

MK

TOGETHERNESS

MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

Form 56-1 One Report 2022



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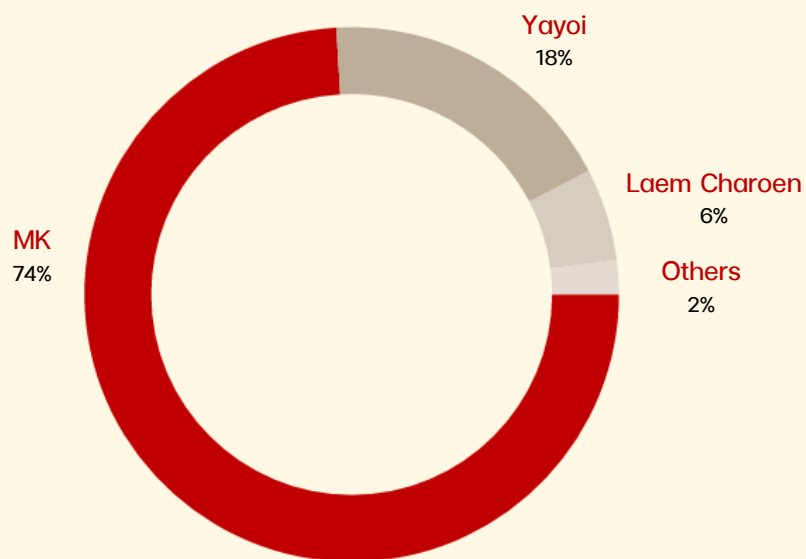
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FINANCIAL HIGHLIGHTS

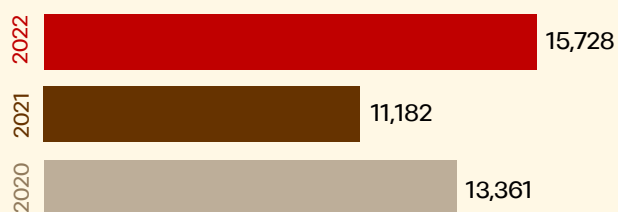
Financial Highlights	Y2020	Y2021	Y2022
<u>Income Statements (Million Baht)</u>			
Revenues from Sales and Services	13,361	11,182	15,728
Total Revenues	13,622	11,368	15,938
Gross Profit	8,784	7,167	10,267
Profit before Financial costs and Income tax expenses	1,125	181	1,841
Net Profit	907	131	1,439
<u>Balance Sheet (Million Baht)</u>			
Total Assets	20,353	19,569	19,901
Total Liabilities	6,506	6,060	6,136
Total Shareholders' Equity	13,847	13,509	13,765
Paid-up Capital	921	921	921
Net Cash from Operating Activities	2,092	1,700	3,843
<u>Financial Ratio</u>			
Gross Profit Margin (%)	65.7	64.1	65.3
Net Profit Margin (%)	6.7	1.2	9.0
Return on Equity (%)	6.5	1.0	10.8
Return on Assets (%)	4.7	0.7	7.3
Debt to Equity Ratio (Times)	0.5	0.5	0.5
Current Ratio (Times)	2.9	3.1	2.9
<u>Per Share Data</u>			
Par Value (Baht/Share)	1.00	1.00	1.00
Earnings per Share (Baht)	0.99	0.14	1.56
Dividend per Share (Baht)	1.00	0.80	1.40
Dividend Payout Ratio (%)	101	562	90

Notes: Board of Directors had the resolution on February 23, 2023 to propose the 2022 dividend payment per share to the 2023 Annual General Meeting of shareholders for approval on April 26, 2023

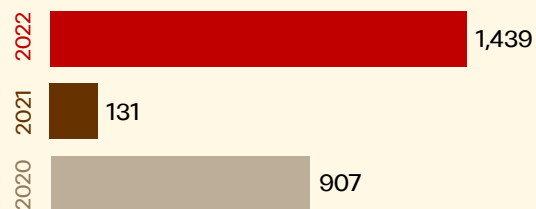
REVENUES BREAKDOWN BY BUSINESS



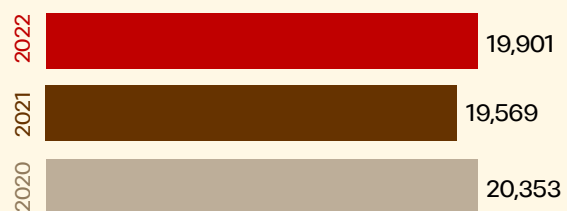
REVENUES FROM SALES AND SERVICES



NET PROFIT



TOTAL ASSETS



TOTAL LIABILITIES



MESSAGE FROM THE CHAIRMAN



Mr. Rit Thirakomen
Chairman and
Chief Executive Officer

Dear Shareholders

Over the past three years from 2020 to 2022, countries around the world have faced a major crisis arising from the outbreak of Covid-19 pandemic. The continuing spread of the virus with multiple strains has had a negative impact on almost all types of businesses, especially restaurants, hotels, and airlines. As a result, sales and profits of the Company suffered significant declines for the year 2020 and 2021 due to the government's measures to control the spread of the virus such as social distancing, and the closure of restaurants for certain periods of time while allowing only delivery services to operate. During these difficult times, the Company placed greater importance on cost savings and improving efficiency in all areas of operations in order that the Company could continue to support its employees as well as its suppliers. However, since the end of 2021, the spread of Covid-19 has decreased steadily due to the majority of the population being vaccinated and the severity of the infections has also decreased significantly. In addition, hospitals and other healthcare facilities have become more prepared and capable of taking care of patients effectively. As a result, the government has eased its Covid-19 control measures at a quicker pace including the relaxing or cancelling restrictions on foreign tourists to make it easier for them to travel to Thailand. In addition, in order to stimulate the economy to recover at a quicker pace, the government has consistently launched stimulus measures to stimulate private spending such as the Half-Price Sharing scheme, the We Travel Together scheme, etc. All of these government measures have resulted in

the continuing recovery of the tourism, trade and service sectors. Likewise, sales and profit of the Company for the year 2022 have also rebounded strongly, which is a testament to the fact that the Company's customers still have confidence in the food, service, and cleanliness of the restaurants in the MK group.

The financial performance of the Company for the year 2022 may be summarized as follows: the Company's revenue from sales and services was Baht 15,728 million representing an increase of 40.7 percent from the previous year while net income for the year 2022 also increased by 998.5 percent year on year to Baht 1,439 million. As a result of the increase in net income, earnings per share also increased from Baht 0.14 per share for 2021 to Baht 1.56 per share for 2022.

In order to sustain its long-term growth as well as to maintain its market leadership in the restaurant business, the Company continued to expand its restaurant branch network in 2022 by opening 19 new restaurant outlets consisting of 8 MK restaurants, 6 Yai Japanese restaurants, and 5 Laem Charoen Seafood restaurants.

Furthermore, in order to enable the Company to continue to grow sustainably and stably after post Covid-19, the Company has placed importance on six strategies to support its future business development as follows:

1. Tracking and studying the behavior of consumers that may have changed from the past in order to adjust the restaurant format and the service method accordingly.

2. Continuously investing in projects that will reduce operating costs, such as installing solar panels on the roofs of all the buildings in the MK group, increasing the use of robotic servers in food service, and implementing the use of hybrid working system in the office.

3. Expanding into overseas markets for the two main brands, namely MK Suki and Laem Charoen Seafood.

4. Negotiating to join other food businesses that have potential to grow and generate good profits.

5. Developing the skills and competencies of high level executives to replace those who are due to retire in the near future (Management Succession Plan Development).

6. Expanding the branch network of all brands that have potential to continue to generate good profits.

In the conduct of its business, the Company has realized the importance of corporate social responsibility and has consistently made contributions and provided necessary support and assistance to the society. In 2022, the Company in collaboration with Aunty Thongkam Foundation participated in

activities related to social assistance as follows:

- Donated Baht 20 million to Ramathibodi Hospital for the construction of two I-Cure OR rooms

- Donated money to the Liver Foundation of Thailand to support its operations throughout the year

- Donated money to the Yuwabadhana Foundation to support the "Nutrition for Children" project

- Donated money to the Somdet Phra Yanasangworn Foundation to support the 6th "Walk with Virtue" project

- Donated money to UNICEF to support the Early Childhood Development project

- Donated the total annual net profits of the four restaurants in the MK Group regularly to Siriraj Piyamaharajkarun Hospital where the restaurants are located.

The Company believes that giving back part of its profits to the society will bring pride and satisfaction to customers, partners, and shareholders, and hence will further strengthen their support for the operations of the Company.

In view of the operating result of the Company for the year 2022 showed an increase in net profit from the previous year, and the financial position of the Company at the end of 2022 remained strong, coupled with the high liquidity position of the Company, the Board of Directors of the Company thus resolved to recommend a higher dividend rate than last year or at the rate of Baht 1.40 per share (Y2021: Baht 0.80). As an interim dividend of Baht 0.50 per share was already paid to shareholders, the final dividend of Baht 0.90 per share, subject to the approval of shareholders at the 2023 Annual General Meeting, will be paid to shareholders who are entitled to receive dividends on May 24, 2023.

Looking ahead, the restaurant business is expected to maintain its recovery momentum in 2023 due to the continuing recovery of the tourism sector, as it is expected that the number of foreign tourist arrivals in Thailand will rise significantly especially after China opened its borders and allowed its tourists to travel to foreign countries in February 2023. The recovery of the restaurant business is also supported by the fact that people gradually resume their economic activities almost as usual. Despite the favorable outlook, the Company still faces several challenges in 2023, such as pressure from rising operating costs including raw materials, labor and energy costs, intensified competition, rapidly changing consumer behavior according to prevailing trend, and the political uncertainty arising from the general election which is expected to take place in May 2023. Nevertheless, with the capable and long experienced management team who are dedicated and ready to face

these challenges, I am confident that the Company will be able to overcome these challenges and achieve a better operating result than the previous year.

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 and trust. I also would like to take this opportunity to wish everyone good health and free from all kinds of illnesses.

Mr. Rit Thirakomen

Chairman and Chief Executive Officer

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

BOARD OF DIRECTORS



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



Part I

Business Operations and Performance

1. Structure and Business Operations

1.1 Business Overview

Vision

“Nourish happiness in every family”

Missions

- Create memorable experiences
- Make wellness as accessible as possible
- enriching togetherness and enable people to be themselves
- Promote environmental friendliness and social responsibility

Notable Events

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

Year 2018

- On February 24, 2018, opened new 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 new 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 new 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 new 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 new 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” from Department of Empowerment of Persons with Disabilities.



Year 2022

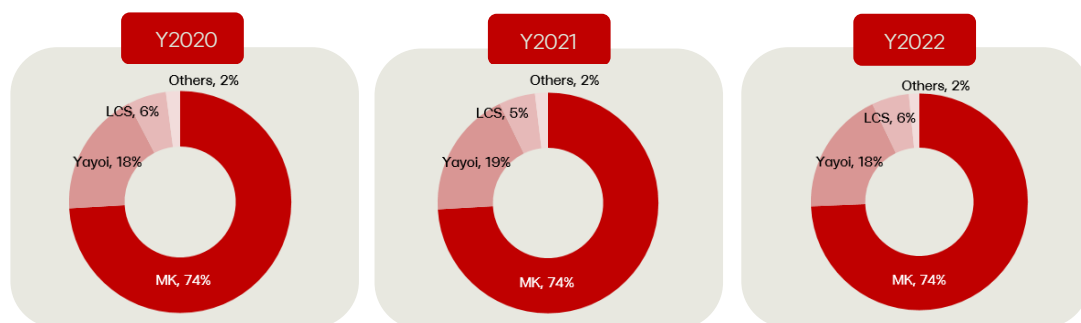
- In March 2022, the Company has been awarded “**LINE MAN Wongnai Users’ Choice 2022**” in the category of “**Top Delivery: Shabu-Suki**”, the restaurant with the highest sales ordered via LINE MAN application.
- In June 2022, the Company disposed the total amount of investment of its subsidiary, Mark One Innovation Center Co., Ltd. amounted Baht 54.7 million.
- In November 2022, the Company has been recognized as “**Corporate Model of sustainability in Thai Capital Market Supporting Disabled Persons**” for the year 2022 from The Securities and Exchange Commission (SEC).
- In December 2022, the Company has been recognized as “**Organization Supporting Work for Disabled Persons for the Year 2022**” for 3 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, 2022, there were 446 MK Suki restaurants around Thailand, most of which are located in shopping malls, modern trade outlets and community malls such as Big C, Lotus's, 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, 2022, 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, 2022, 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, 2022, there were 195 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, 2022, 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 13 Miyazaki Restaurant branches as of December 31, 2022.

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, 2022, there were 36 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, 2022, 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, 2022, 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, 2022, Bizzy Box has 2 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, 2022, 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, 2022, 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	-	6	-	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	3	-	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 2022, the restaurant business has been positively recovered supported by the economic recovery as well as the reopening to the international tourists. However, the recovery remains fragile as the purchasing power has not fully recovered and the competition is still tough. There is also some challenges from the higher operating costs including raw material, utilities such as electricity and gas and labor costs. As a result, most of the restaurants need to raise the price in order to maintain the ability to make profit from the business.

Furthermore, the consumer behavior has changed rapidly according to the fashionable trend and becoming more diverse; as a result, the restaurants need to adjust themselves rapidly and continuously focus more on the marketing in order to retain the existing customers as well as expand customer base to new target groups to create more opportunities for the revenue increase. The new entrepreneurs also come into the restaurant business and brought some new brands from overseas to operate in Thai market leading to the higher competition. The market size of full-service restaurant business for the year 2022 grew up by 28.1% compared to the previous year or amounted Baht 1.52 hundred billion.

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	Yong 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

Restaurant	Target Group
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.

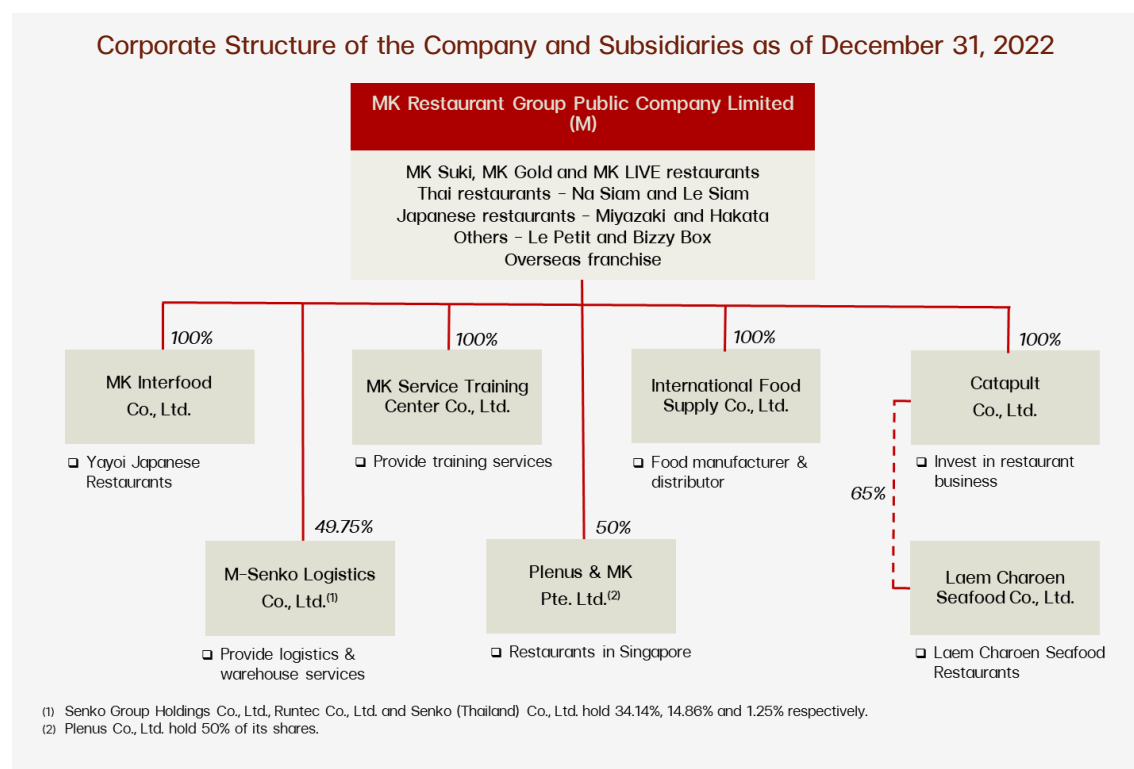
3. Distribution

The Company has hired M-Senko Logistics, a joint venture company, to provide the logistics and distribution services for all MK and Yaiyoi 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, 2022 were as follows:

List of Shareholders	No. of Shares	%
1. Mrs. Yupin Thirakomen	182,396,802	19.8
2. Mr. Somchai Hanjitasem ⁽¹⁾	147,494,812	16.0
3. Mr. Rit Thirakomen ⁽²⁾	123,059,333	13.4
4. Mrs. Aumporn Hanjitasem	82,403,989	8.9
5. Mr. Varakorn Hanjitasem	41,039,694	4.5
6. Ms. Varaporn Hanjitasem	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. Thai NVDR Co., Ltd.	19,490,693	2.1
10. Social Security Office	18,171,000	2.0

Remark: (1) Mr. Somchai Hanjitasem 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 Hanjitasem, a daughter and a son of Mrs. Thongkam Mekto. Mrs. Yupin Thirakomen and Mr. Somchai Hanjitasem are the chairman and vice chairman of Aunt Thongkam Foundation respectively.

1.3 Ordinary Shares

As of December 31, 2022, the Company was registered with Baht 920,878,100 capital which was 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>

	The last exercise date will be the last business day of the five-year period starting from the warrant issuance date.
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	<p>Whenever the exercise price and the exercise ratio under the rights adjustment condition as stipulated in terms and conditions of the warrants is adjusted.</p> <p>The adjustment is an event/situation stated in the Capital Market Supervisory Boards' announcement or any other related notice.</p>
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	<p>Price Dilution:</p> <p>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.</p>

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 EPS Dilution 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.

For the year 2022, there were a lot of new infected cases; however, most of them did not have severe symptoms due to the vaccination and treated themselves at home. Most people return to normal life and there were no control measures which had negative impact to the restaurant business from the government. Therefore, the overall situation had recovered from the past year.

It is expected that the COVID-19 pandemic will continue to negatively impact the Company's business and such impact will depend on its longevity and severity. However, the Company has experience to cope with the pandemic situation for the past 3 years, it would ensure that the Company can deal with the pandemic situation that may occur in the future effectively.

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.

In addition, in order to reduce the impact of labor shortage, the Company has introduced the robots that can serve food to replace some staffs in the restaurants. Therefore, the Company can manage the labor shortage and cost control more efficiently.

