,965	-	-
Additional expenses deductions allowed	(35,702,968)	(89,139,500)	(27,961,694)	(65,843,770)
Total	(31,797,409)	(76,655,564)	(29,006,355)	(63,397,215)
Income tax reported in the income statements	(9,518,960)	139,879,619	33,884,453	153,126,616

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

(Unit: Baht)

	Statements of financial position as at 31 December			
	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for impairment of assets	19,833,482	19,622,335	16,130,529	15,919,382
Allowance for diminution in value of inventories	379,867	-	379,867	-
Provision for long-term employee benefits	146,563,021	138,712,871	132,260,419	126,029,635
Lease	32,164,084	19,586,694	24,862,434	15,364,944
Derivative contract payable	4,688,964	-	4,688,964	-
Unused tax losses	50,219,057	12,756,690	-	-
Others	1,953,659	3,051,173	1,555,463	2,589,387
Total	255,802,134	193,729,763	179,877,676	159,903,348
Deferred tax liabilities				
Intangible assets	159,554,960	165,270,362	-	-
Unrealized gain on changes in value of investments in debt instruments	7,109,008	9,428,750	6,843,814	9,221,768
Derivative contract receivable	-	2,462,904	-	2,462,904
Total	166,663,968	177,162,016	6,843,814	11,684,672
Net deferred tax assets	89,138,166	16,567,747	173,033,862	148,218,676

As at 31 December 2021 and 2020, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Deferred tax assets	248,693,126	181,838,109	173,033,862	148,218,676
Deferred tax liabilities	(159,554,960)	(165,270,362)	-	-
Total deferred tax assets - net	89,138,166	16,567,747	173,033,862	148,218,676

As at 31 December 2021, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 50.7 million (2020: Baht 44.4 million), on which deferred tax assets have not been recognised as the subsidiaries considers that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of the subsidiaries amounting to Baht 58.4 million will expire by 2022.

23.2 Promotional privileges

The Group has received promotional privileges from the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

Company name	International Food Supply Company Limited	Mark One Innovation Center Company Limited	MK Restaurant Group Public Company Limited
Certificate No.	58-2617-1-00-1-0	63-0843-1-00-2-0	64-0540-1-04-1-0
1. Certificate date	18 December 2015	7 August 2020	24 May 2021
2. Promotional privileges for	Manufacture of foods and semi-frozen foods	Research and develop natural extracts and dietary supplement products	Manufacture of foods and semi-frozen foods
3. The significant privileges are:			
3.1 Exemption from import duty on machinery as approved by the Board	Granted	Granted	Granted
3.2 Exemption from corporate income tax on net income from promoted operations, not over a hundred percent of investments excluding cost of land and working capital, for a period of eight years from the date on which the income is first derived from such operations.	Granted	-	-
3.3 Exemption from corporate income tax on net income from promoted operations, for a period of eight years from the date on which the income is first derived from such operations	-	Granted	-
3.4 Fifty percent reduction in the normal income tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in exemption of corporate income tax.	Granted	Granted	-
3.5 Exemption from corporate income tax on net income from promoted operations of fifty percent of the investment capital to improve manufacturing productivity (excluding cost of land and working capital), for a period of three years from the date on which the income is first derived from such operations.	-	-	Granted
3.6 Exemption from income tax on dividends paid from the profit of the promoted operations, throughout the period in which the corporate income tax is exempted.	Granted	Granted	Granted
4. Date of first earning of operating income	7 July 2016	As at 31 December 2021, the subsidiary has not yet started exercising the promotional privilege	1 August 2021

The Group's operating revenues for the years ended 31 December 2021 and 2020, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2021	2020	2021	2020	2021	2020
Sales	882	157	10,300	13,204	11,182	13,361

(Unit: Million Baht)

	Separate financial statements					
	Promoted operations		Promoted operations		Promoted operations	
	2021	2021	2021	2021	2021	2021
Sales	752	-	8,671	-	9,423	-

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the years attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Operating segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group is engaged in two business segments which are restaurant business and other businesses that support restaurant business including training service provider and manufacture and distribution of foods and research and development of technology and innovation of food and beverage products. Their operations are carried on in geographical areas of Thailand. However, the restaurant business in Thailand is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of operating segments and geographical areas. For this reason, the chief operating decision maker considers aggregating the operating segments into one reportable segment of restaurant operation.

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2021 and 2020, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

26. Dividends

Dividends declared during the years ended 31 December 2021 and 2020 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>Year 2021</u>				
Interim dividend from the operating period 1 July 2020 to 31 December 2020 and retained earnings	Board of Directors' meeting on 26 April 2021	460	0.5	25 May 2021
Total		460	0.5	
<u>Year 2020</u>				
Interim dividend on the profit for the year ended 31 December 2019	Board of Directors' meeting on 9 April 2020	1,197	1.3	8 May 2020
Interim dividends on the profit for the six-month period ended 30 June 2020 and retained earnings	Board of Directors' meeting on 11 August 2020	461	0.5	10 September 2020
Total		1,658	1.8	

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2021, the Group had significant outstanding capital commitments in respect of agreements related to purchase of machinery and equipment of Baht 54.9 million, the Company only: Baht 54.9 million (2020: Baht 8.7 million, the Company only: Baht 8.7 million).

27.2 Lease of low-value assets and other service commitments

The Group has entered into several lease agreements in respect of the leases of the low-value assets and other services. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2021 and 2020, the Group had payments and services fee payables under these lease and other service agreements were summarised below:

	(Unit: Million Baht)	
	2021	2020
Payable within:		
Less than 1 year	587	632
1 to 5 years	998	1,177
More than 5 years	65	82

27.3 Futures contracts

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

27.4 Bank guarantees

As at 31 December 2021, the Group had outstanding bank guarantees of approximately Baht 21.2 million and the Company's was Baht 20.9 million issued by the bank on behalf of the Group in respect of certain performance bonds as required in the normal course of business, such as guarantee payments due to creditors and facility usage.

27.5 Guarantees to related party

As at 31 December 2021, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. ("a subsidiary") of Baht 45 million (2020: Baht 45 million).

28. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets and liabilities that were measured at fair value based on levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,310	-	7,310
Liabilities measured at fair value				
Derivatives - forward exchange contracts - loss	-	23	-	23

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,967	-	7,967
Derivatives - forward exchange contracts - gain	-	12	-	12

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	6,444	-	6,444
Liabilities measured at fair value				
Derivatives - forward exchange contracts - loss	-	23	-	23

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,069	-	7,069
Derivatives - forward exchange contracts - gain	-	12	-	12

29. Financial instruments

29.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable and investments. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions and borrowings that are denominated in foreign currencies.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate	
	2021 (Million)	2020 (Million)	2021 (Million)	2020 (Million)	2021 (Baht per 1 foreign currency unit)	2020 (Baht per 1 foreign currency unit)
Financial assets						
Singapore dollar	10.1	10.1	10.1	10.1	33.2469	29.8674
Japanese yen	1.1	1.1	1.1	1.1	0.2869	0.2869
Financial liabilities						
Singapore dollar	0.2	0.2	-	-	25.0254	22.9540
Japanese yen	8.4	-	8.4	-	0.2944	-

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 18 months.

As at 31 December 2021 the Group had outstanding foreign exchange forward contracts which the Group measured at fair value, and recognised unrealised loss on fair value adjustment presented as part of other current financial liabilities (2020: recognised unrealised gain on fair value adjustment presented as part of other current financial assets). Details are summarised below.