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, 2022, it had a total of 195 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.

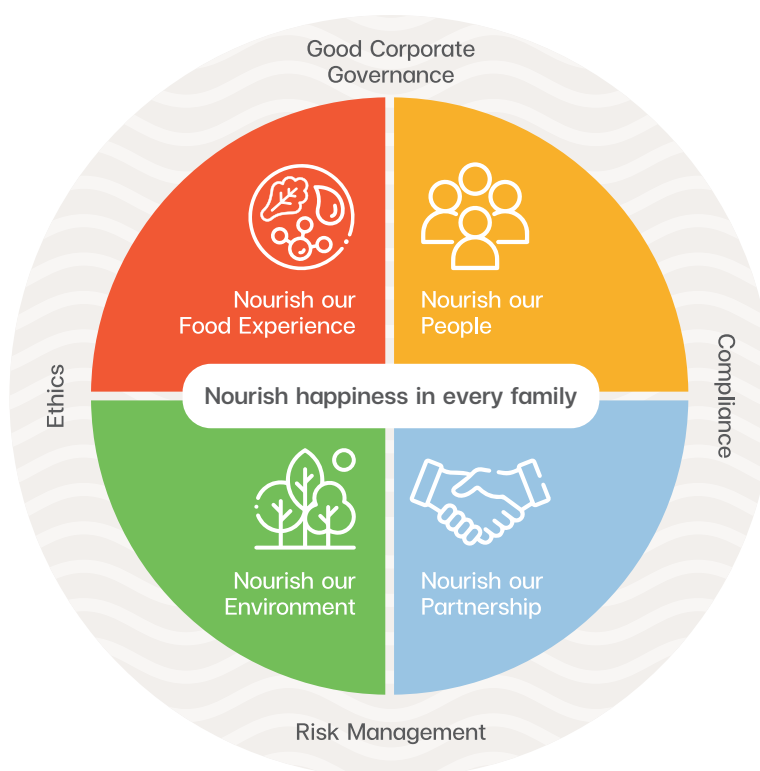
3. Driving Business Towards Sustainability

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, **"Nourish happiness in every family"** 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 happiness in every family" 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 happiness in every family" 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





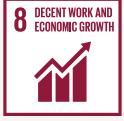





Committed to safeguarding the world's environment in accordance with the principle of circular economy, through mindful management of natural resource, reduction of food loss, and increased effectiveness in waste management throughout the supply chain from upstream to downstream. This will be achieved 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.

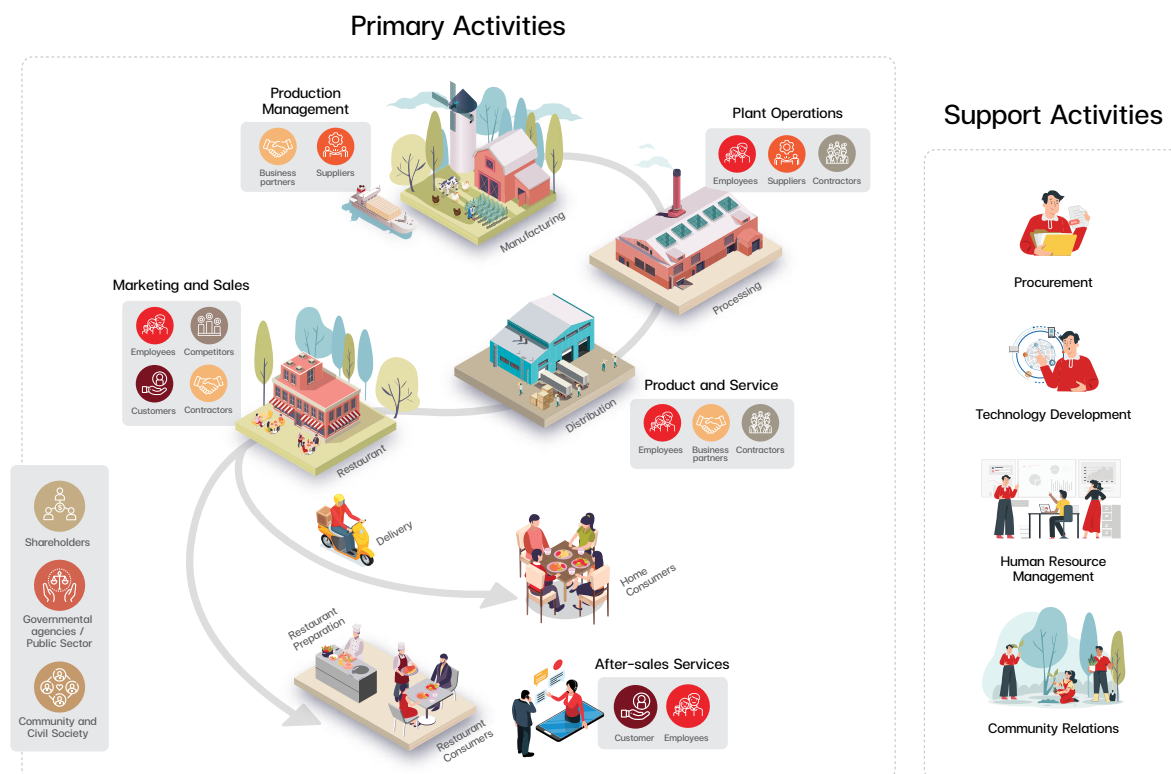
Beyond the Company's 4 dimensions of sustainability strategy and business development strategy, which focus on sustainable economic growth and building a balance between business, social and environmental responsibilities, the Company also incorporates the United Nations Sustainable Development Goals (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 2022
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		
	3. Customer Service	Food nutrition	<ul style="list-style-type: none"> Researched and developed a variety of food menu, as well as promoting consumers' good health
	4. In-store feedback form		
	5. Telephone	Food safety	<ul style="list-style-type: none"> Monitored safety and quality standard throughout the entire value chain Disclosed food allergens in the menu
	6. Customer relation activities		
		Reasonable pricing	<ul style="list-style-type: none"> Set appropriate and just pricing Disclosed product prices in menu clearly, as well as food quantity
Employees 		Customer relationship management	<ul style="list-style-type: none"> Improved feedback channel and grievance management procedures to ensure effective response to customers Developed membership system which is responsive to customers' needs by segmentation
	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		
	3. HR Application	Fair performance evaluation	<ul style="list-style-type: none"> Developed evaluation system in which employees can self-check their assessment results from supervisors
	4. Annual satisfaction and engagement survey		
	5. Performance evaluation	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
	6. Grievance channel		
	7. Telephone		
	8. Letters	Career advancement opportunities	<ul style="list-style-type: none"> Prepared and selected employees for internal promotion
	9. Grievance channel on the website	Occupational safety	<ul style="list-style-type: none"> Provided necessary protective equipment and set up safety checkpoints at workplace
		Capacity development	<ul style="list-style-type: none"> Formulated training curriculum for employees in all levels, including core and functional competencies

Stakeholder group	Stakeholders' engagement channel	Stakeholders' needs and expectations	The Company's response to stakeholders in 2022
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
		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 2022
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

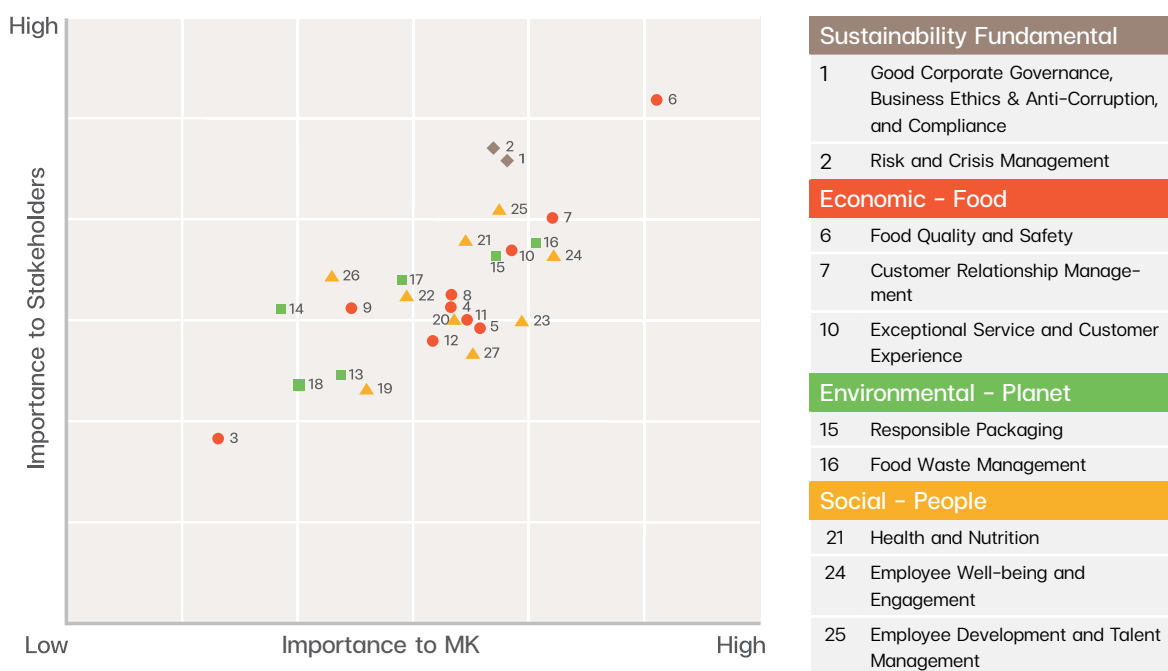
Materiality Assessment Process

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.

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 	• 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	• Total number of high-risk suppliers of food and food contact products (100%) audited in accordance with food safety standards	Food quality and safety	37
			• Number of grievances that are significant regarding food safety and quality is no more than 0.5 PPM*	Responsible Disclosure and Communication	44
			• Total number of key suppliers (100%) receiving sustainability risk audits according to supplier code of conduct by 2025	Improvement of Procurement Policy and Approach	45
	• Health and Nutrition	Develop healthy food or food products with functional benefits that promote health and well-being	• 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
	• Exceptional Service and Customer Experience	Develop service excellence to create exceptional customer experience and ensuring responsibility towards customers in a professional manner;	• Number of complaints regarding food quality and service is no more than 1000 PPM	Customer relationship management and responsibility to customer	54
	• Customer Relationship Management	open to feedback to continuously improve products and services	• 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	58
			• Number of grievances that are significant regarding human rights is resolved timely (100%)	Human Right	66
			• Employees' engagement score is no less than 80%	Human Resource Management	66
	• 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 Development	67
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	80
	• 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		81
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 0.5 PPM and the total number of high-risk suppliers of food and food contact products (100%) to be audited in accordance with 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

2000: Fresh Fruit and Vegetable Contaminant Detection System
 2000: ISO 9001 : 2000
 2001: GHPs/HACCP : 1993
 2004: Clean Food Good Taste Project
 2004: Food Safety Project

2005–2009

2005: MK 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: GHPs/HACCP V2020
 2021: BRC S&D
 2021: FSSC 22000 version 5.1
 2021: ISO 22000 : 2018
 2022: Fresh Fruit and Vegetable Contaminant Detection System



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, and 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 "MK 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 2022, the Company has continuously and successfully developed its quality systems as follows:

- Accreditation of the food safety standard for drinks and beverage category at central kitchen production process at CK4 on Bangna, 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 by SGS (Thailand)
- Accreditation of the British Retail Consortium (BRC) Storage and Distribution Standard for the storage and delivery process of M-Senko Logistics Co., accredited for 2 consecutive years 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 for 2 consecutive years 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 for 2 consecutive years 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 21 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 13 consecutive years by the Bureau of Laboratory Standards, Department of Medical Sciences, Ministry of Public Health
- The “MK 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 17 consecutive years by the National Food Institute, Ministry of Industry



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.

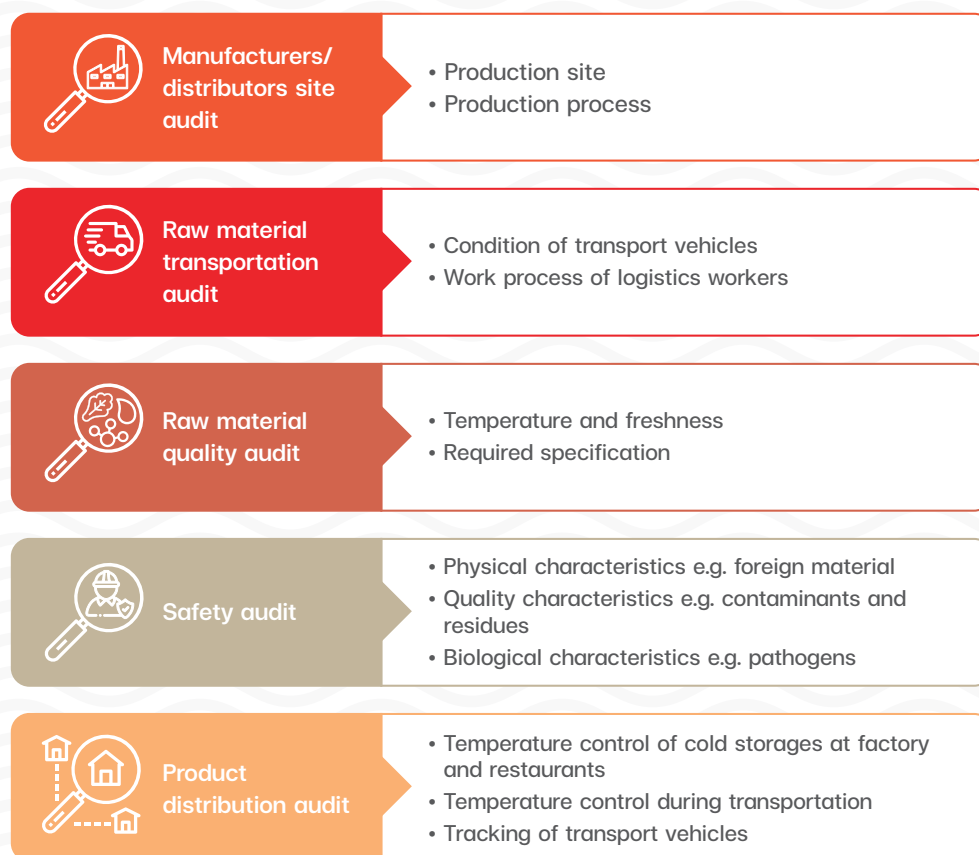
The role and responsibility of the central kitchen is to inspect the quality, prepare, and cook delicious food products following the Company's standards and the sanitary guidelines. As the central kitchen is the central hub of product storage and distribution to restaurant branches nationwide, an in-house 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

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

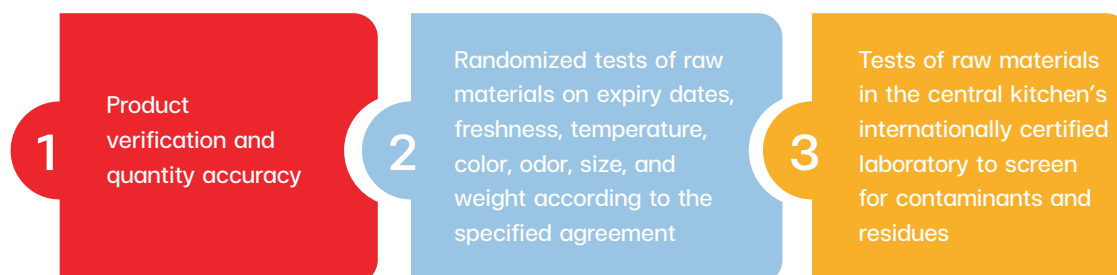


Raw Material Quality

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.

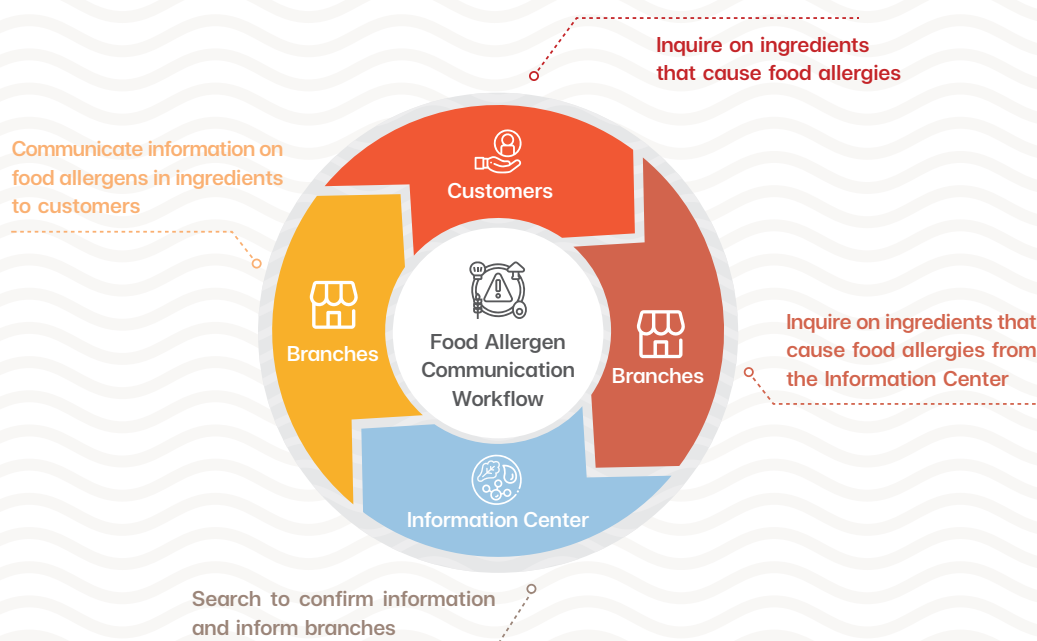
In order to maintain the quality of operations at the restaurant branch and build trust and safety for customers, the Company established the Operation Quality Assurance (OQA) Department. The inspectors in the department have acquired training and passed required criteria to be certified. The inspection standard follows the Q-C-Q-S practice, which concerns quality, cleanliness, quickness, and service, and includes 2 auditing aspects which are front service standards and kitchen standards. The frequency of operations standard inspection at all restaurant branches is once every month throughout the year.



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 2022, the Company received number of grievances that are significant regarding food safety and quality at 0.38 PPM, which is less than the Company's target of 0.5 PPM and less than the number in 2021.

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 2022, the Company has categorized critical suppliers, using the following criteria to identify the critical groups of suppliers, as follows.







In 2022, the Company's number of suppliers identified as critical suppliers totaled to 119, or 14 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.

- Code of conduct
- Product quality and safety
- Traceability
- Product improvement and development
- Human rights and fair labor practices
- Occupational health and safety
- Environmental and social responsibility
- Termination of supplier contract

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 has communicated the Supplier Code of Conduct to its suppliers, so they can acknowledge the Company's expectation and determination in managing the supply chain sustainably.

Sustainable Supply Chain Management Goals		Performance
	Total number of high-risk suppliers of food and food contact products (100%) audited in accordance with food safety standards	90.48% 
	Total number of key suppliers (100%) receiving sustainability risk audits according to supplier code of conduct by 2025	0% 

The Company also promotes its suppliers to develop work processes with greater efficiency, such as by innovating products through new technology or production process, to contribute to cost management 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 2023. 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

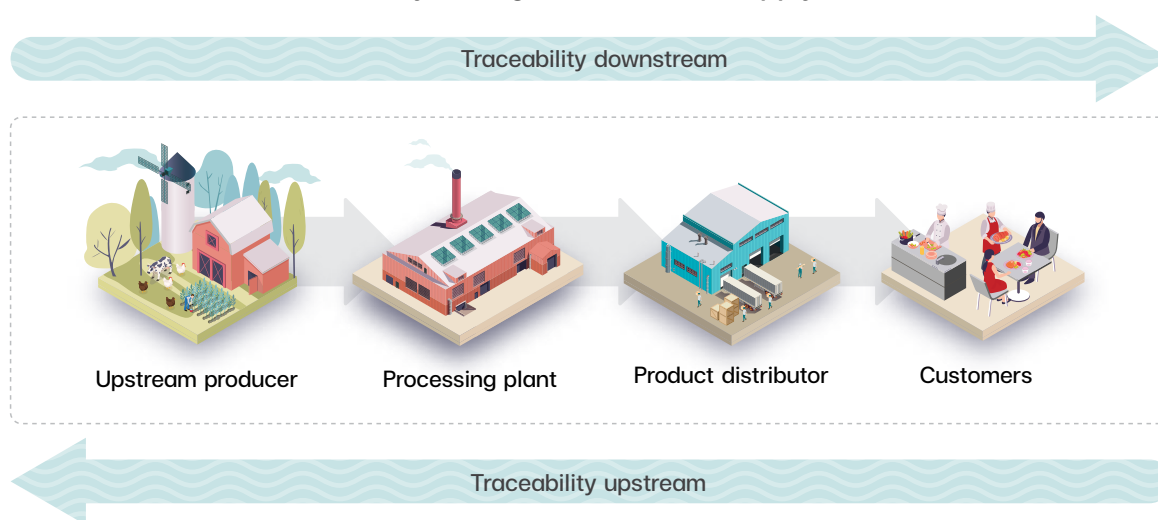
The Company concludes the results of its annual supplier assessment, with high-risk suppliers needing to receive an onsite assessment at least once a year, suppliers with moderate level of risks to receive an onsite assessment every 2 years, and suppliers with low level of risks to receive assessment 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. 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 includes the adoption of the service innovation, Robot Server, to enhance the speed of operations and customers'



convenience and satisfaction, in which over 800 robots have been deployed in MK, Yayoi, and Laemcharoen Seafood restaurants. The Company has also developed a mobile self order technology to suit certain consumer's need for speed of service.



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 expectations, 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 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

In 2022, consumer trends have returned to dine at the restaurants as compared to 2021 due to the easing of COVID-19 pandemic while the habit of eating at home also remains. 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. Food Creation: To capture the today's trends and create interest in order to attract new generations of consumers, the Company sources new ingredients to create and adapt to various types of food menus in soups, sauces, and other ingredient components such as mala soup, truffle soup, and mentaiko.

- Zapp 2 Regions
- Promotion "Fruit Juice 3 Regions"
- Bua Loy Variety
- Korean Series Soup
- Korean Summer Drinks
- Premium Japan Truffle and Tonkotsu Soup
- Ice Dessert Festival



3. Eat at Home: The Company continues to offer efficient ordering service through digital channels. As some consumers become accustomed to eating at home and have more occasions to do so, the Company explores ways to create new products to comprehensively serve the demand of consumers through digital channels.

- Expanded the delivery service scope, presently 96 percent of all branches provide delivery service
- 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 42 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
- Offered new promotions for customers on delivery channel

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 follows.

- Increased self-pickup service
- Implemented contactless technology in the restaurant, such as mobile self order for ordering and payment
- Introduced over 800 server robots for contactless service, the robots' digital features could be added-on, suiting the need for social distancing and allowing more time



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, 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 2022, the Company selected and developed ingredients and products to be in line with health promotion and nutrition, as follows.

Menu from plant-based protein

- Larb Tofu Zapp
- Fried Tofu Hong Kong style
- Gaprao Tofu with rice
- Vegetarian Suki Set



Menu with nutritional value from 5 food groups and variety of vegetables

- Duck&Wrap Vietnamese style and Peking style



Menu from local Thai fruits to support Thai farmers

- Beverage made with longan, young coconut and ruby pomelo



Dessert menu with fruits

- Korean Snow Fruity dessert made with strawberry, blueberry and mango



Consumer product with high nutritional value

- MK Fiber Plus (Supplement with probiotics that promotes digestion and intestinal balance)
- MK Veggie Chips (Baked mixed vegetable and fruit crisp from organic Thai farmers)
- MK Vitamin Gummy Orange Flavour (Gummy with fiber 3000 mg, inulin and oligofructose that promotes bowel movement)



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

MK Wellness was set up as a consumer product brand by the Company to research and innovate products with health benefits, which are the Company's patents and innovation. The products are offered through the restaurant, digital and retail channels with the aim to strengthen the health of consumer's mind and body and to promote for good society and environment. In 2022, the Company innovated and introduced 3 consumer products to the market, which is higher than the set target.



3. Process Innovation

The Company prioritizes and promotes innovation for product innovation and process improvement company wide. In 2022, 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 2022, over 1,400 concepts have been submitted and considered, resulting to 202 concepts being realized and implemented. Suggestions made by the employees have helped the Company to save cost by approximately 7.3 million Baht per year and reduced working hours by a total of 33 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.
 - Equipment that improves staff productivity such as tofu cutting equipment
 - Equipment that protects the food on robot server to ensure food hygiene

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 2022 goal for customer relationship management and responsibility to customers to have complaints no more than 1000 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,

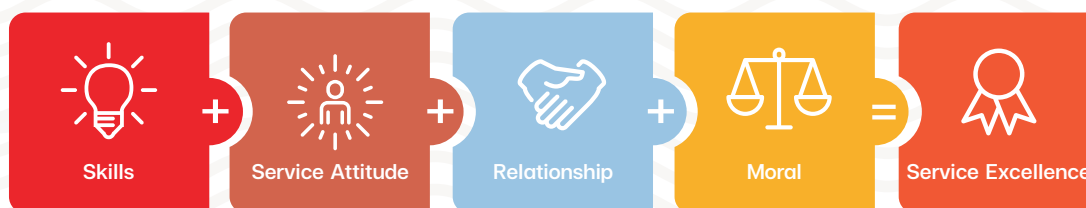
and inside and outside of restaurant branches.

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. 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 2022, the Company also expanded its service channels through 14 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 93 percent in 2022.

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 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 suggestions 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.

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 2022, the Company had received complaints of 847 PPM regarding food quality and service, which is lower than the Company's target, resulting from the restaurant operations having in place a food quality control system and the capability to problem solve and respond to customer needs to bring about satisfaction.

Customer Feedback and Grievance Management

The Company set up a systematic approach to receive customer feedbacks and grievances following the ISO 9001:2015 standard, as follows.



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

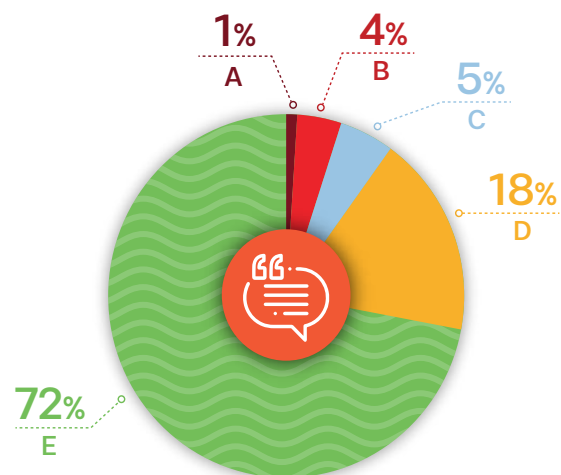
Level C refers to grievance in which customers suggest with a desire for improvement

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

In 2022, 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



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. Technology and Information

In 2022, the Company has continued to develop IT policy and processes according to the ISO/IEC 27001:2013 standard and has established a detailed plan for personal data operations audits. The Company completed training on Personal Data Protection Act (PDPA) for 262 employees including top executives and representatives from departments relevant to personal data protection and continues to conduct training for 300 more employees through the E-Learning platform, Privacy & Cybersecurity Awareness Platform (P-CAP), which is set to complete by May 2023. In addition, the Company works to enhance the protection of personal data such as by developing the personal data rights management system to improve the ease of data owner's self service. By close adherence to the specified policy, there was no grievance regarding personal data privacy in 2022.



Nourish our People

“Kindling a good quality of life for our employees”

Occupational Health and Safety

Occupational Health and Safety management 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. The target was defined as the reduction of accident incidents to zero and the reduction of LTIFR to zero.

The Company's 2022 performance on the LTIFR indicator was 1.39, an increase from 2021 due to an increase in number of new employees, which impacted the awareness of safety mindset and likelihood to cause errors in work procedures. 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	• Operating rush	<ul style="list-style-type: none"> • Provide personal protective equipment for employees on duty • Place emphasis on safety before starting work operation (Kiken Yoshi Training)
2. Contact with hot material	• Operating rush	<ul style="list-style-type: none"> • Improve equipment function to reduce operational risks • Place emphasis on safety before starting work operation (Kiken Yoshi Training)
3. Fall from slipping	<ul style="list-style-type: none"> • Operating rush • Not following work procedures • Unsafe working conditions 	<ul style="list-style-type: none"> • Place emphasis and improve suitability of workflow • Prepare learning materials to train employees on safety

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 2022, 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 continued to be affected by the COVID-19 pandemic in 2022, the Company has committed to ensure the smallest impact on its employees in order to retain employees' quality of life.

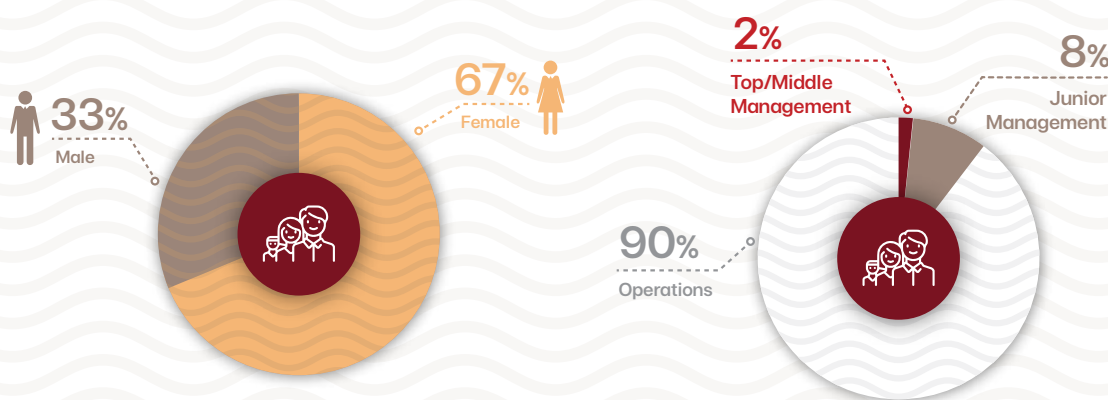
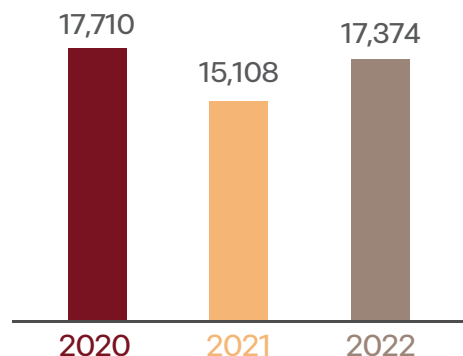
The Company is committed to the fairness, equality, transparency, and non-discrimination principles throughout its hiring process. Job opportunities are open to anyone within or outside the organization with appropriate qualifications and knowledge to apply. The Company has advertised its recruitment through various social media platforms, including Facebook, LinkedIn, and job application websites. It also has 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 274 positions in 2022. It was able to hire for 269 positions or 16,828 employees within the determined timeframe. This was equivalent to a 87.66% 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 197 employees with disabilities in 2022, 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 2022, the Company has a total of 17,374 employees.

Total Number of Employees

Unit: Persons



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 2022, 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 2022, 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 2022, the Company has paid a total of 3,447 million Baht in compensation, composed of monthly salaries, wages, bonuses and provident fund contributions and not including other employee-related costs. 32.4% 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.



เอ็มเคมอบ “ทุนการศึกษา” สำหรับบุตร-ธิดาของพนักงาน

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 2,008 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 2022.

2. Health: MK Fit Fun Fin

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 Fit Fun Fin 2022”, inviting all employees to exercise whenever they can and wherever they are. Calories burned are calculated and recorded through an application. For every 1 kilometer, the Company donates 1 Baht to charity recipient, Ban Manora School. District Pai, Mae Hong Son province. This activity received the participation of more than 320 employees, who expended a total of 42,000 kilometers, resulting in 42,000 Baht raised for charitable causes.



3. Happy Heart: MK Lip Sync Contest 2022

Emotional well-being and happiness of employees are topics that the Company is aware of and understands that a workplace could be a factor that adds to everyday stress. Maintaining a good mental and emotional state for employees is extremely important because employees with good mental well-being can be more happy, which then contributes to productivity and success in their role. The Company has therefore organized an online activity called, "MK Lip Sync Contest 2022" to promote fun, stress relief, and self expression, which contribute to emotional well-being. Employees record and submit lip sync video clips, either solo or with coworkers, to show off dance moves to



best match the real vocalist stars and win a prize money of up to 10,000 Baht. Not only that this activity helped employees feel relieved and enjoyment, it also allowed them to express their identity and showcase hidden talent. The contest engaged a total of 121 employees, divided into 84 teams, of which presented their performance to all coworkers through an online platform and received overwhelming feedback.



4. Commemoration of Employee's 10th, 20th, and 30th Work Anniversary

Every employee is an important asset that supports growth of the business to the present day. To express gratitude to employees that haven been working with the company for a long time, the company has presented commemorative gifts to employees to celebrate the 10th, 20th, and 30th work anniversary. In 2022, a total of 691 employees celebrated their 10th, 20th and 30th anniversary, including 362 employees that marked their 10th anniversary, 282 employees for the 20th anniversary, and 47 employees for the 30th anniversary.

5. Commemoration of Employee's Retirement

Every honest profession is a profession with honor and pride, in particular employees who have chosen to work with the company until their retirement. This group of employees are filled with valuable experience to be passed on to the next generation. To express gratitude the Company organized an event to celebrate this achievement and invited this group

of employees to meet with senior management, supervisors, and fellow co-workers of the same age, where there is a sharing session of wisdom in life, photo taking, commemorative gifts as well as sharing a meal together. In 2022, the Company took this opportunity to bid farewell and celebrate the retirement for a total of 19 employees.

6. Personal Finance: Me Money

Debt burden, including family and personal debt, is a significant problem for the Company's employees. Excessive indebtedness is a cause of 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 on financial literacy and act as intermediary to provide a debt relief loan to employees who have passed relevant criteria for participation in the "Me Money Season 3" program for a total of 64 employees in 2022. The Company has contracted a consultancy to manage the program and has assigned selected company trainers as financial coaches. Currently, the Company has 7 trainers, whom of which coaches 9-10 employees, and a program that entails a workshop on debt management mindset and knowledge on financial literacy and savings through a mobile e-learning platform. The Company hopes



that employees who take part in this program will be able to relieve at least 1 debt burden and gain personal finance management skills to prevent debt addition in the future. This program has been ongoing for 3 years, with 97% of participating employees having completed their mission and received 50,000 Baht as debt relief assistance and built financial discipline. Participating employees have also been able to pass on their knowledge to their family members and co-workers.

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 2022, 496 employees were promoted.

Welfare and Grievance Management

Creating Happiness in the Workplace

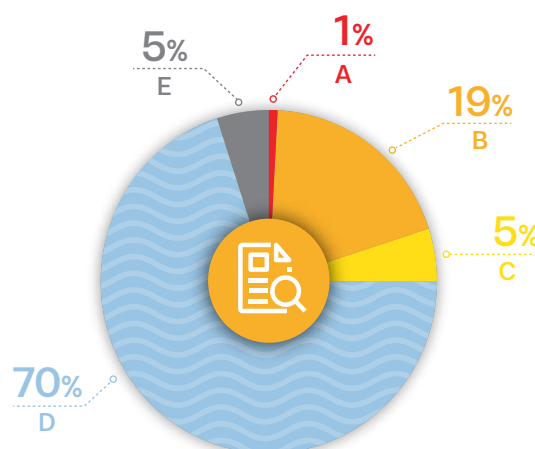
In addition to managing a safe and effective work environment for employees, the Company has a dedicated unit to provide counseling advice and receive grievances through various channels, including through telephone, Line messaging application, and email, among others, to facilitate employees' communication, 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 counseling 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 and feedback from all employees. This feedback will be evaluated to determine needed improvements or management actions for employees. The Company categorizes grievances and counseling advice into 5 levels, as follows.

Level A refers to grievance that poses a detrimental impact to the victim	
Level B refers to grievance related to supervisor level	
Level C refers to grievance related to employee level	
Level D refers to counseling advice	
Level E refers to false or incomplete information	

Proportion of Grievance and Counseling Advice by Level



In 2022, the Company had resolved grievances that are significant regarding human rights within the set timeframe.

Employee Welfare During the COVID-19 Pandemic

During the COVID-19 pandemic, 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, social distancing, work from home arrangements, and hybrid workplace policy after the government has declared COVID-19 an

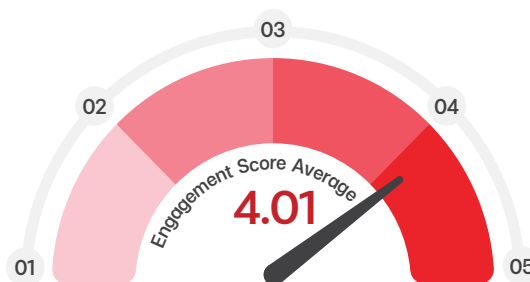
as endemic. The Company has continued to provide COVID-19 insurance for all employees and announced a policy to secure vaccines for employees through the national insurance scheme in a timely manner. Additionally, the Company issued a policy allowing employees to commute to receive vaccinations on regular paid work time. The Company also provided meal compensation for employees that are infected by COVID-19 and has developed quality boxed meals at a discounted price to reduce employees' cost of living. The Company also developed a communications plan to adequately inform employees of relevant news in a timely manner.