Derivatives – Forward exchange contracts

(Unit: Million Baht)

	Consolidated financial statements/Separate financial statements	
	2021	2020
Derivative assets		
Derivative assets not designated as hedging instruments		
Forward exchange contracts	-	12
Total derivative assets	-	12

(Unit: Million Baht)

	Consolidated financial statements/Separate financial statements	
	2021	2020
Derivative liabilities		
Derivative liabilities not designated as hedging instruments		
Forward exchange contracts	23	-
Total derivative liabilities	23	-

The Group had the following outstanding forward exchange contracts:

Foreign currency	Consolidated financial statements / Separate financial statements (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
<u>As at 31 December 2021</u>			
Sold amount			
US dollar	10.0	31.19	June 2022
<u>As at 31 December 2020</u>			
Sold amount			
US dollar	10.0	31.19	June 2022

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain borrowings at fixed rates of interest of not more than 50%, excluding borrowings that relate to discontinued operations. To manage this, the Group enters into, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	374	122	496	0.05 - 0.13
Trade and other receivables	-	-	-	-	167	167	-
Other financial assets	700	818	-	-	6,492	8,010	0.50 - 3.03
	700	818	-	374	6,781	8,673	
Financial liabilities							
Trade and other payables	-	-	-	-	1,355	1,355	-
Other current financial liabilities	23	-	-	-	-	23	-
Lease liabilities	1,075	1,976	230	-	-	3,281	1.68 - 3.65
	1,098	1,976	230	-	1,355	4,659	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	403	106	509	0.05 - 0.13
Trade and other receivables	-	-	-	-	110	110	-
Other financial assets	-	826	-	-	7,154	7,980	1.69 - 3.00
	-	826	-	403	7,370	8,599	
Financial liabilities							
Trade and other payables	-	-	-	-	1,312	1,312	-
Lease liabilities	1,126	2,301	264	-	-	3,691	1.67 - 3.18
	1,126	2,301	264	-	1,312	5,003	

(Unit: Million Baht)

Separate financial statements as at 31 December 2021							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	269	98	367	0.05 - 0.13
Trade and other receivables	-	-	-	-	267	267	-
Other financial assets	700	818	-	-	5,626	7,144	0.50 - 3.03
	700	818	-	269	5,991	7,778	
Financial liabilities							
Trade and other payables	-	-	-	-	1,135	1,135	-
Other current financial liabilities	23	-	-	-	-	23	-
Lease liabilities	790	1,498	205	-	-	2,493	1.68 - 3.65
	813	1,498	205	-	1,135	3,651	

(Unit: Million Baht)

Separate financial statements as at 31 December 2020							
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							(% per annum)
Cash and cash equivalents	-	-	-	299	85	384	0.05 - 0.13
Trade and other receivables	-	-	-	-	197	197	-
Other financial assets	-	826	-	-	6,256	7,082	1.69 - 3.00
	-	826	-	299	6,538	7,663	
Financial liabilities							
Trade and other payables	-	-	-	-	1,113	1,113	-
Lease liabilities	831	1,756	262	-	-	2,849	1.67 - 3.18
	831	1,756	262	-	1,113	3,962	

Liquidity risk

The Group monitors the risk of shortage of liquidity position by maintain level of cash and cash equivalent and has credit lines with various banks. As at 31 December 2021 and 2020, the Group has assessed the sufficient of the Group's net working capital to refinancing its debt in financial statements and concluded it to be low.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	2021			
	Within 1 year	1 – 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,355	-	-	1,355
Lease liabilities	1,144	2,069	261	3,474
Total non-derivatives	2,499	2,069	261	4,829

(Unit: Million Baht)

	Consolidated financial statements			
	2020			
	Within 1 year	1 – 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,312	-	-	1,312
Lease liabilities	1,202	2,404	303	3,909
Total non-derivatives	2,514	2,404	303	5,221

(Unit: Million Baht)

	Separate financial statements			
	2021			
	Within 1 year	1 – 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,135	-	-	1,135
Lease liabilities	844	1,583	223	2,650
Total non-derivatives	1,979	1,583	223	3,785

(Unit: Million Baht)

	Separate financial statements			
	2020			
	Within 1 year	1 – 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,113	-	-	1,113
Lease liabilities	891	1,853	286	3,030
Total non-derivatives	2,004	1,853	286	4,143

29.2 Fair values of financial instruments

Since the majority of the Group's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

30. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Group's debt-to-equity ratio was 0.45:1 (2020: 0.47:1) and the Company's was 0.37:1 (2020: 0.40:1).

31. Events after the reporting period

On 24 February 2022, the meeting of the Company's Board of Directors no. 1/2022 passed the resolution to approve the payment of dividends for 2021 to the Company's shareholders at Baht 0.80 per share or a total dividend of Baht 736.7 million. The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2022.

Attachment 1

Details on Board of Directors, Executives, Controlling Persons,
CFO, Chief Accountant and Corporate Secretary

1. Mr. Rit Thirakomen

Position	<ul style="list-style-type: none"> Chairman of the Board of Directors Chief Executive Officer Director (Authorized Signature) 																																
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012 																																
Age	<ul style="list-style-type: none"> 70 years 																																
M Shareholding	<ul style="list-style-type: none"> Held personally 123,059,333 shares or 13.4% Held by spouse or minor children 182,396,802 shares or 19.8% 																																
Family Relationship	<ul style="list-style-type: none"> Spouse of Mrs. Yupin Thirakomen 																																
Education	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University 																																
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> Director Accreditation Program (DAP) 97/2012 																																
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2012-Present</td><td>Chairman of the Board of Directors and Chief Executive Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>1989-2012</td><td>Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>1986-2012</td><td>Managing Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>1987-1999</td><td>Chairman of the Board of Directors, SE-EDUCATION Pcl.</td></tr> <tr> <td>1974-1987</td><td>Managing Director, SE-EDUCATION Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2019-Present</td><td>Director, Laem Charoen Seafood Co., Ltd.</td></tr> <tr> <td>2019-Present</td><td>Director, Catapult Co., Ltd.</td></tr> <tr> <td>2018-Present</td><td>Director, Mark One Innovation Center Co., Ltd.</td></tr> <tr> <td>2016-Present</td><td>Director, Unity Global Development Co., Ltd.</td></tr> <tr> <td>2015-Present</td><td>Director, International Food Supply Co., Ltd.</td></tr> <tr> <td>2012-Present</td><td>Director, Hanthi Unity Group Co., Ltd.</td></tr> <tr> <td>2006-Present</td><td>Director, MK Interfood Co., Ltd.</td></tr> <tr> <td>2006-Present</td><td>Director, MK Service Training Center Co., Ltd.</td></tr> <tr> <td>1999-Present</td><td>Director, Global Asset Development Co., Ltd.</td></tr> <tr> <td>1994-Present</td><td>Director, MK Worldwide Co., Ltd.</td></tr> <tr> <td>1991-Present</td><td>Director, Totems Co., Ltd.</td></tr> </table>	2012-Present	Chairman of the Board of Directors and Chief Executive Officer, MK Restaurant Group Pcl.	1989-2012	Director, MK Restaurant Group Pcl.	1986-2012	Managing Director, MK Restaurant Group Pcl.	1987-1999	Chairman of the Board of Directors, SE-EDUCATION Pcl.	1974-1987	Managing Director, SE-EDUCATION Pcl.	2019-Present	Director, Laem Charoen Seafood Co., Ltd.	2019-Present	Director, Catapult Co., Ltd.	2018-Present	Director, Mark One Innovation Center Co., Ltd.	2016-Present	Director, Unity Global Development Co., Ltd.	2015-Present	Director, International Food Supply Co., Ltd.	2012-Present	Director, Hanthi Unity Group Co., Ltd.	2006-Present	Director, MK Interfood Co., Ltd.	2006-Present	Director, MK Service Training Center Co., Ltd.	1999-Present	Director, Global Asset Development Co., Ltd.	1994-Present	Director, MK Worldwide Co., Ltd.	1991-Present	Director, Totems Co., Ltd.
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1999-Present	Director, Global Asset Development Co., Ltd.																																
1994-Present	Director, MK Worldwide Co., Ltd.																																
1991-Present	Director, Totems Co., Ltd.																																