Employee Engagement

The Company is committed to ensuring that employees have happiness and good well-being in line with Gallup's Q12 principle, and to developing employees to have knowledge, competencies, and career progression. The Company has set its long-term employee engagement score target to be no less than 80%. Given the COVID-19 pandemic which has shifted the way of working and way of life, employees also place values in different ways of creating happiness and a balanced well-being.

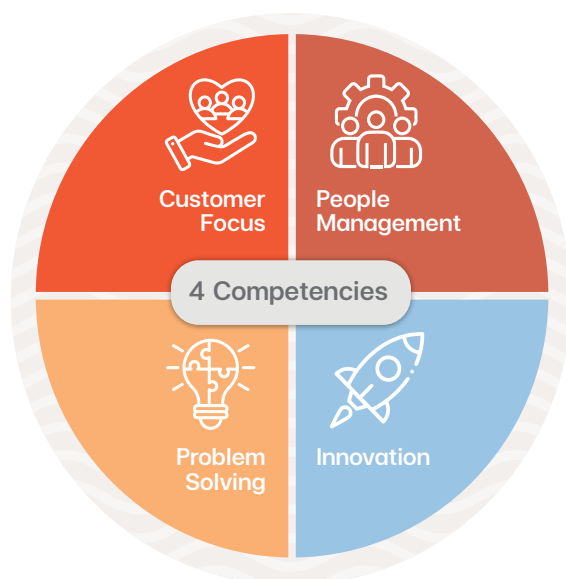
To better understand the needs and expectations of employees, the Company has conducted annual employee engagement surveys. The survey methodology is based on the framework of basic needs, individual contribution, teamwork, growth, and well-being. Survey results and employee opinions are then taken into account as fundamental recommendations for the Company to further support its employees. In 2022, the survey participation rate was 90.71% of the total

number of employees and the engagement score was 4.01 from 5.0 scores or 80.2%, which is equivalent to the corporate goal, with the top 3 important topics to be prioritized being 1. Care about me 2. Commit to quality 3. Expectation Given the survey result, the Company has organized with internal department teams to communicate and set an action plan to improve the employee's quality of life and well-being.



Human Resource Development

The Company operates a restaurant business that is committed to “Nourish happiness in every family”. The Company hence gives utmost importance in developing capabilities of its employees 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 approaches 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 resources 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 a proportion of employee whose competency is consistent with the Company’s core competencies by no less than 90%.

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 2022, the Company has developed employee competencies in the following areas.

Target	2022 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: <ul style="list-style-type: none"> Competency 1 Customer Focus Competency 2 People Management Competency 3 Problem Solving Competency 4 Innovation • 99.59% of the total number of employees is assessed to have competency that is consistent with the Company's core competencies • Developed Roadmap system
<ul style="list-style-type: none"> • Functional Competencies Development 	<ul style="list-style-type: none"> • Supported each unit's development of revision of training roadmap for employees and supervisors in developing needed knowledge and skills • Develop first-line managers (Level 4-5) and middle managers (Level 6-7) to construct success profiles for themselves and team members in order to establish behavioral competencies of each position to be used for development plan
<ul style="list-style-type: none"> • Delivery of learning through technology platforms, more than 60% 	<ul style="list-style-type: none"> • 76% 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. Employee self-service on Human Resource Integrated System (HRIS) 2. Visual Control Report 3. Success Profile 4. Learning Management System 5. Robotic Process Automation (RPA) in documentation processes and e-service
<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 employees on knowledge in addressing sanitation for personal and consumer safety 	<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"> • Sanitation for food handlers • Sanitation for business operators • Work safety • Working standards for branch employees

In 2022, the Company organized various training programs to develop the capability of all employees, amount to 41 hours per person. In the past year, the curriculum structure has been concisely adjusted to better suit operational needs and training management has been integrated with more online formats and E-Learning in order to align with business requirements.

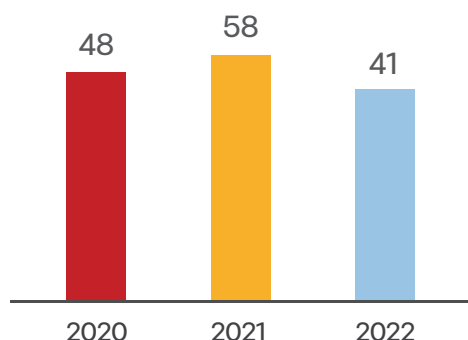


Additionally, the Company's continuous human resource development has yielded economic benefits. The conduct of Idea Suggestion and Kaizen training programs in 2022, for instance, spanned 900 hours and enabled employees to discover solutions and suggestions

for improvements to improve work efficiency and effectiveness. This created benefits for the Company as it reduced 7.3 million Baht in operating expenses, including reducing 33 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 training, 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 2022, 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 32 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 designing 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	2022 Performance
<ul style="list-style-type: none"> • Career Movement approach and principles for mid-level management (Level 6 – 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	2022 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 59 key positions as targets for the selection and development of successors. It has hence undertaken the “Management and Leadership: Growing as a Team Leader” curriculum to prepare future successors. In 2022, 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. Determine criteria and select of high-potential personnel groups
2. Screen 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. As such, this may also cause a negative impact on its corporate image and disapproval 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 since 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 in compliance with protective measures for communicable disease 	<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 • Provided welfare that promoted gender equality • 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 	<ol style="list-style-type: none"> 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 under-served 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 2022, 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”

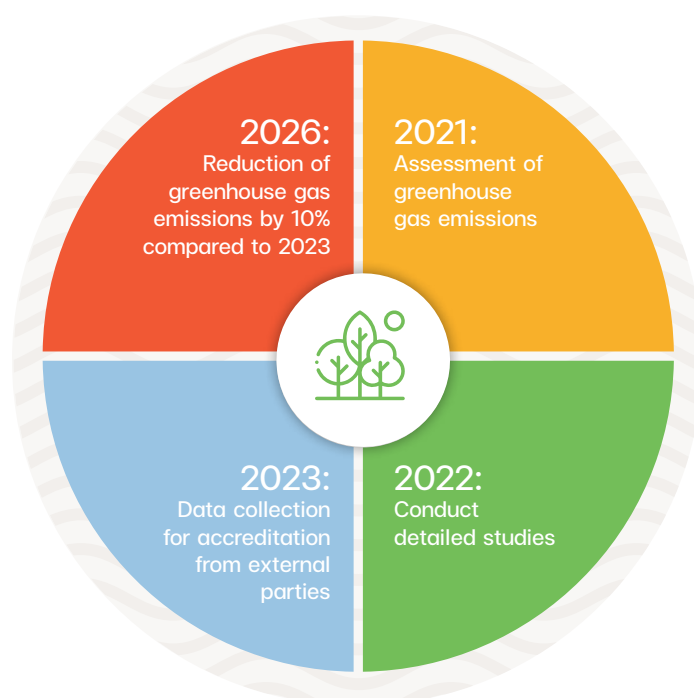
Climate Change

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 “Greenhouse Gas Emissions 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

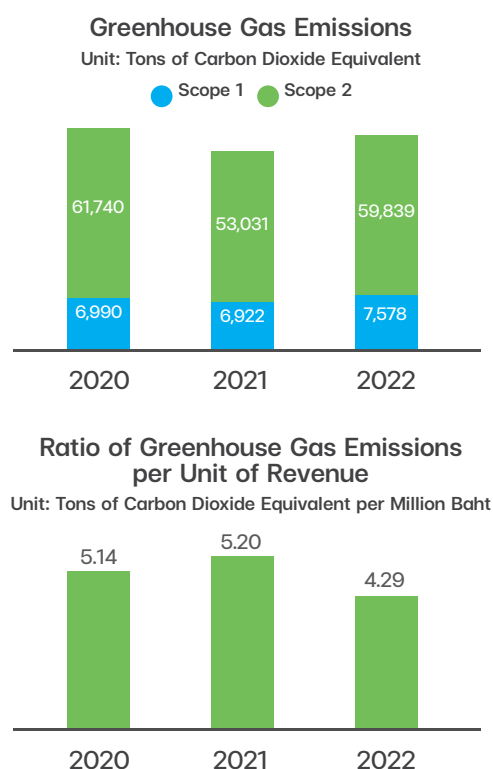
Activities related to greenhouse gas emissions from the Company's business operations, as follows.

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 began to deploy 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 2022, the Company emitted 7,578 tons of carbon dioxide equivalent from direct emissions of greenhouse gases (Scope 1) and 59,839 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 67,417 tons of carbon dioxide equivalent, which is 12.4 percent higher than in 2021 due to the loosened COVID-19 preventative measures which allowed restaurant branches to operate as normal

and increased production processes. Meanwhile, the logistics business remained operational, resulting in the proportion of direct greenhouse gas emissions (Scope 1) to be slightly higher than in 2021. In 2022, the ratio of greenhouse gas emissions per unit of revenue was calculated to be 4.29 tons of carbon dioxide equivalent



per million Baht, a decrease by 17.49 percent compared to 2021, which is a result from managing energy usage efficiently with the increased revenues from sales.

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 training 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

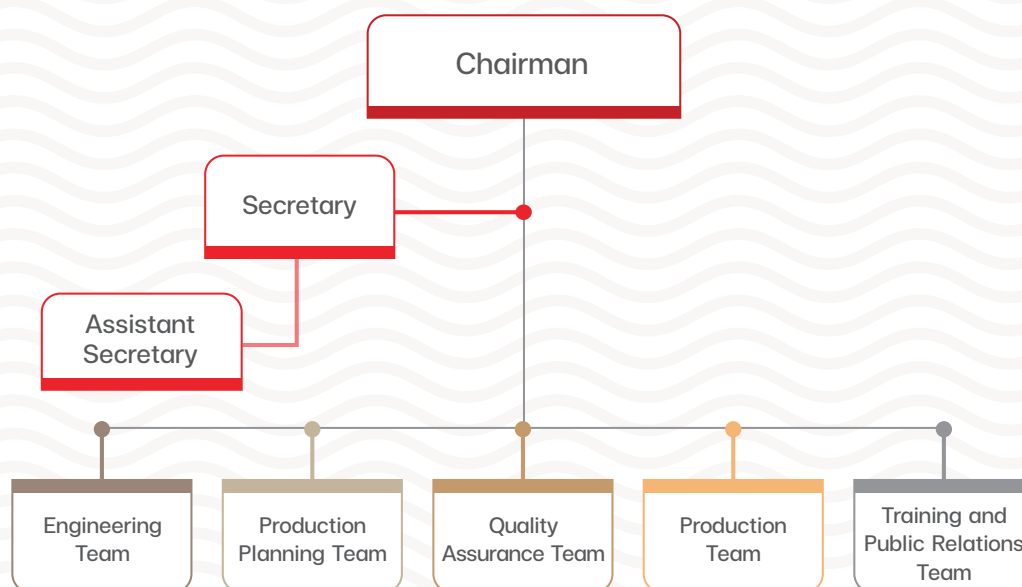
Energy is an essential capital that drives the Company's food business in all stages, such as customer services at the restaurants, production, and logistics. However, the consumption of energy from fossil fuels and electricity in the business process emits greenhouse gases both directly and indirectly 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

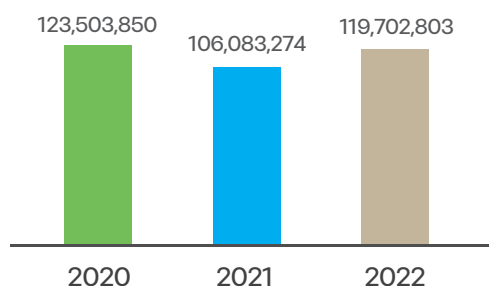
The Company uses electricity to serve customers in its restaurants and production facilities. To increase the efficiency of electricity usage, the Company has conducted an assessment of internal processes that demonstrate high energy consumption, and then initiating optimization projects on equipment, 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. The Company has invested in renewable energy technology to reduce electricity consumption through a total of 5 major projects, enabling electricity savings of 3,120,300 kWh per year equivalent to 11.47 million Baht. In 2022, the Company invested in renewable energy to reduce electricity consumption by installing solar roof phase 1 at M-Senko Logistics distribution center, saving electricity consumption by 1,415,500 kilowatt-hours per year, which is equivalent to electricity cost of 5.29 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
M-Senko Logistics Distribution Center	Solar Roof	1,415,500	5,293,970
Total		3,120,300	11,471,250

Electricity Consumption

Unit: Kilowatt Hour (kWh)



In 2022, the Company's total electricity consumption was 119,702,803 kWh, an increase of 13,619,529 kWh and by 12.84 percent compared to 2021. This is a result of economic recovery and the return of customers, which therefore contributed to an increased consumption in electricity.

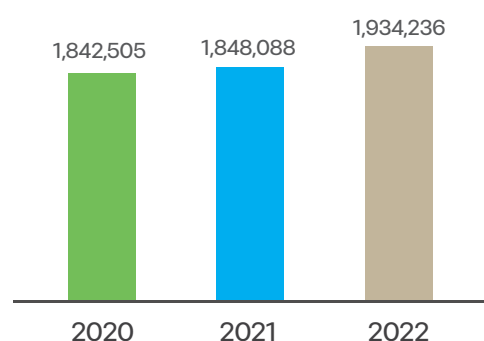
2. Increasing efficiency in fuel usage

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 2022, the Company's total fuel consumption was 1,934,236 liters, an increase of 4.66 percent compared to 2021, due to the Company's logistics expansion.

Fuel Consumption

Unit: Liters



The Company's total energy consumption in 2022 was 501,375 gigajoules, an increase by 52,168 gigajoules or by 11.61 percent compared to 2021. The reduction in energy consumption is due to the loosened COVID-19 preventative measures and an increase in number of customers for logistics service. The ratio of energy consumption per unit sales was equal to 31.88 gigajoules

per million Baht, a decrease by 18.10 percent resulting from managing energy usage efficiently with the increased revenues from sales. The Company is determined to continue improving its total energy consumption of both electricity and fuel to achieve the targeted goal.

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

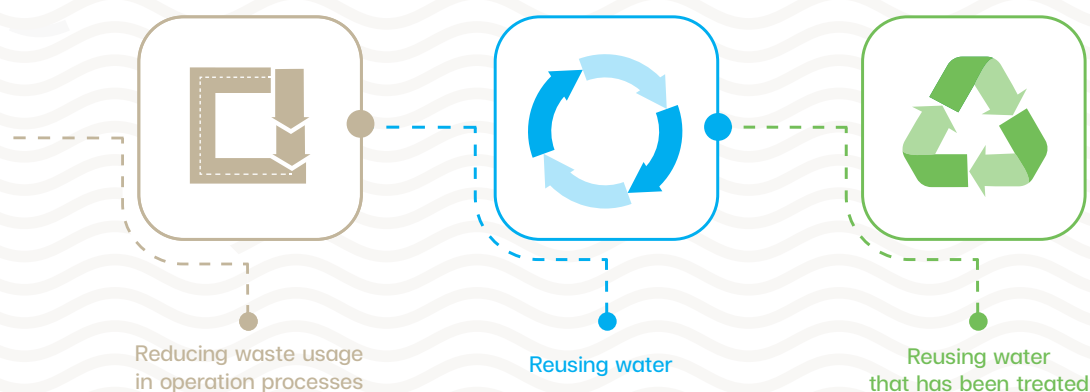
1. Hybrid Generator System Project for International Food Supply and M-Senko Logistics by 2023
2. Transportation Management System (TMS) Project for long-term planning by 2023
3. Solar Roof Phase 2 Project at M-Senko Logistics by 2023
4. Electric Truck Project to replace diesel vehicles with electric 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

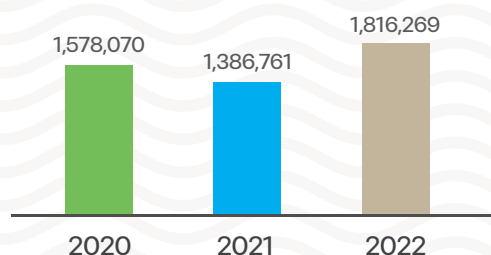
The Company's water consumption can be categorized in 2 ways, namely, water used in the production of goods and services and water used in cleaning and supporting activities. The water that the Company used was municipal water produced from government agencies and was utilized at a 70:30 ratio based on the category. To achieve the 2021 target of effective water management and reduce water usage by 2% as compared to 2021, the Company initiated the following projects.

Management Approach	2022 Performance
Reducing water 	<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 the control device in all restaurants (100 percent) and also scaled to Laem Chareon restaurant branches and 3 central kitchens 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 17 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 3.5 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 12 percent of the total water used.

Due to the implementation of the effective water usage plan in 2022, the Company's total water consumption was 1,816,269 cubic meters, which was a combination of 327,401 cubic meters used by production processes and 1,488,868 cubic meters used by restaurants. The water usage was 30.97 percent more than 2021 due to the loosened COVID-19 preventative measures and an increase in the number of customers in the restaurant branches which resulted in an increased water usage. The Company's ratio of water consumption per unit of revenue was 115.48 cubic meter per million Baht, a decrease by 7.95 percent compared to 2021 due to efficient water management with increased revenues from sales.

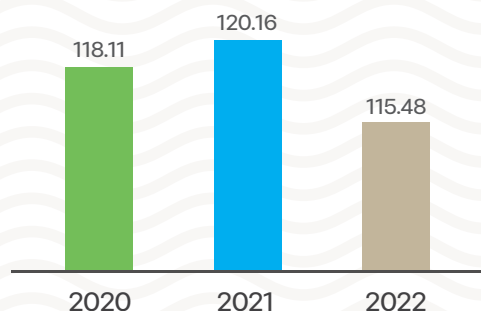
Water Consumption

Unit: Cubic Meters



Water Consumption per Unit of Revenue

Unit: Cubic Meters per Million Baht

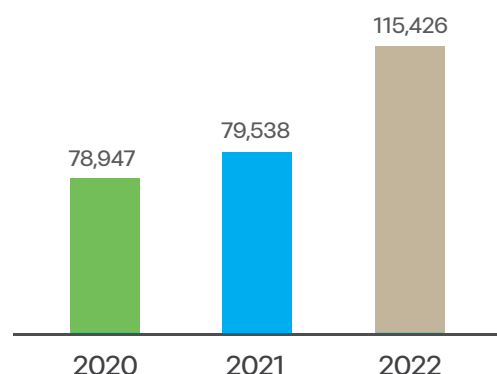


Wastewater Management

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 2022, the Company produced a total of 115,426 cubic meters of wastewater, which was higher by 45.12% as compared to 2021. 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 2022 test results from this natural wastewater treatment system showed that the quality of the treated water was well within standard.