2. Mr. Somchai Hanjirkasem

Position	<ul style="list-style-type: none"> • Director • Director (Authorized Signature) 																																		
Date of the First Appointment as Director	<ul style="list-style-type: none"> • June 2012 																																		
Age	<ul style="list-style-type: none"> • 60 years 																																		
M Shareholding	<ul style="list-style-type: none"> • Held personally 147,494,812 shares or 16.0% • Held by spouse or minor children (None) 																																		
Family Relationship	<ul style="list-style-type: none"> • Brother of Mrs. Yupin Thirakomen 																																		
Education	<ul style="list-style-type: none"> • Bachelor's Degree, Bangkok University • Master's Degree (MS), Abilene Christian University, USA 																																		
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> • Director Accreditation Program (DAP) 9/2012 • Director Accreditation Program (DAP) 6/2003 • Financial Statements for Directors (FSD) 9/2004 																																		
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>1989–Present</td><td>Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>2015–2021</td><td>Executive Vice President, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012–2015</td><td>Managing Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>1992–2012</td><td>Executive Vice President, MK Restaurant Group Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2018–Present</td><td>Director, Mark One Innovation Center Co., Ltd.</td></tr> <tr> <td>2016–Present</td><td>Director, M Performance Co., Ltd.</td></tr> <tr> <td>2016–Present</td><td>Director, M HQ Co., Ltd.</td></tr> <tr> <td>2015–Present</td><td>Director, International Food Supply Co., Ltd.</td></tr> <tr> <td>2012–Present</td><td>Director, Hanthi Unity Group Co., Ltd.</td></tr> <tr> <td>2007–Present</td><td>Director, Shellhut Entertainment Co., Ltd.</td></tr> <tr> <td>2006–Present</td><td>Director, MK Interfood Co., Ltd.</td></tr> <tr> <td>2006–Present</td><td>Director, MK Service Training Center Co., Ltd.</td></tr> <tr> <td>2005–Present</td><td>Director, Superior Food Service Co., Ltd.</td></tr> <tr> <td>2004–Present</td><td>Director, Dawiburi Villa Owner Association Co., Ltd.</td></tr> <tr> <td>1999–Present</td><td>Director, Global Asset Development Co., Ltd.</td></tr> <tr> <td>1996–Present</td><td>Director, Superior Solution and Service Co., Ltd.</td></tr> <tr> <td>1994–Present</td><td>Director, MK Worldwide Co., Ltd.</td></tr> </table>	1989–Present	Director, MK Restaurant Group Pcl.	2015–2021	Executive Vice President, MK Restaurant Group Pcl.	2012–2015	Managing Director, MK Restaurant Group Pcl.	1992–2012	Executive Vice President, MK Restaurant Group Pcl.	2018–Present	Director, Mark One Innovation Center Co., Ltd.	2016–Present	Director, M Performance Co., Ltd.	2016–Present	Director, M HQ Co., Ltd.	2015–Present	Director, International Food Supply Co., Ltd.	2012–Present	Director, Hanthi Unity Group Co., Ltd.	2007–Present	Director, Shellhut Entertainment Co., Ltd.	2006–Present	Director, MK Interfood Co., Ltd.	2006–Present	Director, MK Service Training Center Co., Ltd.	2005–Present	Director, Superior Food Service Co., Ltd.	2004–Present	Director, Dawiburi Villa Owner Association Co., Ltd.	1999–Present	Director, Global Asset Development Co., Ltd.	1996–Present	Director, Superior Solution and Service Co., Ltd.	1994–Present	Director, MK Worldwide Co., Ltd.
1989–Present	Director, MK Restaurant Group Pcl.																																		
2015–2021	Executive Vice President, MK Restaurant Group Pcl.																																		
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1999–Present	Director, Global Asset Development Co., Ltd.																																		
1996–Present	Director, Superior Solution and Service Co., Ltd.																																		
1994–Present	Director, MK Worldwide Co., Ltd.																																		

3. Mr. Somchai Pipitvijitkorn

Position	<ul style="list-style-type: none"> • Director • Director (Authorized Signature) • Member of Corporate Governance, Nominating and Compensation Committee
Date of the First Appointment as Director	<ul style="list-style-type: none"> • June 2012
Age	<ul style="list-style-type: none"> • 82 years
M Shareholding	<ul style="list-style-type: none"> • Held personally (None) • Held by spouse or minor children 3,700,000 shares or 0.4%
Family Relationship	<ul style="list-style-type: none"> • Uncle of Mr. Rit Thirakomen
Education	<ul style="list-style-type: none"> • Bachelor's Degree (Accounting) (Second Class Honors), Chulalongkorn University • Master's Degree (Business Administration), Michigan State University, USA
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> • Director Compensation Survey 2004
Experience	<p><u>Positions in Listed Companies</u></p> <p>2012–Present Director, MK Restaurant Group Pcl.</p> <p>2003–Present Director, Sahaviriya Steel Industries Pcl.</p> <p>2009–2014 Chairman of the Board of Directors, Bangsaphan Barmill Pcl.</p> <p>2004–2009 Director, Bangsaphan Barmill Pcl.</p> <p>1986–1998 Director, Siam City Cement Pcl.</p> <p>1984–1999 Director, Bank of Ayudhya Pcl.</p> <p>1983–1999 Director, The Ayudhya Life Assurance Pcl.</p> <p><u>Positions in Non–Listed Companies</u></p> <p>2004–Present Director, Sahaviriya Plate Mill Pcl.</p> <p>2009–2012 Director, Thai Cold Rolled Sheet Pcl.</p>

4. Dr. Annop Tanlamai

Position	<ul style="list-style-type: none"> Independent Director Chairman of Audit Committee 																		
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012 																		
Age	<ul style="list-style-type: none"> 71 Years 																		
M Shareholding	<ul style="list-style-type: none"> Held personally (None) Held by spouse or minor children (None) 																		
Family Relationship	<ul style="list-style-type: none"> -None- 																		
Education	<ul style="list-style-type: none"> Bachelor's Degree (Mechanical Engineering), Chulalongkorn University Master's Degree (Engineering Management), University of Missouri, USA MBA (Quantitative Business Analysis), Indiana University, USA Ph.D. (Engineering Management), University of Missouri, USA 																		
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> Director Certification Program (DCP) 154/2011 																		
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2012-Present</td><td>Independent Director and Chairman of Audit Committee, MK Restaurant Group Pcl.</td></tr> <tr> <td>2015-Present</td><td>Director and Member of Audit Committee, Bangkok Expressway and Metro Pcl.</td></tr> <tr> <td>2011-2015</td><td>Director and Member of Audit Committee, Bangkok Expressway Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2016-Present</td><td>Dean of Business Administrative Faculty, Chitralada Institute of Technology</td></tr> <tr> <td>2016-2017</td><td>Director, Tor Or Co., Ltd.</td></tr> <tr> <td>2006-2017</td><td>Director, Ex.19 Co., Ltd.</td></tr> <tr> <td>2012-2016</td><td>Dean, College of Management Mahidol University</td></tr> <tr> <td>2007-2011</td><td>Dean, Faculty of Commerce and Accountancy, Chulalongkorn University</td></tr> <tr> <td>1999-2007</td><td>Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy, Chulalongkorn University</td></tr> </table>	2012-Present	Independent Director and Chairman of Audit Committee, MK Restaurant Group Pcl.	2015-Present	Director and Member of Audit Committee, Bangkok Expressway and Metro Pcl.	2011-2015	Director and Member of Audit Committee, Bangkok Expressway Pcl.	2016-Present	Dean of Business Administrative Faculty, Chitralada Institute of Technology	2016-2017	Director, Tor Or Co., Ltd.	2006-2017	Director, Ex.19 Co., Ltd.	2012-2016	Dean, College of Management Mahidol University	2007-2011	Dean, Faculty of Commerce and Accountancy, Chulalongkorn University	1999-2007	Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy, Chulalongkorn University
2012-Present	Independent Director and Chairman of Audit Committee, MK Restaurant Group Pcl.																		
2015-Present	Director and Member of Audit Committee, Bangkok Expressway and Metro Pcl.																		
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2006-2017	Director, Ex.19 Co., Ltd.																		
2012-2016	Dean, College of Management Mahidol University																		
2007-2011	Dean, Faculty of Commerce and Accountancy, Chulalongkorn University																		
1999-2007	Director of the Master of Business Administration (MBA) Program, Faculty of Commerce and Accountancy, Chulalongkorn University																		

5. Dr. Katiya Greigarn

Position	<ul style="list-style-type: none"> Independent Director Member of Audit Committee Chairman of Corporate Governance, Nominating and Compensation Committee 																						
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012 																						
Age	<ul style="list-style-type: none"> 69 years 																						
M Shareholding	<ul style="list-style-type: none"> Held personally (None) Held by spouse or minor children (None) 																						
Family Relationship	<ul style="list-style-type: none"> -None- 																						
Education	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University Master's Degree (Electrical Engineering), University of Missouri-Rolla, USA Ph.D. (Electrical Engineering), University of Missouri-Rolla, USA 																						
Related Training	<ul style="list-style-type: none"> Director Accreditation Program (DAP) 37/2005 																						
Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> Financial Statements for Directors (FSD) 3/2008 Advanced Audit Committee Program (AACP) 34/2011 Director Certification Program (DCP) 110/2008 Director Certification Program Update (DCPU) 5/2015 																						
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2020-Present</td><td>Member of Audit Committee, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012-Present</td><td>Independent Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>2007-2020</td><td>Independent Director and Chairman of Audit Committee, Premier Marketing Pcl.</td></tr> <tr> <td>2017-2019</td><td>Independent Director, Kulthorn Kirby Pcl.</td></tr> <tr> <td>2011-2018</td><td>Independent Director and Chairman of Audit Committee, Planet Communications Asia Pcl.</td></tr> <tr> <td>2005-2014</td><td>Independent Director and Chairman of Audit Committee, Premier Technology Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2008-Present</td><td>Director, Mekfah Development Co., Ltd.</td></tr> <tr> <td>2008-Present</td><td>Director, Viptel Co., Ltd.</td></tr> <tr> <td>2002-Present</td><td>Director, Sab Udom Properties Co., Ltd.</td></tr> <tr> <td>1988-Present</td><td>Director and Managing Director, KV Electronics Co., Ltd.</td></tr> <tr> <td>2013-2018</td><td>Director, Lynx Corporation Co., Ltd.</td></tr> </table>	2020-Present	Member of Audit Committee, MK Restaurant Group Pcl.	2012-Present	Independent Director, MK Restaurant Group Pcl.	2007-2020	Independent Director and Chairman of Audit Committee, Premier Marketing Pcl.	2017-2019	Independent Director, Kulthorn Kirby Pcl.	2011-2018	Independent Director and Chairman of Audit Committee, Planet Communications Asia Pcl.	2005-2014	Independent Director and Chairman of Audit Committee, Premier Technology Pcl.	2008-Present	Director, Mekfah Development Co., Ltd.	2008-Present	Director, Viptel Co., Ltd.	2002-Present	Director, Sab Udom Properties Co., Ltd.	1988-Present	Director and Managing Director, KV Electronics Co., Ltd.	2013-2018	Director, Lynx Corporation Co., Ltd.
2020-Present	Member of Audit Committee, MK Restaurant Group Pcl.																						
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2008-Present	Director, Viptel Co., Ltd.																						
2002-Present	Director, Sab Udom Properties Co., Ltd.																						
1988-Present	Director and Managing Director, KV Electronics Co., Ltd.																						
2013-2018	Director, Lynx Corporation Co., Ltd.																						

6. Mr. Thanong Chotisorayuth

Position	<ul style="list-style-type: none"> Independent Director 												
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012 												
Age	<ul style="list-style-type: none"> 68 years 												
M Shareholding	<ul style="list-style-type: none"> Held personally (None) Held by spouse or minor children (None) 												
Family Relationship	<ul style="list-style-type: none"> -None- 												
Education	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University Master's Degree (Education in Educational Administration), Chulalongkorn University Honorary Doctorate in Business Administration, National Institute of Development Administration 												
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> Director Certification Program (DCP) 33/2003 												
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2012-Present</td><td>Independent Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>1993-Present</td><td>Director, SE-EDUCATION Pcl.</td></tr> <tr> <td>1987-2018</td><td>Managing Director, SE-EDUCATION Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2013-Present</td><td>Director, BaesLab Co., Ltd.</td></tr> <tr> <td>2010-Present</td><td>Director, Plearnpattana School, Plearn Patt Co., Ltd.</td></tr> <tr> <td>2006-Present</td><td>Chairman of Executive Directors, Plearnpattana School, Plearn Patt Co., Ltd.</td></tr> </table>	2012-Present	Independent Director, MK Restaurant Group Pcl.	1993-Present	Director, SE-EDUCATION Pcl.	1987-2018	Managing Director, SE-EDUCATION Pcl.	2013-Present	Director, BaesLab Co., Ltd.	2010-Present	Director, Plearnpattana School, Plearn Patt Co., Ltd.	2006-Present	Chairman of Executive Directors, Plearnpattana School, Plearn Patt Co., Ltd.
2012-Present	Independent Director, MK Restaurant Group Pcl.												
1993-Present	Director, SE-EDUCATION Pcl.												
1987-2018	Managing Director, SE-EDUCATION Pcl.												
2013-Present	Director, BaesLab Co., Ltd.												
2010-Present	Director, Plearnpattana School, Plearn Patt Co., Ltd.												
2006-Present	Chairman of Executive Directors, Plearnpattana School, Plearn Patt Co., Ltd.												

7. Mrs. Vilai Chattanrassamee

Position	<ul style="list-style-type: none"> Independent Director Member of Audit Committee Member of Corporate Governance, Nominating and Compensation Committee
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012
Age	<ul style="list-style-type: none"> 68 years
M Shareholding	<ul style="list-style-type: none"> Held personally (None) Held by spouse or minor children (None)
Family Relationship	<ul style="list-style-type: none"> -None-
Education	<ul style="list-style-type: none"> Bachelor's Degree (Accounting), Chulalongkorn University Master's Degree (Accounting), Thammasart University Certified Public Accountant
Related Training	<ul style="list-style-type: none"> Fellow (FIOD)
Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> DCP Refresher 2/2006 Director Certification Program (DCP) 13/2001
Experience	

Positions in Listed Companies

2012-Present	Independent Director and Member of Audit Committee, MK Restaurant Group Pcl.
2017-Present	Independent Director and Chairman of Audit Committee, Sahathai Terminal Pcl.
2015-Present	Independent Director, Chairman of Audit Committee, and Member of Corporate Governance Committee, BCPG Pcl.