Amount of Wastewater

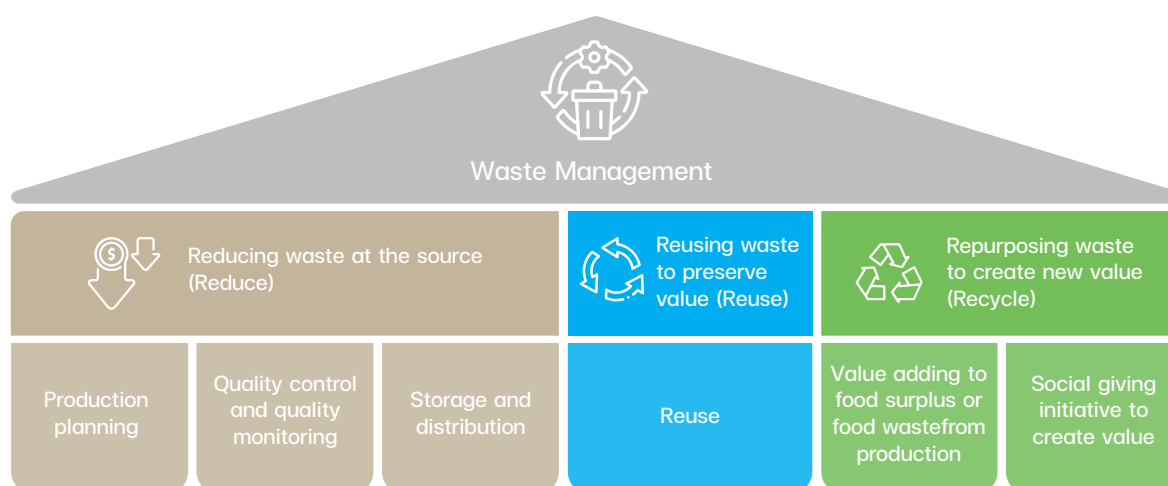
Unit: Cubic Meters



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
	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

Waste category	Type	Example	Management approach
Non-hazardous waste 	Food waste	<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
	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 waste separation

project of 11 types at the headquarter in 2020 and has expanded the project to its training center, call center, warehouse, and central kitchen office. 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 2022, the Company studied the feasibility to further enhance the separation program at the restaurant

branches, and employees in the Company separated a total of 1,020 tons, equivalent to 1.8 million Baht, as a result of the waste separation programs at restaurant branches, the headquarter, call center, training center, warehouse, and central kitchen office. Continuing into 2023, 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.

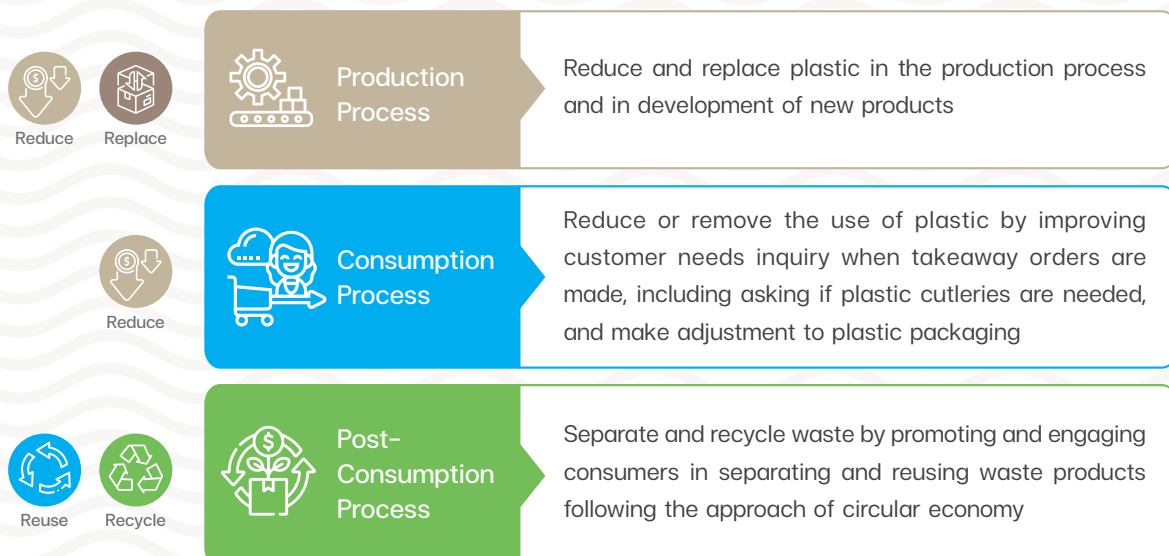
Responsible Packaging

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.

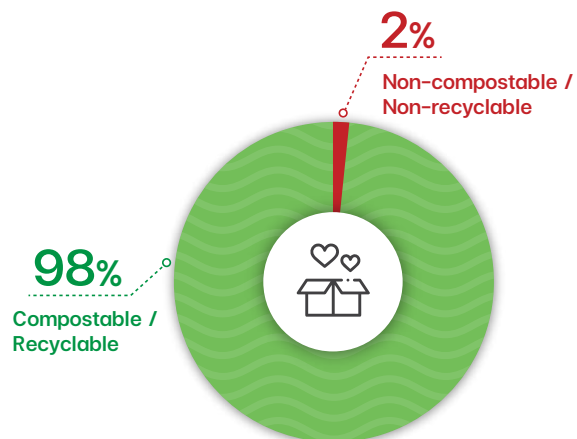
The Company is cognizant of the importance of selecting and managing packaging, particularly as it pertains

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 takeaway 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 takeaway 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 October 2023. This will enable the Company to reduce 42,594 plastic bags per month or to the amount of 340,752 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 March 2023. This will enable the Company to recycle 56,000 plastic bags used in its packaging, or equivalent to 176 tons per month. In addition, the Company discovered during the consideration process of plastic pellet adjustment that it can reduce the use of virgin plastic in packaging by more than 10% of the current volume.



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 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. In 2022, the Company purchased 3,325 tons of agricultural products from the Royal Project, equivalent to 30% of its total value of



vegetable purchase, which had increased from 2021 by 20%. These products are sourced from 28 dois, which are highland farms, benefiting farmers in 267 communities or 1,489 people. Average annual income generated is 51,004 Baht per farmer. Additionally, the Company has collaborated with the Royal Project Foundation on developing community programs to improve the quality of life of highland farming communities so as to grow the strength and sustainability of the community into the future.

1.2 Managing Surplus Food and Serving Meals to End Hunger



Surplus food management delivers value to others by allowing communities in need the access to good, nutritious food, and at the same time, reducing the amount of food waste which lowers the impact on the environment. With this belief in 2019, the Company joined hands as an alliance with The Scholars of Sustenance Foundation (Thai SOS), a charitable organization that links surplus food and ingredients to needy communities. The Company donates surplus food

from the central kitchen (CK5) which includes vegetables that have been trimmed but are of good quality such as morning glory, kale, cabbage, bok choy and radish, amounting to over 800 kilograms per week. In 2022, the Company donated a total of 39,914 kilograms of surplus food, equivalent to 167,641 meals and 100,984 tons of carbon dioxide equivalent diverted from landfill.

The company extends strategic support in addition as follows

- Provided a training course on driving safety and fuel efficiency for more than 20 Thai SOS drivers by experts from M-Senko Logistics who have more than 20 years of experience in the logistics industry.
- Allocation of warehouse space at M-Senko Logistics, for free of charge, as storage holding area of dry food before distributing to the community due to the current issue of Thai SOS having insufficient storage space.

1.3 Balanced Meal in Childhood Nutrition

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. Studies done by the Ministry of Health in 2021 showed that 1 in 3 school-aged children have malnutrition. The problem has further escalated, affecting the development of children. Part of this problem comes from the limited access to nutritious food in school lunches, which accounts for 40 percent of the

energy and nutrients that students should receive in a day, and has insufficient budget.



The company recognizes the importance of early childhood nutrition and supports meal programs for schools that are located in remote, low-income areas that have limited access to food resources, in which school is the major place where students get a nutritious diet. The Company has partnered with Yuvabadhana Foundation in the Food for Good program to support the budget for meal programs and teachers training on school gardening and nutrition. In 2022, the Company supported a total of 100,000 Baht to Ban Mueang Nga School, Phan District, Chiang Rai, a small-sized primary school with 49 students. This supports the school's capacity to manage food ingredients supply and to become more self-reliant.



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 third 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, for three consecutive years. 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. In this year, the Company extended the financial support of another 1 million Baht to Ban Tha Kho, Khueang Nai District, Ubon Ratchathani, an area in the Northeastern part of Thailand that had been greatly affected by the flood.





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, the Company has donated all net profits from these 4 restaurants, after deducting expenses, to the Faculty of Medicine, Siriraj hospital. Siriraj Hospital is the largest public hospital and medical school in Thailand, with more than 2,000 beds and serves over 3 million out-patients a year. In 2022, the Company donated 1 million Baht in profit to Faculty of Medicine Siriraj Hospital to support the purchase of needed medical equipment and to fund for underserved patients.

2.2 Improving Quality of Life by Sponsoring Eye Surgery Operating Room

The Company is committed to creating a society of good health and well-being and supports the public health system in Thailand to have medical equipment and tools in order to enhance the readiness for medical personnel. Vision problems and eye-related disorders are major health concerns especially in an aging society. If one cannot see, the condition will significantly affect one's quality of life. The Company recognizes the importance of sight and supported 20 million Baht in 2022 to the Ramathibodi Foundation, Faculty of Medicine, Ramathibodi Hospital, to be used in the improvement of 2 eye surgery operating rooms for the benefit of eye patients. Ramathibodi Hospital is a public hospital and medical school, with more than 1,300 beds and serves over 2 million out-patients annually.



2.3 Encouraging Physical Exercise to Promote Health and Prevent Diseases

Physical exercise promotes body strength and immune system, therefore, it is a great preventative measure for health problems. Not only do participants gain health benefits from exercise activities, but they also get to participate in merit-making activities in support of charitable organizations, which in turn also promotes mental wellbeing and happiness. In 2022, the Company funded a total of 6 charity running events, with a total amount supported of over 2 million Baht.



- Charity Run, Kao Duay Tham for the 6th year, to help fundraise for 17 hospitals across the country
- Charity Run, Esther Bunny Women's Run, to help fundraise for Ramathibodi Foundation in support for breast cancer in underserved patients
- Charity Run, Run 4 Heart, to help fundraise for Nakornping Hospital
- Charity Run, MU Charity 2022 Run for Chance, in support for education scholarship and student health fund of Mahidol University
- Charity Run, TPA Charity Run 2022, to help fundraise for The Foundation for the Deaf under the Royal Patronage of Her Majesty the Queen
- Charity Run, Run for Education, in support for educational support for underprivileged ethnic children in remote areas





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 81 colleges under the supervision of the Ministry of Education in 2022. This is a collaboration between educational and business establishments in training students with academic and vocational skills through the joint development of curriculum, a program that combines in-class learning and practicum at the workplace. The program also granted scholarships to subsidize 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 and economic development of the country. In 2022, the Company accepted a total of 1,192 students into the program, comprising of 767 students in the vocational internship program and 425 in the vocational training program. The Company awarded scholarships to a total of 228 scholarships who completed the bilateral education and vocational skills program in the 2022 academic year (semester 1), comprising of 107 scholarships in the vocational track, 113 scholarships in the high vocational track, and 8 scholarships in the undergraduate track. Following their graduation, 14% of students who participated in the program continued their career with the Company. The Company has also committed to award an additional 954 scholarships to students who will complete the vocational training program in the 2023 academic year (semester 2).

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, training center, 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 disabilities, the Company has developed an e-learning curriculum delivered in sign language,



trained sanitation for food handlers curriculum, and conducted sign language class for workplace trainers. The Company has also leveraged telecommunications technologies, the Thai Telecommunications Relay Service (TTRS) application, to facilitate communication with employees with hearing disabilities.

In 2022, the Company hired 197 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. This year, the Company

was awarded an “Outstanding Award for Supporting the Quality of Life of People with Disabilities” from the



Department of Empowerment of Persons with Disabilities and “Model Organization for Sustainability in the Thai Capital Market in Support for People with Disabilities Award” from the Securities and Exchange Commission.

3.3 Equitable Scholarships for Underserved Students

Early childhood, or the first 0-8 years of life, is the age that is most significant to a child’s development, according to research by Professor James J. Heckman, winner of the Nobel Prize in Economics. It is the age range where children have the most crucial brain and language development and social, emotional and motor skills. Early childhood education is therefore the foundation for growth that will contribute to the child’s learning development in the later years of life. Thus, early childhood education is of the utmost importance for every family, however, data shows that as much as 15 percent of the number of children aged 3-5 are not attending early childhood education.



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The Company understands the problem of lack of access to quality early childhood education in families, therefore, has partnered with UNICEF in the Early Childhood Development Program and supported in funding of 2

million Baht. The program activities consist of caregivers training to certify skills and techniques in more than 20 early childhood learning centers across the country, learning tools to foster parental engagement at home, and advocacy for early childhood education, with the aim to increase the opportunity for children in their golden years of learning to gain the most development.

3.4 Equitable Scholarships for Underserved Students

The COVID-19 pandemic in the past two years has impacted the learning of students and has deprived students of learning and social skill development with friends and teachers. This situation contributed to the “Covid Slide” phenomenon, particularly amongst the 2 million children from the most impoverished backgrounds to lose out on educational opportunities. The Company prioritizes education because education constitutes one’s quality of life into the future. With the aim to extend educational opportunities, the Company has partnered with the Equitable Education Fund (EEF), an organization

that maintains a verifiable student database, for consecutive 3 years to



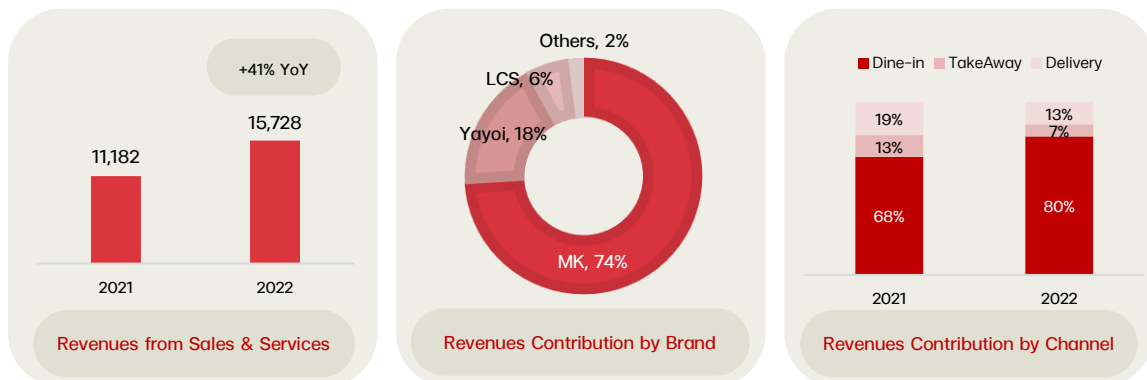
support access to education and prevent students from dropping out of the education system. In 2022, the Company held an online career guidance session for 100 students that had completed their scholarship. The scholarships awarded in the prior year had granted this group of young people access to learning until the present day, and the Company continues to provide this education opportunity in the following year.

4. Management Discussion and Analysis

4.1 Performance and Financial Status Analysis

In 2022, the Company and its subsidiaries had a total revenue of Baht 15,938 million, an increase of Baht 4,570 million or 40.2% from the previous year, mainly due to an increase of Baht 4,546 million in revenues from sales and services, as a result of the improved situation of the coronavirus pandemic. The Company and its subsidiaries had a gross profit of Baht 10,267 million, an increase of 43.2% compared to the previous year, and a net profit of Baht 1,439 million, an increase of Baht 1,308 million or 998.5% from the previous year.

Revenues from Sales and Services



For the year 2022, the Company and its subsidiaries recorded revenues from sales and services of Baht 15,728 million, increased by Baht 4,546 million or an increase of 40.7% as compared to last year. The same-store sales growth also increased 38.6% YoY. This was due largely to the better COVID outbreak situation. Although there were a lot of new infected cases, most of them did not have severe symptoms due to the vaccination and can be treated themselves at home. Most people return to normal life and there were no control measures which had negative impact to the restaurant business from the government. In addition, the tourists have returned to Thailand, resulting in a continuous increase in revenues from sales and services.

Other Revenues

In 2022, the Company and its subsidiaries recorded Baht 210 million as other revenues, increased Baht 24 million from the previous year primarily due to the profit from selling investment in a subsidiary and an increase of revenues from selling scrap materials.

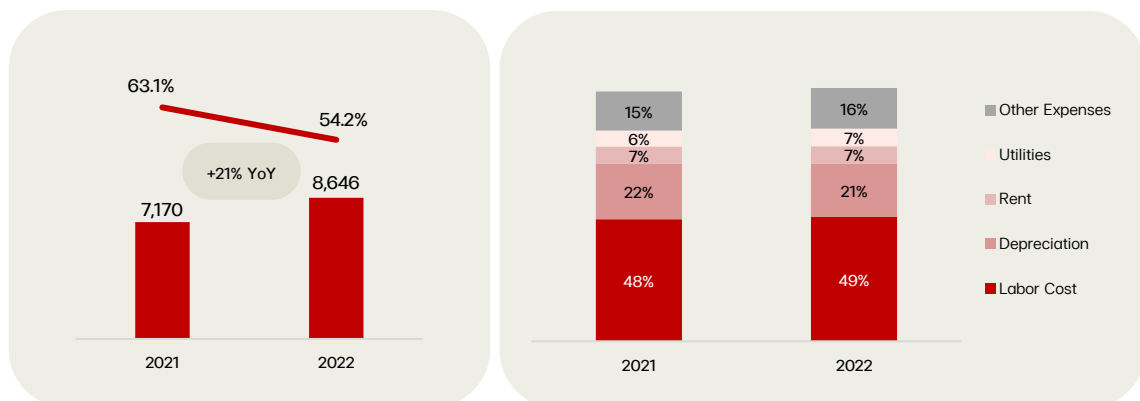
Costs of Sales and Services

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 2022, gross profit of the Company and its subsidiaries amounted to Baht 10,267 million, or up by 43.2% year-on-year. Gross profit as a percentage of revenues from sales and services also increased from 64.1% for the year 2021 to 65.3% for this year. The increase of gross profit as a percentage of revenues from sales and services was due largely to the COVID outbreak situation improved. Customers return to visit restaurants and sales from delivery channel decreased which such channel had lower margin than other channels due to the extensive marketing promotions. In addition, the Company has adjusted the menu prices slightly to cope with the increase of all costs especially the cost of raw materials which rose up considerably. As a result, the gross profit margin for this year improved compared to last year.