Positions in Non-Listed Companies

2021-Present	Member of Audit Sub-Committee of National Village and Urban Community Fund Office
2020-Present	Advisor of the President, King Mongkut's Institute of Technology Ladkrabang
2020-Present	Director, ERA Plus Co., Ltd.
2018-Present	Member of Sub-Committee of Procurement and Administrative Government Policy, The Comptroller General's Department
2016-Present	Independent Observer of Integrity Pact, Anti-Corruption Organization of Thailand
1997-Present	Director, Horton International Co., Ltd.
1992-Present	Director, Executive Search Services Co., Ltd.

8. Mr. Sujint Chumpolkajana

Position	<ul style="list-style-type: none"> Independent Director 										
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012 										
Age	<ul style="list-style-type: none"> 70 years 										
M Shareholding	<ul style="list-style-type: none"> Held personally 4,200,500 shares or 0.5% Held by spouse or minor children (None) 										
Family Relationship	<ul style="list-style-type: none"> -None- 										
Education	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University 										
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> Director Accreditation Program (DAP) 97/2012 										
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2018-Present</td><td>Independent Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012-2018</td><td>Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012-2014</td><td>Executive Vice President – Restaurant Development Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2006-2012</td><td>Executive Vice President – International Business Development Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>1992-2006</td><td>Vice President, MK Restaurant Group Pcl.</td></tr> </table>	2018-Present	Independent Director, MK Restaurant Group Pcl.	2012-2018	Director, MK Restaurant Group Pcl.	2012-2014	Executive Vice President – Restaurant Development Division, MK Restaurant Group Pcl.	2006-2012	Executive Vice President – International Business Development Division, MK Restaurant Group Pcl.	1992-2006	Vice President, MK Restaurant Group Pcl.
2018-Present	Independent Director, MK Restaurant Group Pcl.										
2012-2018	Director, MK Restaurant Group Pcl.										
2012-2014	Executive Vice President – Restaurant Development Division, MK Restaurant Group Pcl.										
2006-2012	Executive Vice President – International Business Development Division, MK Restaurant Group Pcl.										
1992-2006	Vice President, MK Restaurant Group Pcl.										

9. Mr. Pravit Tantiwasinchai

Position	<ul style="list-style-type: none"> • Director 														
Date of the First Appointment as Director	<ul style="list-style-type: none"> • June 2012 														
Age	<ul style="list-style-type: none"> • 65 years 														
M Shareholding	<ul style="list-style-type: none"> • Held personally 3,600,000 shares or 0.4% • Held by spouse or minor children (None) 														
Family Relationship	<ul style="list-style-type: none"> • -None- 														
Education	<ul style="list-style-type: none"> • Bachelor's Degree of Accounting (Finance and Banking), Chulalongkorn University • Graduate Diploma (Auditing), Chulalongkorn University 														
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> • Director Accreditation Program (DAP) 97/2012 • Director Accreditation Program (DAP) 6/2003 														
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2017-Present</td><td>Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-Present</td><td>Independent Director and Chairman of Audit Committee, SE-EDUCATION Pcl.</td></tr> <tr> <td>1999-2017</td><td>Independent Director and Member of Audit Committee, SE-EDUCATION Pcl.</td></tr> <tr> <td>2012-2016</td><td>Director and Corporate Secretary, MK Restaurant Group Pcl.</td></tr> <tr> <td>2015-2016</td><td>Chief Financial Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2006-2015</td><td>Executive Vice President - Accounting and Finance Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>1994-2006</td><td>Director of Accounting and Finance Department, MK Restaurant Group Pcl.</td></tr> </table>	2017-Present	Director, MK Restaurant Group Pcl.	2017-Present	Independent Director and Chairman of Audit Committee, SE-EDUCATION Pcl.	1999-2017	Independent Director and Member of Audit Committee, SE-EDUCATION Pcl.	2012-2016	Director and Corporate Secretary, MK Restaurant Group Pcl.	2015-2016	Chief Financial Officer, MK Restaurant Group Pcl.	2006-2015	Executive Vice President - Accounting and Finance Division, MK Restaurant Group Pcl.	1994-2006	Director of Accounting and Finance Department, MK Restaurant Group Pcl.
2017-Present	Director, MK Restaurant Group Pcl.														
2017-Present	Independent Director and Chairman of Audit Committee, SE-EDUCATION Pcl.														
1999-2017	Independent Director and Member of Audit Committee, SE-EDUCATION Pcl.														
2012-2016	Director and Corporate Secretary, MK Restaurant Group Pcl.														
2015-2016	Chief Financial Officer, MK Restaurant Group Pcl.														
2006-2015	Executive Vice President - Accounting and Finance Division, MK Restaurant Group Pcl.														
1994-2006	Director of Accounting and Finance Department, MK Restaurant Group Pcl.														

10. Mrs. Yupin Thirakomen

Position	<ul style="list-style-type: none"> Director
Date of the First Appointment as Director	<ul style="list-style-type: none"> December 2021
Age	<ul style="list-style-type: none"> 65 years
M Shareholding	<ul style="list-style-type: none"> Held personally 182,396,802 shares or 19.8% Held by spouse or minor children 123,059,333 shares or 13.4%
Family Relationship	<ul style="list-style-type: none"> Spouse of Mr. Rit Thirakomen Sister of Mr. Somchai Hanjikasem
Education	<ul style="list-style-type: none"> Honorary Master's Degree (Business Administration), Kalasin Rajabhat University
Related Training Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> -None-
Experience	<p><u>Positions in Listed Companies</u></p>

2021-Present	Director, MK Restaurant Group Pcl.
2015-2021	Executive Vice President, MK Restaurant Group Pcl.
2012-2015	Managing Director-Japanese Food Restaurant Group, MK Restaurant Group Pcl.
2006-2012	Executive Vice President – Supply Chain and Japanese Restaurant, MK Restaurant Group Pcl.
1986-2006	Vice President, MK Restaurant Group Pcl.

Positions in Non-Listed Companies

2019-Present	Director, Modern Intelligent Service Co., Ltd.
2018-Present	Director, Mark One Innovation Center Co., Ltd.
2016-Present	Director, Unity Global Development Co., Ltd.
2015-Present	Director, International Food Supply Co., Ltd.
2014-Present	Director, Health Plus Creation Co., Ltd.
2012-Present	Director, Hanthi Unity Group Co., Ltd.
2005-Present	Director, Superior Food Service Co., Ltd.
1999-Present	Director, Global Asset Development Co., Ltd.
1996-Present	Director, Superior Solution and Service Co., Ltd.

11. Mr. Kiatkong Kungwanwong

Position	<ul style="list-style-type: none"> Senior Vice President – Restaurant Development and Facilities Maintenance Division 				
Age	<ul style="list-style-type: none"> 54 years 				
M Shareholding	<ul style="list-style-type: none"> Held personally 30,000 shares or 0.0% Held by spouse or minor children 400,000 shares or 0.0% 				
Family Relationship	<ul style="list-style-type: none"> -None- 				
Education	<ul style="list-style-type: none"> Bachelor's Degree (Mechanical Engineering), Kasetsart University 				
Related Training	<ul style="list-style-type: none"> -None- 				
Program held by Thai Institute of Directors Association (IOD)					
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2017-Present</td><td>Senior Vice President – Restaurant Development and Facilities Maintenance Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012-2017</td><td>Vice President – Development and Engineering Department, MK Restaurant Group Pcl.</td></tr> </table>	2017-Present	Senior Vice President – Restaurant Development and Facilities Maintenance Division, MK Restaurant Group Pcl.	2012-2017	Vice President – Development and Engineering Department, MK Restaurant Group Pcl.
2017-Present	Senior Vice President – Restaurant Development and Facilities Maintenance Division, MK Restaurant Group Pcl.				
2012-2017	Vice President – Development and Engineering Department, MK Restaurant Group Pcl.				

12. Mrs. Sudarut Patvivatsiri

Position	<ul style="list-style-type: none"> • Chief Financial Officer • Corporate Secretary
Age	<ul style="list-style-type: none"> • 49 years
M Shareholding	<ul style="list-style-type: none"> • Held personally 880,000 shares or 0.1% • Held by spouse or minor children (None)
Family Relationship	<ul style="list-style-type: none"> • Niece of Mr. Rit's Mother
Education	<ul style="list-style-type: none"> • Bachelor's Degree (Statistics), Chulalongkorn University • Master's Degree (Business Administration), University of Illinois at Urbana-Champaign, USA
Related Training	<ul style="list-style-type: none"> • Company Secretary Program (CSP) 82/2017
Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> • Board Reporting Program (BRP) 25/2018
Accounting Training in 2021	<ul style="list-style-type: none"> • CFO Refresher 2/2021, Topic "Preparation to deal with economic factors, financial and accounting issues affected the listed companies" (6 hours) • Summary of important issues of TFRS for PAEs and key changes in Y2021 (6 hours)
Experience	<p><u>Positions in Listed Companies</u></p> <p>2017-Present Chief Financial Officer, MK Restaurant Group Pcl.</p> <p>2013-2017 Vice President – Accounting and Finance Department, MK Restaurant Group Pcl.</p> <p><u>Positions in Non-Listed Companies</u></p> <p>2019-Present Director, Laem Charoen Seafood Co., Ltd.</p> <p>2019-Present Director, Catapult Co., Ltd.</p> <p>2018-Present Director, MK Interfood Co., Ltd.</p> <p>2018-Present Director, M-Senko Logistics Co., Ltd.</p>

13. Mrs. Chumporn Sripailoon

Position	<ul style="list-style-type: none"> • Assistant Vice President – Accounting and Finance Division • Chief Accountant 				
Age	<ul style="list-style-type: none"> • 62 years 				
M Shareholding	<ul style="list-style-type: none"> • Held personally 58,400 shares or 0.0 • Held by spouse or minor children (None) 				
Family Relationship	<ul style="list-style-type: none"> • -None- 				
Education	<ul style="list-style-type: none"> • Bachelor's Degree of Science (Accounting), Kasetsart University 				
Accounting Training in 2021	<ul style="list-style-type: none"> • Accounting Standard for property, plant and equipment (6 hours) • Difference of Revenues between accounting and tax (5 hours) • Summary of financial reporting for property, plant and equipment, financial cost and property for investment and summary of important issues for TFRS16-Rent (4.30 hours) 				
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2019-present</td><td>Assistant Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2011-2019</td><td>Senior Manager – Accounting and Finance Division, MK Restaurant Group Pcl.</td></tr> </table>	2019-present	Assistant Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.	2011-2019	Senior Manager – Accounting and Finance Division, MK Restaurant Group Pcl.
2019-present	Assistant Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.				
2011-2019	Senior Manager – Accounting and Finance Division, MK Restaurant Group Pcl.				

Attachment 2

Details on the Directors of Subsidiaries

Details on the Directors of Subsidiaries

List of Directors / Subsidiaries	MK Interfood Co., Ltd.	MK Service Training Center Co., Ltd.	International Food Supply Co., Ltd.	Mark One Innovation Center Co., Ltd.	Laem Charoen Seafood Co., Ltd.	Catapult Co., Ltd.	M-Senko Logistics Co., Ltd.
Mr. Rit Thirakomen	/	/	/	/	/	/	
Mr. Somchai Hanjikasem	/	/	/	/			
Mrs. Yupin Thirakomen			/	/			
Mrs. Sudarut Patvivatsiri	/				/	/	/
Mrs. Lakkana Wongweerathorn					/		
Mr. Supachoke Kitvimonthakoon					/		
Mr. Chaitas Narakulsukpipat					/		
Mr. Wuttipong Thirawannawit					/		
Ms. Tantawan Thirakomen					/	/	
Mr. Tee Thirakomen					/	/	
Mr. Samachick Hanjikasem						/	
Mr. Varakorn Hanjikasem					/		
Mr. Pongchai Pipitvijitkorn							/
Mr. Weera Owaritkul					/		/
Mr. Shigeru Ono							/
Mr. Kazunori Sakakibara							/

Remark:

1. / = Director
2. Subsidiary is a subsidiary that is significant, i.e. revenues contribution more than 10% of total revenues of consolidated financial statements for the most recent fiscal year.

Attachment 3

Details on Head of Internal Control

Details on Head of Internal Control

1. Mr. Pasakorn Lila	
Position	<ul style="list-style-type: none"> • Assistant Vice President
Age	<ul style="list-style-type: none"> • 49 years old
M Shareholding (As at December 30, 2021)	<ul style="list-style-type: none"> • -None-
Family Relationship	<ul style="list-style-type: none"> • -None-
Education	<ul style="list-style-type: none"> • Bachelor's Degree in Economics, University of the Thai Chamber of Commerce • Master's Degree in Economics, Kasetsart University
Experience	<p>2020-Present Assistant Vice President, Internal Audit Department, MK Restaurant Group Pcl.</p> <p>2010-2020 Manager, Internal Audit Division, MK Restaurant Group Pcl.</p> <p>2008-2010 Manager, Total Revenues Department, Bangkok Expressway Pcl.</p> <p>2003-2008 Manager, Internal Audit Office, Bangkok Expressway Pcl.</p> <p>2001-2003 Section Manager, Internal Audit Department, Bangkok Life Assurance Pcl.</p>

Attachment 4

Assets used in Business Operations and Details on Asset Appraisal

Assets used in Business Operations

As of December 31, 2021, the assets used in business operations of the Company and its subsidiaries were summarized as follows:

Land and Land Improvement

List of Assets	Ownership	Net Book Value (Million Baht)	Obligation
1. Land for Central kitchen (CK4), located at Bangchalong Sub district, Bangplee District, Samutprakarn Province (include land improvement of warehouse)	Owner	170.1	-
2. Land for Central kitchen-Navanakorn located at Klongnueng Sub district, Klongluang District, Prathumthani Province	Owner	30.1	-
3. Land located at Bangpood Sub district, Pakkret District, Nonthaburi Province	MKI's owner	11.5	-
4. Land for MKS's Head Office located at Bangnatai Sub district, Bangna District, Bangkok	MKS's owner	10.2	-
5. Land located at Suanluang Sub district, Suanluang District, Bangkok	Owner	103.1	-
6. Land improvement for Head Office located at Bangnatai Sub district, Bangna District, Bangkok	Owner	0.2	-
Total		325.2	

Plant and Equipment

Plant and equipment which totally owned by the Company and its subsidiaries without any obligations were summarized as follows:

List of Assets	Net Book Value (Million Baht)
Building	130.8
Leasehold improvement	1,242.2
Utility systems	583.2
Kitchen utensils and operating equipment	158.3
Machinery and equipment	60.0
Furniture, fixtures and office equipment	301.3
Motor vehicles	4.6
Construction in progress and equipment under installation	36.6
Total	2,517.0

Right-of-use Assets

Right-of-use assets are the assets' book values calculated from the lease contracts in accordance with TFRS 16 Leases and can be summarized as follows:

Right-of-use Assets	Net Book Value (Million Baht)
Right-of-use building space	3,234.1
Leasehold right	135.2
Kitchen utensils and operating equipment	57.3
Furniture, fixtures and office equipment	12.4
Intangible assets	13.2
Total	3,452.2

Goodwill

As of December 31, 2021, the Company and its subsidiaries recorded goodwill of Baht 1,478 million as a result of the acquisition of Laem Charoen Seafood. The goodwill value is the difference between the purchase price and the fair value of net asset value.