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 for the year 2022 was Baht 8,646 million, increased Baht 1,475 million or an increase of 20.6% year-on-year, owing mainly to an increase of staff cost, depreciation, rental cost and utilities. However, selling and administrative expenses as a percentage of total revenues decreased from 63.1% for the year 2021 to 54.2% for this year, mainly due to an increase of revenues from sales and services while most of the expenses did not increase as much as revenues from sales and services.

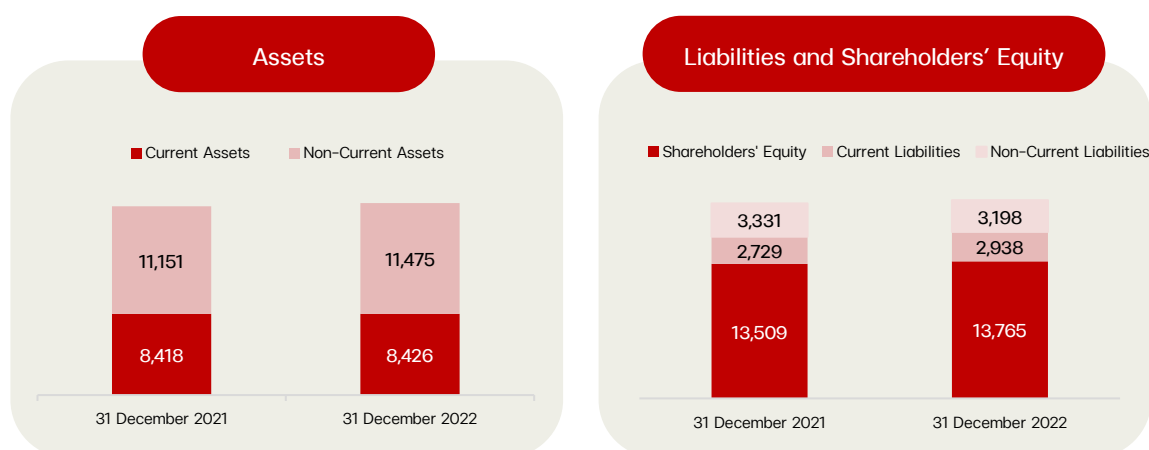
Financial Cost

The Company and its subsidiaries recorded the financial cost of Baht 87 million for the year 2022 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 increased from Baht 131 million for the year 2021 to Baht 1,439 million for the year 2022, increased by Baht 1,308 million or an increase of 998.5%.

Financial Position



Assets

As of December 31, 2022, the Company and its subsidiaries recorded total assets of Baht 19,901 million, comprising of current assets of Baht 8,426 million and non-current assets of Baht 11,475 million. The total assets increased Baht 332 million or an increase of 1.7% as compared to the end of last year due mainly to the increase of other financial assets amounted Baht 655 million, cash and cash equivalents amounted Baht 134 million. However, there were the decrease of right-of-use assets amounted Baht 242 million, property, plant and equipment amounted Baht 95 million, other current assets amounted Baht 59 million, and trade and other receivables amounted Baht 46 million.

Liabilities

As of December 31, 2022, the Company and its subsidiaries recorded total liabilities of Baht 6,136 million, increased Baht 76 million or an increase of 1.3% from the end of last year due primarily to the increase of income tax payable amounted Baht 107 million, trade and other payables amounted Baht 94 million and provision for long-term employee benefits amounted Baht 53 million while there was a decrease of lease liabilities amounted Baht 187 million.

Shareholders' equity

As of December 31, 2022, the Company and its subsidiaries recorded shareholders' equity of Baht 13,765 million, increased Baht 256 million or an increase of 1.9% from the end of last year due primarily to an increase of retained earnings.

Cash Flows

Type of Cash Flows	(Unit: Million Baht)	
	2021	2022
Net cash from operating activities	1,700	3,843
Net cash used in investing activities	(244)	(1,176)
Net cash used in financing activities	(1,470)	(2,534)
Net decrease in cash and cash equivalents	(13)	134

In 2022, the Company and its subsidiaries recorded Baht 3,843 million net cash from operating activities which increased by Baht 2,143 million from the prior year. Most of which were from an increase in operating profit before changes in operating assets and liabilities, an increase in trade and other payables as well as a decrease in trade and other receivables and other current assets.

Meanwhile, the Company and its subsidiaries recorded Baht 1,176 million net cash used in investing activities, mainly from the investment in money market fund and fixed deposits of Baht 673 million and the purchase of plant and equipment of Baht 596 million.

In addition, the Company and its subsidiaries recorded Baht 2,534 million net cash used in financing activities due primarily to the cash paid to settle liabilities under lease liabilities of Baht 1,336 million and the dividend payment of Baht 1,197 million.

As a result of cash movements in operating activities, investing activities and financing activities, the Company's cash and cash equivalents in 2022 increased by Baht 134 million from the previous year.

Financial Ratios Analysis

Liquidity Ratios

As of December 31, 2022, the Company and its subsidiaries had strong liquidity ratios. The current ratio for the year 2022 was 2.9 times which slightly decreased from 3.1 times in 2021. 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 2 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 28 days. The average sale period was around 17 days. Thus, the Company recorded a cash surplus causing its cash cycle to be negative, namely (9) days.

Profitability Ratios

Due to the improving outbreak of the coronavirus, the Company's performance improved significantly from the previous year, resulting in an increase of return on equity (ROE) from 1.0% in 2021 to 10.8% in 2022 and the net profit margin also increased from 1.2% in 2021 to 9.0% in 2022.

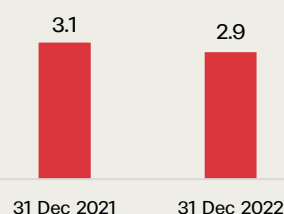
Efficiency Ratios

As for the Company's Return on Assets (ROA), as of December 31, 2022, ROA stood at 7.3%, up from 0.7% in 2021. This was the result of an increase of net profit due to the improved situation of COVID-19 outbreak while the average assets slightly decreased 1.1% compared to the previous year.

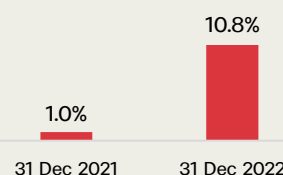
Capital Structure

As of December 31, 2022 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.

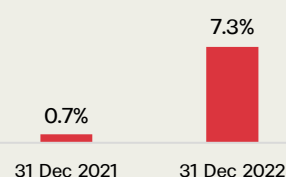
Current Ratio



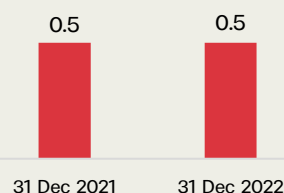
Return on Equity



Return on Assets



Debt to Equity Ratio



4.2 Factors that may affect the Company's operations in the year 2023

With the COVID situation gradually easing, economic and social activities in Thailand have returned to normal. Most people are going out for dining and gathering more frequently than in the past. The tourism has continuously recovered and it is expecting that the number of tourists will increase significantly due mainly to the reopening of China since February 2023. In addition, it is anticipated by the Company that the restaurant business in 2023 will be recovered continuously, however it may not be as good as the period before the COVID outbreak due to various challenges including the pressure from the rising costs such as raw material costs, labor costs and energy costs, the intense competition, the rapid of consumer behavior according to the latest trend, the political uncertainty of the upcoming election in May 2023 as well as the high household debt which may pressure the recovery of consumer's purchasing power.

Regardless of the challenges mentioned above, the Company is determined to overcome the obstacles and strive for success. In 2023, the Company will focus on improvement and development in various area such as tracking and studying consumer behaviors that may have changed from the past to adjust the restaurant format and the service method in order to create the highest customer satisfaction. The Company will also continue to invest consistently in projects that will help reduce operating costs such as installing solar roof panels on all Company's buildings and head office to reduce energy costs, increasing the use of robotic servers to enhance food service in the restaurants and implementing the use of hybrid working system in the office. In addition, the Company continues to focus on expanding its branches both domestically and internationally by focusing on the brands that have potential to grow and generate good profits as well as negotiating with business partners to invest in restaurant business with potential growth and profitability.

The Company also recognizes the importance of human resources which are the key driving force of the business. Hence, it will continue to focus on developing the skills and competencies of high level executives and employees to strengthen the organization in order to overcome any obstacles and achieve the goals. It is expecting that in 2023 the Company will experience the better results than the previous year.

4.3 Financial Highlights and Financial Ratios

Income Statements	Y2020		Y2021		Y2022	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenues						
Sales and services income	13,361	98.1	11,182	98.4	15,728	98.7
Other income	261	1.9	186	1.6	210	1.3
Total revenues	13,622	100.0	11,368	100.0	15,938	100.0
Expenses						
Cost of sales and services	(4,577)	(33.6)	(4,015)	(35.3)	(5,461)	(34.3)
Selling and distribution expenses	(6,766)	(49.7)	(6,078)	(53.5)	(7,347)	(46.1)
Administrative expenses	(1,181)	(8.7)	(1,092)	(9.6)	(1,298)	(8.1)
Total expenses	(12,524)	(91.9)	(11,185)	(98.4)	(14,107)	(88.5)
Profit from operating activities	1,097	8.1	183	1.6	1,831	11.5
Finance income	34	0.2	21	0.2	39	0.2
Share of loss from investments in joint ventures	(6)	(0.0)	(23)	(0.2)	(29)	(0.2)
Finance cost	(73)	(0.5)	(69)	(0.6)	(87)	(0.5)
Profit before income tax expenses	1,051	7.7	111	1.0	1,755	11.0
Income tax	(140)	(1.0)	10	0.1	(308)	(1.9)
Profit for the year	912	6.7	121	1.1	1,447	9.1
Profit attributable to:						
Equity holders of the Company	907	6.7	131	1.2	1,439	9.0
Non-controlling interests of the subsidiaries	4	0.0	(10)	(0.1)	8	0.1

Statements of Financial Positions	December 31, 2020		December 31, 2021		December 31, 2022	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Assets						
Current Assets						
Cash and cash equivalents	509	2.5	497	2.5	630	3.2
Trade and other receivables	110	0.5	167	0.9	121	0.6
Inventories	418	2.1	392	2.0	414	2.1
Other current financial assets	7,154	35.1	7,192	36.8	7,149	35.9
Other current assets	119	0.6	170	0.9	111	0.6
Total current assets	8,310	40.8	8,418	43.0	8,426	42.3
Non-current assets						
Other non-current financial assets	826	4.1	818	4.2	1,516	7.6
Investments in joint ventures	895	4.4	873	4.5	850	4.3
Property, plant and equipment	3,254	16.0	2,842	14.5	2,747	13.8
Right-of-use assets	3,956	19.4	3,452	17.6	3,210	16.1
Goodwill	1,478	7.3	1,478	7.6	1,478	7.4
Intangible assets	919	4.5	881	4.5	845	4.2
Deferred tax assets	182	0.9	249	1.3	241	1.2
Deposits	534	2.6	559	2.9	588	3.0
Total non-current assets	12,044	59.2	11,151	57.0	11,475	57.7
Total assets	20,353	100.0	19,569	100.0	19,901	100.0
Liabilities						
Current liabilities						
Trade and other payables	1,312	6.4	1,355	6.9	1,449	7.3
Deferred income of membership fee	21	0.1	8	0.0	21	0.1
Current portion of lease liabilities	1,126	5.5	1,075	5.5	1,071	5.4
Income tax payable	145	0.7	45	0.2	153	0.8
Other current financial liabilities	-	-	23	0.1	-	-
Other current liabilities	240	1.2	222	1.1	244	1.2
Total current liabilities	2,845	14.0	2,729	13.9	2,938	14.8

Statements of Financial Positions	December 31, 2020		December 31, 2021		December 31, 2022	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Non-current liabilities						
Lease liabilities, net of current portion	2,565	12.6	2,207	11.3	2,023	10.2
Provision for long-term employee benefits	718	3.5	758	3.9	811	4.1
Deferred tax liabilities	165	0.8	160	0.8	154	0.8
Other non-current liabilities	213	1.0	206	1.1	211	1.1
Total non-current liabilities	3,661	18.0	3,331	17.0	3,198	16.1
Total liabilities	6,506	32.0	6,060	31.0	6,136	30.8
Shareholders' equity						
Registered share capital	921	4.5	921	4.7	921	4.6
Issued and fully paid share capital	921	4.5	921	4.7	921	4.6
Share premium	8,785	43.2	8,785	44.9	8,785	44.1
Capital reserve for share-based payment transactions	656	3.2	656	3.4	656	3.3
Retained Earnings						
Appropriated - statutory reserve	93	0.5	93	0.5	93	0.5
Unappropriated	3,064	15.1	2,735	14.0	2,976	15.0
Other component of shareholders' equity	4	0.0	5	0.0	12	0.1
Equity attributable to owners of the Company	13,523	66.4	13,194	67.4	13,443	67.5
Non-controlling interests of the subsidiaries	324	1.6	314	1.6	322	1.6
Total shareholders' equity	13,847	68.0	13,509	69.0	13,765	69.2
Total liabilities and shareholders' equity	20,353	100.0	19,569	100.0	19,901	100.0

Cash flow statements (Million Baht)	Y2020	Y2021	Y2022
Net cash from operating activities	2,092	1,700	3,843
Net cash from (used in) investing activities	343	(244)	(1,176)
Net cash used in financing activities	(2,734)	(1,470)	(2,534)
Net increase (decrease) in cash and cash equivalents	(299)	(13)	134
Cash and cash equivalents at beginning of year	808	509	497
Cash and cash equivalents at end of year	509	497	630

Financial Ratios

Financial Ratios	Unit	Y2020	Y2021	Y2022
<u>Liquidity Ratios</u>				
Liquidity Ratio (Current Ratio)	times	2.9	3.1	2.9
Quick Ratio	times	2.7	2.9	2.7
Cash Ratio	times	0.8	0.6	1.4
Account Receivables Turnover Ratio	times	214	141	210
Average Collection Period	days	1.7	3	2
Inventory Turnover Ratio	times	19.8	17.1	21.0
Average Sale Period	days	18	21	17
Account Payables Turnover Ratio	times	9.8	9.7	12.9
Payment Period	days	37	37	28
Cash Cycle	days	(17)	(13)	(9)
<u>Profitability Ratios</u>				
Gross Profit Margin	%	65.7	64.1	65.3
Operating Profit Margin	%	6.3	(0.0)	10.3
Operating Cash Flow to Operating Profit Ratio	%	250	(52,333)	237.1
Net Profit Margin	%	6.7	1.2	9.0
Return on Equity	%	6.5	1.0	10.8
<u>Efficiency Ratios</u>				
Return on Assets	%	4.7	0.7	7.3
Return on Fixed Assets	%	38.0	23.3	40.7
Total Asset Turnover Ratio	times	0.7	0.6	0.8
<u>Financial Policy Ratios</u>				
Debt to Equity Ratio	times	0.5	0.5	0.5
Interest-bearing Debt to Equity Ratio	times	0.3	0.2	0.2
Interest Coverage Ratio	times	31.4	25.4	48.9
Obligation Coverage Ratio (Cash Basis)	times	0.7	1.0	1.2

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, 2022		
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 2022, 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 2022, there was a meeting among non-executive directors without management team on December 20, 2022.

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 of 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 2022

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 2022, the Board of Directors reviewed and amended the policy and corporate governance principles as follows:

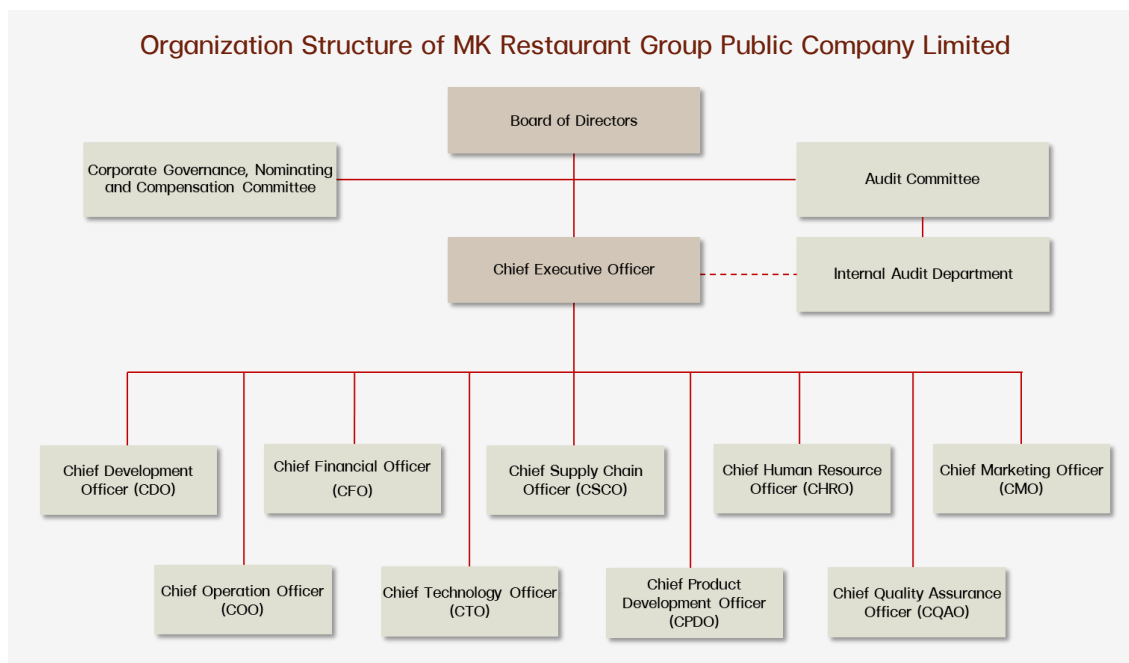
- Review and amendment of the Corporate Governance Policy in accordance with the current situation and the CG Code.
- Review the Company's vision and mission to ensure the suitability and consistency with the current situation.
- Arrange a Board of Directors' meeting without management in order to debate their concerns and summarize the topics discussed in the meeting to the Board of Directors.

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 6 independent directors, representing 60% 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, 2022, the Board of Directors consisted of 10 directors. The composition of the Board was as follows:

- 9 non-executive directors (90% of the Board)
- 1 executive director (10% of the Board)
- 6 independent directors (60% of the Board)
- 2 female directors (20% of the Board)
- 1 female independent director (10% of the Board)

Board Diversity Policy

The Company recognizes the importance of the diversity of the Board's structure comprising of directors with broad ranges of skills, experience and expertise relevant to the business as well as a mix of other characteristics such as gender, age, nationality etc. A Board diversity creates a broad range of perspectives and views which covers all significant dimensions necessary to its business operations as well as enhances good governance of the Company.