Intangible Assets

As of December 31, 2021, the Company and its subsidiaries recorded the intangible assets of Baht 881 million comprising of the trademark of brand "Laem Charoen Seafood" amounted Baht 799 million and computer software amounted Baht 82 million.

Summary of Significant Contracts

1. Rental Contracts for outlets

The Company and its subsidiaries make the rental and service contracts with third parties including department stores, modern trades and community malls for the Company's outlets. Most of the rental and service contracts contain the following conditions:

- Area, location, rental objective and scope of the service
- Rental and service rates, the due date of the payment, the land and building tax payment which paid by the tenant
- The contract term is generally 3 years and the renewal conditions can be a) the rental and service rates and term are defined in advance or b) the rental and service rates and term will be defined when renew the contracts. In this regard, the tenant must notify the intention in written to renew the contracts in advance before the expiration date.
- The rental deposits are mostly equivalent to the rental rate of approximately 3 months as a guarantee for not breaking the contracts. The tenant will receive a refund of rental deposits without interest at the end of the contract and the tenant already paid any outstanding balance.
- The sublease or lease transfer are not allowed except receiving the consent from the lessor.

2. Rental Contract for Central Kitchen

On March 1, 2013, the Company made a rental contract of land and warehouse with Global Asset Development Co., Ltd. for central kitchen. The Company agreed to pay the rent on a monthly basis at the rate specified in the contract. The contract term is 20 years effective from November 1, 2013 to October 31, 2033. In this regard, the Company shall notify the renewal intension at least 90 days prior to the expiration date.

On April 18, 2016, the Company made an additional rental contract with Global Asset Development Co., Ltd. The Company agreed to pay the rent on a monthly basis at the rate specified in the contract. The contract

term is 17 years and 6 months effective from May 1, 2016 to October 31, 2033. In this regard, the Company shall notify the renewal intension at least 90 days prior to the expiration date.

3. Rental Contract for Head Office

On November 16, 2017, the Company made a rental contract of land and building with Global Asset Development Co., Ltd. for the Company's Head Office. The Company agreed to pay the rent on a monthly basis at the rate specified in the contract. The contract is effective from January 1, 2021 to December 31, 2023 and the Company shall notify the renewal intension at least 90 days prior to the expiration date.

4. Warehousing and Logistics Service Agreement

The Company made an agreement with M-Senko Logistics Co., Ltd. (MSL) in order to engage MSL to provide the warehousing and logistics service for the Company. In this regard, the Company shall pay the service fee at the agreed rate on a monthly basis. The agreement is valid for 1 year starting from July 1, 2020 – June 30, 2021.

The Company made another agreement with MSL to engage MSL to provide the warehousing and logistics service for the Company. In this regard, the Company shall pay the service fee at the agreed rate on a monthly basis. The agreement is effective from July 1, 2021 – June 30, 2022 and automatically renewed, without further action by either party, for additional 1 year each unless either party gives the written notice not to renew the agreement at least 90 days prior to the current expiration date.

5. Franchise Agreement

5.1. Franchise Agreement for operating Yayoi Restaurants in Thailand

Counterparties	MK Interfood Co., Ltd. (MKI) and and Plenus Co., Ltd.
Agreement Date	February 22, 2006
Agreement Term	3 years
Agreement Renewal	Automatically renew on a three-year contract basis except either party gives the termination notice before 180 days prior to the expiration of the contract.
Agreement's Subject Matter	MKI received the exclusive right on trademark and right to operate Yayoi restaurants in Thailand. MKI agrees to pay the royalty fee according to the revenues on a monthly basis.

5.2. Franchise Agreement for operating MK Restaurants in Japan

Counterparties	MK Restaurant Group Plc. and Plenus MK Co., Ltd. (Plenus MK)
Agreement Date	February 10, 1994
Agreement Term	3 years
Agreement Renewal	Automatically renew on a three-year contract basis except either party gives the termination notice before 180 days prior to the expiration of the contract.
Agreement's Subject Matter	Plenus MK received the exclusive right on trademark and right to operate MK restaurants in Japan. Plenus MK agrees to pay the initial franchise fee based on the certain amount basis and the royalty fee according to the revenues on a monthly basis.

5.3. Franchise Agreement for operating MK Restaurants in Vietnam

Counterparties	MK Restaurant Group Plc. and Global Investment Gate Joint Stock Company (GI GATE JSC)
Agreement Date	August 8, 2008
Agreement Term	10 years
Agreement Renewal	GI GATE JSC has the option to renew the agreement for another 5 years (The first renewal) and prior to the expiration of the first renewal, GI GATE

	JSC has the option to renew the agreement for another 5 years (The second renewal) upon the consent of the Company.
Agreement's Subject Matter	GI GATE JSC received the exclusive right on trademark and right to operate MK restaurants in Vietnam. GI GATE JSC agrees to pay the initial franchise fee based on the certain amount basis and the royalty fee according to the revenues on a monthly basis.
5.4	Franchise Agreement for operating MK Restaurants in Laos
Counterparties	MK Restaurant Group Plc. and Premium Food Co., Ltd. (Premium Food)
Agreement Date	March 26, 2015
Agreement Term	10 years
Agreement Renewal	Premium Food has the option to renew the agreement for another 5 years (The first renewal) and prior to the expiration of the first renewal, Premium Food has the option to renew the agreement for another 5 years (The second renewal) upon the consent of the Company.
Agreement's Subject Matter	Premium Food received the exclusive right on trademark and right to operate MK restaurants in Laos. Premium Food agrees to pay the initial franchise fee based on the certain amount basis and the royalty fee according to the revenues on a monthly basis.
5.5	Franchise Agreement for operating Miyazaki Restaurants in Laos
Counterparties	MK Restaurant Group Plc. and V&V Restaurant
Agreement Date	March 26, 2015
Agreement Term	10 years
Agreement Renewal	V&V Restaurant has the option to renew the agreement for another 5 years (The first renewal) and prior to the expiration of the first renewal, V&V Restaurant has the option to renew the agreement for another 5 years (The second renewal) upon the consent of the Company.
Agreement's Subject Matter	V&V Restaurant received the exclusive right on trademark and right to operate Miyazaki restaurants in Laos. V&V Restaurant agrees to pay the initial franchise fee based on the certain amount basis and the royalty fee according to the revenues on a monthly basis.

Details on Asset Appraisal

- None -

Attachment 5

Corporate Governance Policy and Practice and Code of Conduct

Corporate Governance Policy and Practice

The details disclose on the Company's website: www.mkrestaurant.com

1. Corporate Governance Policy
2. Code of Conduct
3. Anti-Corruption Policy
4. Whistleblowing Policy
5. Privacy Policy
6. Human Rights Policy and Practice
7. Non-Violation of Intellectual Property and Copyright Policy and Practice
8. Safety, Occupational Health and Work Environment Policy
9. Charter of the Audit Committee
10. Charter of the Corporate Governance, Nominating and Compensation Committee

Attachment 6

Reports of Sub-Committees

Report of the Audit Committee

The Audit Committee appointed by the Company's Board of Directors consists of three directors. Chaired by Dr. Annop Tanlamai, the Committee has Mrs. Vilai Chattanrassamee and Dr. Katiya Greigarn as two audit members with Mr. Pasakorn Lila serving as the Committee's secretary. All directors are independent directors and have qualifications as specified by the Securities and Exchange Commission (SEC). The Audit Committee has carried out its work within the scope of duties and responsibilities specified in the Audit Committee Charter and emphasized on the internal control system and good corporate governance.