The Corporate Governance, Nominating and Compensation Committee is responsible for identifying the director's qualifications and characteristics taking into account diversity in various aspects such as knowledge, experience, skills, education, gender, age etc. The diversity benefit will also be a component in consideration when selecting new director in order to create the suitability and balance of the Board's structure as well as to achieve the prudent decisions in any matters.

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. AnnapTanlamai	✓			✓	✓				✓
5. Mrs. Vilai Chattanrassamee	✓								
6. Mr. Thanong Chotisorayuth			✓					✓	✓
7. Dr. Katiya Greigarn	✓	✓		✓				✓	✓
8. Mr. Sujint Chumpolkajana									✓
9. Mr. Pravit Tantiwasinchai	✓						✓		
10. Mrs. Yupin Thirakomen			✓		✓				

7.2.2. Details of Board of Directors and Controlling Persons

As of December 31, 2022, 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. Annap	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	Chumpolkajana	Independent Director
9.	Mr. Pravit	Tantiwasinchai	Independent Director
10.	Mrs. Yupin	Thirakomen	Director

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, 2022, 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, 2022, 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 Chattanrassamee	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, 2022, the Company had 10 executives. Their names and titles are as follows:

1.	Mr. Rit	Thirakomen	Chief Executive Officer
2.	Mr. Kiatkong	Kungwanwong	Chief Development Officer
3.	Mrs. Sudarut	Patvivatsiri	Chief Financial Officer
4.	Mr. Pongchai	Pipitvijitkorn	Chief Supply Chain Officer
5.	Mr. Weera	Owaritkul	Chief Human Resource Officer
6.	Ms. Tantawan	Thirakomen	Chief Marketing Officer

7.	Mr. Tee	Thirakomen	Chief Operation Officer
8.	Mr. Pongpan	Pipitvijitkorn	Chief Technology Officer
9.	Mr. Kanchit	Chattrakul	Chief Product Development Officer
10.	Ms. Valailuk	Promsuwan	Vice President – Accounting and Finance

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 2022, the Company paid Baht 61,327,875 worth of salaries, bonuses and other remunerations to its executives.

Table of Executives' Remunerations

Type of Remunerations	No. of Executives	Remunerations (Baht)
Salary	10	51,663,163
Bonus	10	8,376,243
Other remunerations*	10	1,288,469
Total	10	61,327,875

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

Other remunerations

-None-

7.5. Employees

As of December 31, 2022, there were 16,899 employees comprising 13,336 permanent employees and 3,563 temporary employees.

Company	Permanent Staff	Temporary Staff	Total
MK Restaurant Group Plc.	9,395	3,216	12,611
MK Interfood Co., Ltd.	2,766	292	3,058
MK Service Training Center Co., Ltd.	463	1	464
International Food Supply Co., Ltd.	70	-	70
Laem Charoen Seafood Co., Ltd.	642	54	696
Total	13,336	3,563	16,899

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 2022, the employee compensation were summarized as follows:

Employee Compensation	Amount (Baht)
Salary	3,013,527,599
Bonus	339,895,468
Other benefits*	841,426,921
Total	4,194,849,988

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

7.6. Other information

Chief Financial Officer

Mrs. Sudarut Patvivatsiri Chief Financial Officer

Accounting Supervisor

Mr. Jesada Jettanacharoenchai 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 2022, the Company paid the audit fee amounted Baht 2,200,000.

Non-Audit Fee

For the year 2022, the non-audit fee which were the witness for asset destruction and other expenses for the Company and its subsidiaries amounted Baht 360,000.

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 Corporate Governance, Nominating and Compensation 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, 2022 – December 30, 2022. 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. Rit Thirakomen, Mr. Somchai Hanjikasem and Mr. Thanong Chotisrayuth, 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.

In addition, the Corporate Governance, Nominating and Compensation Committee recommended to the Board to appoint Emeritus Prof. Dr. Prasit Watanapa who is knowledgeable, capable and qualified by law to be the new director in order to enhance the diversity of the Board structure and support the increase of work.

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 2022, the Board has attended the seminar and knowledge sharing related to the Board's duties as follows:

Name	Course	Organized By
Mr. Thanong Chotisrayuth	Lesson Learnt from Financial Cases: How Board Should React	Thai Institute of Directors Association (IOD)
Mr. Sujint Chumpolkajana	Lesson Learnt from Financial Cases: How Board Should React	Thai Institute of Directors Association (IOD)
Dr. Katiya Greigarn	What Directors Need to Know about Digital Assets?	Thai Institute of Directors Association (IOD) and The Stock Exchange of Thailand
Mr. Thanong Chotisrayuth	What Directors Need to Know about Digital Assets?	Thai Institute of Directors Association (IOD) and The Stock Exchange of Thailand

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 2022 were summarized as follows:

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

8.1.2. Meeting Attendance and Remunerations

Table of the Board's meeting attendance in 2022

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

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 2022, the Company paid Baht 4,861,600 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 2022 Annual General Meeting of Shareholders on April 27, 2022 approved the directors' remuneration for the year 2022 and the directors' bonus for the year 2021 as follows:

Position	Monthly retaining fee	Bonus
Chairman	37,500 Baht/month	373,600 Baht
Director	25,000 Baht/month	248,800 Baht

Remuneration for the Sub-committees

The 2022 Annual General Meeting of Shareholders on April 27, 2022 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 2022

Name	Board of Directors	Audit Committee	Corporate Governance, Nominating and Compensation Committee	Total
1. Mr. Rit Thirakomen	-	-	-	-
2. Mr. Somchai Hanjirkasem	300,000	-	-	300,000
3. Mr. Somchai Pipitvijitkorn	548,800	-	30,000	578,800
4. Dr. Annop Tanlamai	548,800	135,000	-	683,800
5. Mrs. Vilai Chattanrassamee	548,800	90,000	30,000	668,800
6. Mr. Thanong Chotisorayuth	548,800	-	-	548,800
7. Dr. Katiya Greigarn	548,800	90,000	45,000	683,800
8. Mr. Sujint Chumpolkajana	548,800	-	-	548,800
9. Mr. Pravit Tantiwasinchai	548,800	-	-	548,800
10. Mrs. Yupin Thirakomen	300,000	-	-	300,000
Total	4,441,600	315,000	105,000	4,861,600

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
			2020	2021	2022	
1. M-Senko Logistics Co., Ltd. (MSL)	Joint venture business and the Company hold 49.75% of its shares.	Logistic and warehouse management service fee	308.23	284.83	338.12	<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	7.42	7.63	8.15	<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	1.78	2.63	3.44	<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>

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2020	2021	2022	
		Management fee	3.72	4.55	4.67	<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. <u>Audit Committee's opinion:</u> This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.
		Training Service Fee	0.41	0.43	1.11	<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.
2. Modern Intelligent Service Co., Ltd. (MIS)	The Company's director 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	96.72	91.20	154.23	<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. <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.
		Service Fee for IT systems	0.12	0.01	0.02	<ul style="list-style-type: none"> The Company provided service for IT systems to MIS 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.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2020	2021	2022	
3. Laem Charoen Seafood Co., Ltd. (LCS)	Catapult Co., Ltd., the subsidiary, hold 65% of its shares. Common directors: Mr. Rit Thirakomen	Sales of products and assets	1.32	41.43	98.44	<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.
		Management fee	9.72	14.40	18.00	<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.
		Training Service Fee	-	1.37	3.74	<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.
		Other service fee	-	2.51	2.01	<ul style="list-style-type: none"> The Company provided other services for LCS's restaurant i.e. delivery services, pest control services etc. <u>Audit Committee's opinion:</u> This service was for the purpose of optimizing resource sharing. The transaction therefore was reasonable and fair.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2020	2021	2022	
4. Superior Food Service Co., Ltd. (SFS)	The Company's director 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 Hanjittkasem	Rent for dishwasher and ice-making	52.94	48.45	58.66	<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.
5. 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 Hanjittkasem are GAD's major shareholders holding 65.7% of its shares (combining shares held by Mr. Rit, Mrs. Yupin and Mrs. Yupin on behalf of the estate of Mrs. Thongkam Mekto) and 17.1% respectively. Common directors: Mr. Rit Thirakomen, Mrs. Yupin Thirakomen and Mr. Somchai Hanjittkasem	Rent for land	28.22	40.64	32.21	<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.
		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.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2020	2021	2022	
6. Mark One Innovation Center Co., Ltd. (MKO)	Two directors, executives and major shareholders of the Company; namely, Mr. Rit Thirakomen and Mrs. Yupin Thirakomen, are MKO's major shareholders holding 66.67% of its shares. Common directors: Mr. Rit Thirakomen and Mrs. Yupin Thirakomen	Purchase of goods	-	-	23.54	<ul style="list-style-type: none"> The Company purchased the products from MKO to sell in the Company's restaurants 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.
		Sales of products	-	-	3.76	<ul style="list-style-type: none"> The Company sold the products to MKO at the 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.
		Management fee	-	-	0.65	<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.

Connected Person	Relationship	Type of Transaction	Amount (Million Baht)			Necessity and Rationale
			2020	2021	2022	
7. 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	0.81	0.81	0.84	<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.
8. Precision Manufacturing Co., Ltd. (PSM)	The Company's director and major shareholder; namely Mr. Rit Thirakomen, is PM's director and shareholder holding 9.0% of its shares. Common director: Mr. Rit Thirakomen	Purchase of goods	-	-	0.45	<ul style="list-style-type: none"> The Company purchased kitchen equipment for the restaurants from PMS 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.
9. MK Worldwide Co., Ltd. (MKWW)	Three directors, executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen and Mr. Somchai Hanjitkasem 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 Hanjitkasem) and 15% respectively. Common directors: Mr. Rit Thirakomen and Mr. Somchai Hanjitkasem	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
			2020	2021	2022	
10. Mrs. Yupin Thirakomen	The Company's director and major shareholder	Rent of property	0.52	0.65	0.41	<ul style="list-style-type: none"> The premise was rented as a home delivery hub and R&D center. <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.
		Disposal of its subsidiary's investment	-	-	54.70	<ul style="list-style-type: none"> The Company sold the investment in Mark One Innovation Center Co., Ltd. to Mrs. Yupin Thirakomen and the Company hired the independent financial advisor to evaluate the fair value of the transaction. <u>Audit Committee's opinion:</u> The transaction was reasonable, fair and beneficial to the Company.

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 2022, 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 2022, 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 Group in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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.

A handwritten signature in black ink, appearing to read "Wichart Lokatekrawee".

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 23 February 2023

Statements of Financial Position

MK Restaurant Group Public Company Limited and Its Subsidiaries As at 31 December 2022

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	630,355,980	496,502,922	471,000,372	367,409,757
Trade and other receivables	6, 8	120,921,702	166,733,041	246,785,863	267,019,011
Inventories	9	414,225,306	392,331,736	368,492,096	345,092,554
Other current financial assets	10	7,148,966,660	7,192,221,893	6,027,170,370	6,326,077,629
Other current assets		111,145,600	170,216,144	89,506,028	142,827,829
Total current assets		8,425,615,248	8,418,005,736	7,202,954,729	7,448,426,780
Non-current assets					
Other non-current financial assets	10	1,516,139,576	817,897,078	1,516,139,576	817,897,078
Investments in subsidiaries	11	-	-	2,701,479,792	2,761,479,762
Investments in joint ventures	12	850,008,179	872,519,167	912,947,457	912,947,457
Property, plant and equipment	13	2,746,843,148	2,842,181,314	2,153,875,460	2,166,435,318
Right-of-use assets	17	3,210,201,794	3,452,236,270	2,469,636,257	2,633,305,927
Goodwill	14	1,477,657,048	1,477,657,048	-	-
Intangible assets	15	844,890,634	880,575,127	65,958,970	72,170,200
Deferred tax assets	23	241,260,720	248,693,126	180,835,739	173,033,862
Deposits		588,460,878	558,903,851	386,162,655	370,364,525
Total non-current assets		11,475,461,977	11,150,662,981	10,387,035,906	9,907,634,129
Total assets		19,901,077,225	19,568,668,717	17,589,990,635	17,356,060,909

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 2022

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	6, 16	1,449,020,514	1,354,915,147	1,208,622,929	1,135,001,842
Deferred income of membership fee		20,553,051	8,339,751	12,404,866	5,650,301
Current portion of lease liabilities	17	1,071,392,444	1,074,621,047	785,159,863	789,798,750
Income tax payable		152,762,033	45,472,936	149,107,050	45,472,936
Other current financial liabilities		-	23,444,821	-	23,444,821
Other current liabilities		244,025,041	222,309,242	196,701,861	174,888,771
Total current liabilities		2,937,753,083	2,729,102,944	2,351,996,569	2,174,257,421
Non-current liabilities					
Lease liabilities, net of current portion	17	2,022,966,784	2,206,708,725	1,590,951,592	1,703,480,602
Provision for long-term employee benefits	18	810,630,865	758,081,716	705,202,101	662,370,645
Deferred tax liabilities	23	153,839,559	159,554,960	-	-
Other non-current liabilities		210,701,548	206,385,304	151,437,787	149,465,308
Total non-current liabilities		3,198,138,756	3,330,730,705	2,447,591,480	2,515,316,555
Total liabilities		6,135,891,839	6,059,833,649	4,799,588,049	4,689,573,976

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 2022

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2022	2021	2022	2021
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		2,976,349,701	2,734,643,750	2,335,580,526	2,211,664,873
Other component of					
shareholders' equity		11,615,845	4,992,853	–	–
Equity attributable to owners of the					
Company		13,442,787,606	13,194,458,663	12,790,402,586	12,666,486,933
Non-controlling interests of the					
subsidiaries		322,397,780	314,376,405	–	–
Total shareholders' equity		13,765,185,386	13,508,835,068	12,790,402,586	12,666,486,933
Total liabilities and					
shareholders' equity		19,901,077,225	19,568,668,717	17,589,990,635	17,356,060,909

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 2022

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2022	2021	2022	2021
Revenues					
Sales and service income		15,727,889,945	11,181,512,178	13,163,374,371	9,422,765,438
Other income		210,289,719	186,495,239	356,956,396	378,644,105
Total revenues		15,938,179,664	11,368,007,417	13,520,330,767	9,801,409,543
Expenses	22				
Cost of sales and services		5,461,296,665	4,014,575,124	5,426,642,931	4,014,517,312
Selling and distribution expenses		7,347,108,263	6,078,040,608	5,487,898,042	4,654,693,830
Administrative expenses		1,298,424,486	1,092,145,648	965,892,779	782,517,050
Total expenses		14,106,829,414	11,184,761,380	11,880,433,752	9,451,728,192
Profit from operating activities		1,831,350,250	183,246,037	1,639,897,015	349,681,351
Financial income	20	39,017,558	20,755,076	38,938,681	20,696,828
Share of loss from investments in joint ventures	12	(29,133,980)	(23,436,738)	-	-
Finance cost	21	(86,708,725)	(69,172,130)	(65,778,902)	(55,924,138)
Profit before income tax expenses		1,754,525,103	111,392,245	1,613,056,794	314,454,041
Income tax	23	(307,689,581)	9,518,960	(292,032,945)	(33,884,453)
Profit for the year		1,446,835,522	120,911,205	1,321,023,849	280,569,588
Profit attributable to:					
Equity holders of the Company		1,438,814,147	130,978,714	1,321,023,849	280,569,588
Non-controlling interests of the subsidiaries		8,021,375	(10,067,509)		
Earnings per share	24	1,446,835,522	120,911,205		
Basic earnings per share					
Profit attributable to equity holders of the Company		1.56	0.14	1.43	0.30

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 2022

(Unit: Baht)

	Note	Consolidated Financial Statements		Separate Financial Statements	
		2022	2021	2022	2021
Profit for the year		1,446,835,522	120,911,205	1,321,023,849	280,569,588
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		6,622,992	915,931	-	-
Other comprehensive income reclassified or to be reclassified to profit or loss in subsequent periods:					
- net of income tax		6,622,992	915,931	-	-
Other comprehensive income for the year		6,622,992	915,931	-	-
Total comprehensive income for the year		1,453,458,514	121,827,136	1,321,023,849	280,569,588
Total comprehensive income attributable to:					
Equity holders of the Company		1,445,437,139	131,894,645	1,321,023,849	280,569,588
Non-controlling interests of the subsidiaries		8,021,375	(10,067,509)		
		1,453,458,514	121,827,136		

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 2022

(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 shareholder's 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	Total other components of shareholders' equity			
							Exchange differences on translation of financial statements in foreign currencies				
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
Balance as at 1 January 2022		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
Profit for the year		-	-	-	-	1,438,814,147	-	-	1,438,814,147	8,021,375	1,446,835,522
Other comprehensive income for the year		-	-	-	-	-	6,622,992	6,622,992	6,622,992	-	6,622,992
Total comprehensive income for the year		-	-	-	-	1,438,814,147	6,622,992	6,622,992	1,445,437,139	8,021,375	1,453,458,514
Dividend paid	26	-	-	-	-	(1,197,108,196)	-	-	(1,197,108,196)	-	(1,197,108,196)
Balance as at 31 December 2022		920,878,100	8,785,027,903	656,331,057	92,585,000	2,976,349,701	11,615,845	11,615,845	13,442,787,606	322,397,780	13,765,185,386

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 2022

(Unit: Baht)

Separate Financial Statements

	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total shareholders' equity
					Appropriated-statutory reserve	Unappropriated	
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
Balance as at 1 January 2022		920,878,100	8,785,027,903	656,331,057	92,585,000	2,211,664,873	12,666,486,933
Profit for the year		-	-	-	-	1,321,023,849	1,321,023,849
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	1,321,023,849	1,321,023,849
Dividend paid	26	-	-	-	-	(1,197,108,196)	(1,197,108,196)
Balance as at 31 December 2022		920,878,100	8,785,027,903	656,331,057	92,585,000	2,335,580,526	12,790,402,586