In 2021 the Audit Committee convened six meetings with the Company's executives, internal auditors, and the auditors. In addition, the Audit Committee met the auditors without the presence of the Company's Management in order to discuss and share opinions to ensure that the auditor works independently. The work of the Audit Committee during 2021 can be summarized as follows:

1. **Review of quarterly financial statements and full year financial statement for the year 2021:** The Audit Committee reviewed the quarterly financial statements and full year financial statements for the Company and its subsidiaries to ensure the accuracy aligned with Thai Financial Reporting Standards (TFRS) as well as the connected transactions and transaction that may have a conflict of interest with executives, internal audit department and auditors. The Audit Committee inquired and received explanations from executives of the Company's finance and accounting units as well as the auditors concerning the accuracy of the Company's financial statements and consolidated financial statements, and also the adequacy of information disclosure and notes to the financial statements. The Audit Committee also brought the auditor's observations and suggestions to improve the operation process to be more efficient. After the review, the Audit Committee agreed with the auditors that fairly the financial statements were accurate in all material aspects and were reliable in accordance with the generally accepted accounting standard.

2. **Review of internal-control operations and system:** The Audit Committee reviewed the internal control based on the report from the internal audit department together with executives every quarter to consider the business operation, use of resources, asset management, fraud, the reliability of financial reports, and compliance with laws and regulations. The Audit Committee did not find any material defect. The Audit Committee also reviewed the auditor's report including the Company's internal control and information technology system which also indicated that there was no any material defect, all branches and all units have efficient processes. The internal audit department works independently to assess all major systems of the Company based on the approved audit plan and report directly to the Audit Committee.

3. **Review of compliance with laws and regulations:** The Audit Committee reviewed the compliance with internal-audit team and relevant executives. The review showed the audited units proceeded in line with prescribed laws and regulations. They also kept abreast of any change in law, accounting standard and relevant issues through quarterly consultations with external auditor. Updated knowledge of laws, regulations and relevant issues allowed the Company to understand the changed requirements well for proper compliance.

4. **Review and disclosure of connected transactions or transactions that may cause conflict of interest:** The Audit Committee had the opinion that the connected transactions by the Company were done based on normal business practice, reasonable, in the best interest of the Company's business and transparent. These connected transactions were disclosed transparently and accurately and aligned with the Stock Exchange of Thailand's requirement.

5. **Promotion of Good Corporate Governance:** the Audit Committee has placed much importance on the good corporate governance and encouraged executives and employees of the Company to follow the policy as good corporate governance shall boost the Company's efficiency and create morality, and transparency. The Audit Committee also reviewed the Company's operation according to the compliance with the Securities and Exchange Act, the regulations of the SEC and SET, and other relevant laws related to the Company's business. The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material aspects. In addition, the Audit Committee also reviewed the self-assessment for Thailand's Private

Sector Collection Action Coalition against Corruption and proposed to Thai Institute of Directors (IOD). The Company was certified to renew a membership of Thailand's Private Sector Collective Action Coalition against Corruption which the certification is valid for 3 years (until September 30, 2023).

6. Consider the appointment of the auditor: The Audit Committee reviewed the performance of auditor during the past year on the basis of his/her/their reliability, independence, competency and abilities to provide services, counseling on accounting standards, auditing, and certifying financial statements in a timely manner. Based on the review, the Audit Committee recommended to the Board of Directors that EY Office Limited be appointed as the Company's auditor for the year 2022. The appointment will be subjected to the approval from the 2022 Annual General Meeting of Shareholders.

In conclusion, for the year 2021, the Audit Committee has performed its duties as stated in the Audit Committee Charter and regularly reported the results to the Board of Directors. The Audit Committee has the opinion that the Company accurately reported its financial information and operations; that the Internal Audit department had experience and covered various aspects; that not only the Company had internal-control system and internal audit in place but it also complied with relevant laws, rules and regulations; and that its connected transactions were duly disclosed and the Company's operations responded to the principle of good corporate governance in an adequate, transparent and reliable manner. With cooperation from executives, employees and all related parties, it enables the business operation under the good corporate governance system is effective, efficient, transparent and creates much confidence for all stakeholders.



Dr. Annop Tanlamai
Chairman of the Audit Committee

Report of the Corporate Governance, Nominating and Compensation Committee

The Corporate Governance, Nominating and Compensation Committee (the "Committee") was established by the Board of Directors of the Company (the "Board") on November 11, 2015 for the purpose of assisting the Board in the oversight of the Company's corporate governance, nomination and compensation functions. Pursuant to the Company's Charter of the Corporate Governance, Nominating and Compensation Committee (the "Charter"), the Committee shall be comprised of at least three Board members appointed by the Board and not less than half of the members and the Chairman of the Committee shall be independent directors. The term of office of the member of the Committee is 3 years starting from the appointed date. In case of member substitution, the substitute member shall hold office only for the remaining term of office of the member whom he/she replaces. The current Committee consists of three Board members as follows:

- | | |
|-------------------------------|----------|
| 1. Dr. Katiya Greigarn | Chairman |
| 2. Mr. Somchai Pipitvijitkorn | Member |
| 3. Mrs. Vilai Chattanrassamee | Member |

During the year 2021 two meetings were held by the Committee and the results of the meetings may be summarized as follows:

1. As the Committee is required to review the compensation of the Chief Executive Officer (CEO) on an annual basis, the annual payment of bonus for 2021 and the salary adjustment for the year 2022 of the CEO were considered by the Committee based on the evaluation of the yearly operating performance of the Company as a whole, the CEO's performance in other key functions as well as the creation of long term returns to the Company. In addition, the appropriateness of the CEO's total compensation was also reviewed by the Committee based on the comparison of the CEO's compensation with the compensation of executives in comparable positions of other organizations having comparable size which may be measured in terms of total sales or total assets. The meeting concluded that the current compensation of the CEO was appropriate and recommended to remain the same rate for the year 2022 whereas the annual payment of bonus for 2021 of the CEO should be in line with the resolution of the Board in respect of the annual payment of bonus for executives of the Company.
2. As required by the Charter, the compensations of directors of the Company and members of the sub-committees established by the Board were reviewed based on the guidelines stated in the Charter. The Committee concluded that the current monthly retaining fee for the Company directors and the attendance fee for the members of the audit committee and other sub-committees were still appropriate. For the Directors' compensation in the form of bonus, the meeting recommended that the annual bonus for the Company's directors for the year 2021 should vary proportionally to the change of the annual dividend for the year 2021 to be proposed to the 2022 Annual General Meeting of Shareholders for approval.
3. In respect of the nomination of qualified persons to replace the vacant position, the Committee recommended Mrs. Yupin Thirakomen be appointed as the director because she was the Company's co-founder with extensive experience in restaurant business and be able to provide valuable suggestions to the Company.
4. In respect of the nomination of qualified persons to replace the directors retiring by rotation, the Committee reviewed the candidates' qualifications in accordance with the guidelines provided in the Charter and recommended that the retiring directors namely, Mr. Katiya Greigarn, Mr. Sujint Chumpolkajana, Mr. Pravit Tantiwasinchai and Mrs. Yupin Thirakomen, be reappointed as the directors of the Company for another term because they meet the required qualifications, attended Board meetings regularly, and were able to provide constructive and useful recommendations to the meetings.
5. The Committee reviewed the Corporate Governance Report of Thai Listed Companies 2021 which was run by the Thai Institute of Directors on an annual basis to improve the corporate governance of Thai listed companies. Based on the Company's historical corporate governance reports during 2016-2021, the Company

had the better performance respectively. However, in order to enhance the Company's corporate governance, the Committee had opinion that the Company should continue to improve the corporate governance for the important issues as suggested by the Thai Institute of Directors.



Dr. Katiya Greikarn
Chairman of the Corporate Governance,
Nominating and Compensation Committee

MK



MK Restaurant Group Public Company Limited

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