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 2022

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	1,754,525,103	111,392,245	1,613,056,794	314,454,041
Adjustment to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(16,974,169)	(56,414,326)	(13,333,154)	(52,303,825)
Loss on revaluation of investments in debt instruments	11,412,397	12,653,191	13,156,906	12,070,562
Unrealized loss (gain) on exchange	(20,529,875)	2,449,342	(20,529,875)	2,449,342
Share of loss from investments in joint ventures	29,133,980	23,436,738	-	-
Loss (gain) on sales of investment in subsidiary	(20,991,165)	-	5,299,970	-
Loss on damaged inventories	2,451,216	2,248,219	2,451,216	2,248,219
Reduce cost to net realizable value (reversal)	(1,899,335)	1,899,335	(1,899,335)	1,899,335
Amortization of prepaid expenses	23,688,524	22,660,378	19,796,055	18,897,421
Allowance for impairment loss on assets (reversal)	(1,055,733)	1,055,733	(1,055,733)	1,055,733
Depreciation and amortization	1,996,706,839	2,009,187,419	1,433,034,758	1,450,347,018
Reduction in lease payments by lessors	-	(300,810,931)	-	(199,125,989)
Loss (gain) on disposals and write-off of equipment, right-of-use assets and intangible assets	(22,281,904)	55,453,972	(3,736,710)	43,351,938
Provision for long-term employee benefits	73,231,862	71,235,415	61,322,778	59,883,999
Realization of gift voucher, net of sales and cash received during the year	(29,741,112)	(39,990,101)	(23,267,452)	(27,030,211)
Realization of deferred income, net of sales and cash receivable during the year	(8,339,751)	(21,064,471)	(5,650,301)	(14,925,394)
Interest income	(39,017,558)	(20,755,076)	(38,938,681)	(20,696,828)
Interest expenses	86,699,114	85,033,910	65,778,902	67,194,787
Profit from operating activities before changes in operating assets and liabilities	3,817,018,433	1,959,670,992	3,105,486,138	1,659,770,148

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 2022

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2022	2021	2022	2021
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	45,633,942	(48,968,250)	22,982,589	(61,378,163)
Inventories	(29,432,194)	21,684,749	(23,951,424)	29,138,111
Other current assets	34,376,900	(70,974,013)	32,593,004	(75,236,880)
Deposits	(29,557,027)	(24,899,036)	(15,798,130)	(13,643,162)
Operating liabilities increase (decrease)				
Trade and other payables	119,712,302	19,880,776	88,044,630	3,397,614
Other current liabilities	52,028,562	22,309,157	45,080,542	20,711,878
Deferred income	20,553,051	8,339,751	12,404,866	5,650,301
Provision for long-term employee benefits	(20,211,619)	(31,619,773)	(18,491,323)	(28,730,080)
Other non-current liabilities	764,714	(3,542,495)	358,579	(3,884,087)
Cash from operating activities	4,010,887,064	1,851,881,858	3,248,709,471	1,535,795,680
Cash received from interest income	36,268,116	12,990,500	36,189,240	12,932,252
Cash paid for income tax	(204,114,351)	(164,478,511)	(196,200,708)	(155,723,427)
Net cash from operating activities	3,843,040,829	1,700,393,847	3,088,698,003	1,393,004,505

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 2022

(Unit: Baht)

	Consolidated Financial Statements		Separate Financial Statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Decrease (increase) in investments in debt instruments and fixed deposits	(673,086,183)	34,098,637	(402,073,936)	(1,001,364)
Cash paid for purchases of plant and equipment	(596,054,412)	(271,203,346)	(501,824,606)	(187,009,220)
Cash paid for intangible assets	(12,017,069)	(9,262,050)	(10,438,343)	(7,506,243)
Proceeds from disposals of equipment and Intangible assets	52,052,952	2,721,347	48,239,085	14,485,002
Proceeds from disposals of investment in subsidiary	53,471,351	-	54,700,000	-
Net cash used in investing activities	(1,175,633,361)	(243,645,412)	(811,397,800)	(181,031,825)
Cash flows from financing activities				
Cash paid to settle liabilities under lease liabilities	(1,336,446,214)	(1,009,261,572)	(976,601,392)	(767,714,678)
Dividend paid	(1,197,108,196)	(460,435,949)	(1,197,108,196)	(460,435,949)
Net cash used in financing activities	(2,533,554,410)	(1,469,697,521)	(2,173,709,588)	(1,228,150,627)
Net increase (decrease) in cash and cash equivalents	133,853,058	(12,949,086)	103,590,615	(16,177,947)
Cash and cash equivalents at beginning of year	496,502,922	509,452,008	367,409,757	383,587,704
Cash and cash equivalents at end of year (Note 7)	630,355,980	496,502,922	471,000,372	367,409,757
Supplement disclosure of cash flows information				
Non-cash items				
Accounts payable for purchases of plant and equipment	49,626,012	71,865,553	43,012,022	57,435,565
Increase in right-of-use assets	1,072,554,546	813,567,355	799,483,756	541,616,491

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 2022

1. General 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 2022, the Group had operated 710 branches (the Company only: 479 branches) (2021: 703 branches, the Company only: 479 branches).

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	
			2022 Percent	2021 Percent
<u>Direct 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
Catapult Company Limited	Invest in food business	Thailand	100	100
<u>Indirect subsidiaries</u>				
Laem Charoen Seafood Company Limited (held by Catapult Company Limited)	Restaurant	Thailand	65	65
LCS International Company Limited (held by Laem Charoen Seafood Company Limited)	Invest in food business	Thailand	100	–

- 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 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 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

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 2023. 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 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)
	2022	2021	2022	2021	Transfer pricing policy
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,227	912	Cost plus margin
Sublease and subservice income	-	-	17	24	At the rate stipulated in the agreements
Management service income	-	-	188	189	At the rate stipulated in the agreements
Sales of fixed assets	-	-	16	8	Net book value plus margin
Rental income	-	-	6	6	At the rate stipulated in the agreements
Operation support service income	-	-	5	-	At the rate stipulated in the agreements
Purchases of goods	-	-	252	181	Market price
Training expenses	-	-	128	141	Market price
Royalty fee expenses	-	-	-	5	At the rate stipulated in the agreements
<u>Transactions with related companies</u>					
Sales of goods	3	2	3	2	Cost plus margin
Purchases of goods	22	-	22	-	Market price
Royalty fee income	1	3	1	3	At the rate stipulated in the agreements
Management service income	5	5	5	5	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	50	36	-	-	At the rate stipulated in the agreements
Rental expenses for operating equipment	41	36	23	21	Market price
Rental expenses for land and construction	45	41	30	41	At the rate stipulated in the agreement
Logistic expenses	172	149	167	147	At the rate stipulated in the agreement
Service expenses	152	98	110	71	Contractually agree prices
Warehousing service expenses	166	135	165	135	At the rate stipulated in the agreement
<u>Transactions with related person</u>					
Sale of investment (Note 11.1)	55	-	55	-	Contractually agree prices

As at 31 December 2022 and 2021, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2022	2021	2022	2021
Trade and other receivables – related parties (Note 8)				
Subsidiaries	–	–	152,393	143,154
Joint ventures	1,774	1,713	1,774	1,713
Related companies (related by common directors)	868	630	781	630
Total trade and other receivables – related parties	2,642	2,343	154,948	145,497
Trade and other payable – related parties (Note 16)				
Subsidiaries	–	–	32,234	37,989
Joint ventures	33,996	33,003	33,491	32,072
Related companies (related by common directors)	28,163	27,584	18,996	18,241
Total trade and other payable – related parties	62,159	60,587	84,721	88,302

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 shall continue for a term of one year, and thereafter 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 28 October 2020, 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.

On 22 December 2022, the Company entered into the extension of this 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 10 months, from 1 November 2022 to 31 August 2023.

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 0.39 million per month. This agreement is effective from 1 January 2022 to 31 December 2022 (1 January 2021 to 31 December 2021: at a rate of Baht 0.38 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 2022 to 31 December 2022 (1 January 2021 to 31 December 2021: at a rate of Baht 0.59 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 2022 to 31 December 2022.

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 2023.

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Short-term employee benefits	192	133	172	116
Post-employment benefits	6	5	5	4
Total	198	138	177	120

During the year 2022, the Company has paid post-employment benefits to its directors and management of approximately Baht 4 million (2021: Baht 13 million).

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash	116,591	114,260	91,873	91,138
Bank deposits	513,765	382,243	379,127	276,272
Total	630,356	496,503	471,000	367,410

As at 31 December 2022, bank deposits in savings accounts carried interests between 0.05 and 0.125 percent per annum (2021: 0.05 and 0.125 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
<u>Trade accounts receivable – related parties</u>				
Aged on the basis of due dates				
Not yet due	768	487	129,811	122,334
Total trade accounts receivable – related parties	768	487	129,811	122,334
<u>Trade accounts receivable – unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	51,792	96,641	33,643	66,822
Total trade accounts receivable – unrelated parties	51,792	96,641	33,643	66,822
Total trade accounts receivable	52,560	97,128	163,454	189,156
<u>Other receivables</u>				
Other receivables – related parties	1,874	1,856	25,137	23,163
Advances	10,246	6,409	7,347	5,478
Accrued interest receivable	17,438	14,688	17,438	14,689
Others	38,804	46,652	33,410	34,533
Total other receivables	68,362	69,605	83,332	77,863
Total trade and other receivables	120,922	166,733	246,786	267,019

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Finished goods	286,010	233,464	251,834	200,133
Raw materials	43,074	38,502	38,095	32,698
Supplies	85,141	122,265	78,563	114,161
Total	414,225	394,231	368,492	346,992
Less: Reduce cost to net realisable value	–	(1,899)	–	(1,899)
Inventories – net	414,225	392,332	368,492	345,093

10. Other financial assets

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	2022	2021	2022	2021
<u>Debt instruments at amortised cost</u>				
Fixed deposits	1,000,001	700,001	1,000,001	700,001
<u>Other financial assets at FVTPL</u>				
Investments in debt instruments	7,641,660	7,310,118	6,519,864	6,443,974
Derivatives-forward exchange contracts	23,445	-	23,445	-
Total other financial assets at FVTPL	7,665,105	7,310,118	7,543,310	6,443,974
<u>Total other financial assets</u>	8,665,106	8,010,119	7,543,310	7,143,975
Consisted of:				
Current	7,148,967	7,192,222	6,027,170	6,326,078
Non-current	1,516,139	817,897	1,516,140	817,897

11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2022	2021	2022	2021	2022	2021
			(Percent)	(Percent)		
MK Interfood Company Limited	400,000	400,000	100	100	299,050	299,050
MK Service Training Center Company Limited	35,000	35,000	100	100	52,430	52,430
International Food Supply Company Limited	280,000	280,000	100	100	280,000	280,000
Mark One Innovation Center Company Limited	-	60,000	-	100	-	60,000
Catapult Company Limited	2,070,000	2,070,000	100	100	2,070,000	2,070,000
Total					2,701,480	2,761,480

On 12 May 2022, the meeting of the Company's Board of Directors passed a resolution approving the disposal of the whole investment (6 million ordinary shares at the par value of Baht 10 each) in Mark One Innovation Center Company Limited (a subsidiary) to a related person at Baht 54.7 million. The Company sold the investment on 15 June 2022. As a result, the Company recognised gain from sales of investment of approximately Baht 21.0 million in the consolidated financial statements and recognised loss from sales of investment of approximately Baht 5.3 million in the separate financial statements.

The financial statements of Mark One Innovation Center Company Limited have been included in the consolidated financial statements until 14 June 2022, which was the date on which the Company lost control of this subsidiary.

In 2022 and 2021, there were no dividend payments from the above subsidiaries.

11.2 Details of investments in subsidiary that have material non-controlling interests

(Unit: Thousand 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	
	2022 (Percent)	2021 (Percent)	2022	2021	2022	2021
Investment of Catapult Company Limited ("the subsidiary") Laem Charoen Seafood Company Limited	35	35	322,398	314,376	8,022	(10,068)

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: Thousand Baht)

	Laem Charoen Seafood Company Limited	
	2022	2021
Current assets	247,426	170,105
Non-current assets	191,830	212,311
Current liabilities	104,182	97,657
Non-current liabilities	33,795	29,297

Summarised information about comprehensive income

(Unit: Thousand Baht)

	Laem Charoen Seafood Company Limited For the years ended 31 December	
	2022	2021
Revenue	892,850	606,802
Profit (loss)	45,843	(5,903)
Other comprehensive income	-	-
Total comprehensive income	45,843	(5,903)

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: Thousand 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	
				2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
				(Percent)	(Percent)								
Plenus and MK Pte Ltd.	Restaurant	Singapore	12.5 million Singapore dollar	50.00	50.00	35,538	37,702	149,207	149,207	(106,885)	(106,885)	42,322	42,322
M-Senko Logistics Co., Ltd.	Warehousing and logistic services	Thailand	Baht 1,750 million	49.75	49.75	814,470	834,817	870,625	870,625	-	-	870,625	870,625
Total						850,008	872,519	1,019,832	1,019,832	(106,885)	(106,885)	912,947	912,947

12.2 Share of loss

During the years, share of loss from investments in joint ventures in the consolidated financial statements was as follows:

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements	
	2022	2021
Plenus and MK Pte Ltd.	(8,787)	(8,810)
M-Senko Logistics Co., Ltd.	(20,347)	(14,627)
	(29,134)	(23,437)

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.	
	2022	2021	2022	2021
Current assets	380,213	337,678	61,568	67,731
Non-current assets	1,353,837	1,448,234	138,552	103,659
Total assets	1,734,050	1,785,912	200,120	171,390
Current liabilities	55,493	71,002	24,760	22,779
Non-current liabilities	41,430	36,886	104,285	73,207
Total liabilities	96,923	107,888	129,045	95,986
Net assets	1,637,127	1,678,024	71,075	75,404
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Share of net assets	814,470	834,817	35,538	37,702
Carrying amounts of joint ventures based on equity method	814,470	834,817	35,538	37,702

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December			
	M-Senko Logistics Co., Ltd.		Plenus and MK Pte Ltd.	
	2022	2021	2022	2021
Revenue	483,916	394,971	271,031	242,481
Other income	5,651	5,860	1,439	31,107
Cost of sales and services	(497,629)	(399,441)	(64,011)	(58,333)
Selling and administrative expenses	(32,836)	(30,791)	(226,034)	(232,875)
Loss for the year	(40,898)	(29,401)	(17,575)	(17,620)
Other comprehensive income	-	-	-	-
Total comprehensive income	(40,898)	(29,401)	(17,575)	(17,620)
Shareholding percentage (%)	49.75	49.75	50.00	50.00
Comprehensive income as shareholding percentage	(20,347)	(14,627)	(8,787)	(8,810)
Share of loss from investments in joint ventures	(20,347)	(14,627)	(8,787)	(8,810)

13. Property, plant and equipment

(Unit: Thousand 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 2020	325,076	22,437	520,619	2,800,937	2,526,297	1,985,162	224,683	2,975,534	88,700	26,245	11,495,690
Additions	-	-	55	2,326	18,051	42,278	6,483	72,203	-	150,885	292,281
Transfers in (out)	-	-	549	42,780	50,550	8,509	470	34,398	-	(137,256)	-
Disposals/write-off	-	-	-	(88,419)	(75,135)	(25,285)	-	(70,613)	-	(3,289)	(262,741)
31 December 2021	325,076	22,437	521,223	2,757,624	2,519,763	2,010,664	231,636	3,011,522	88,700	36,585	11,525,230
Additions	-	-	333	4,840	17,404	85,917	51,391	232,375	-	183,450	575,710
Transfers in (out)	-	-	-	61,350	50,056	6,259	-	45,539	-	(163,279)	(76)
Decrease from sale of investment in subsidiary	-	-	-	-	-	(73)	-	(1,392)	-	-	(1,465)
Disposals/write-off	(11,489)	-	(15,442)	(25,998)	(24,098)	(31,052)	(44)	(34,566)	(35,508)	(7,835)	(186,032)
31 December 2022	313,587	22,437	506,114	2,797,815	2,563,125	2,071,715	282,983	3,253,478	53,192	48,921	11,913,367

(Unit: Thousand 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 2020	-	22,246	371,554	1,404,817	1,813,683	1,655,338	156,802	2,640,124	79,345	-	8,143,909
Depreciation for the year	-	68	18,889	165,233	180,434	120,822	14,878	138,602	4,766	-	643,692
Depreciation on disposals/write-off	-	-	-	(54,583)	(57,602)	(22,998)	-	(68,537)	-	-	(203,720)
31 December 2021	-	22,314	390,443	1,515,467	1,936,515	1,753,162	171,680	2,710,189	84,111	-	8,583,881
Depreciation for the year	-	56	14,646	162,487	168,755	111,232	20,085	157,939	1,083	-	636,283
Decrease from sale of investment in subsidiary	-	-	-	-	-	(22)	-	(354)	-	-	(376)
Depreciation on disposals/write-off	-	-	(7,780)	(19,699)	(21,599)	(28,956)	(44)	(40,871)	(32,427)	-	(151,376)
31 December 2022	-	22,370	397,309	1,658,255	2,083,671	1,835,416	191,721	2,826,903	52,767	-	9,068,412

(Unit: Thousand 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
Allowance for impairment loss											
31 December 2020	-	-	-	-	-	98,112	-	-	-	-	98,112
Increase	-	-	-	-	-	1,056	-	-	-	-	1,056
31 December 2021	-	-	-	-	-	99,168	-	-	-	-	99,168
Decrease	-	-	-	-	-	(1,056)	-	-	-	-	(1,056)
31 December 2022	-	-	-	-	-	98,112	-	-	-	-	98,112
Net book value											
31 December 2021	325,076	123	130,780	1,242,157	583,248	158,334	59,956	301,333	4,589	36,585	2,842,181
31 December 2022	313,587	67	108,805	1,139,560	479,454	138,187	91,262	426,575	425	48,921	2,746,843

Depreciation for the year

2021 (Baht 111.2 million included in producing cost, and the balance in selling and administrative expenses)

643,692

2022 (Baht 110.9 million included in producing cost, and the balance in selling and administrative expenses)

636,283

(Unit: Thousand 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 2020	303,337	22,437	457,640	2,335,636	2,047,632	1,334,974	145,370	2,465,493	88,007	28,300	9,228,826
Additions	-	-	55	1,864	15,140	28,684	6,484	67,937	-	84,069	204,233
Transfers in (out)	-	-	549	26,496	32,717	164	500	19,460	-	(79,886)	-
Disposals/write-off	-	-	-	(72,264)	(63,008)	(24,649)	-	(67,412)	-	(3,290)	(230,623)
31 December 2021	303,337	22,437	458,244	2,291,732	2,032,481	1,339,173	152,354	2,485,478	88,007	29,193	9,202,436
Additions	-	-	21	3,575	14,737	64,269	47,790	223,587	-	134,388	488,367
Transfers in (out)	-	-	-	43,395	28,944	(152)	-	31,908	-	(104,129)	(34)
Disposals/write-off	-	-	-	(18,657)	(15,684)	(33,852)	(44)	(53,089)	(35,508)	(7,835)	(164,669)
31 December 2022	303,337	22,437	458,265	2,320,045	2,060,478	1,369,438	200,100	2,687,884	52,499	51,617	9,526,100
Accumulated depreciation											
31 December 2020	-	22,246	339,392	1,202,028	1,524,367	1,142,831	131,153	2,230,427	78,555	-	6,670,999
Depreciation for the year	-	68	15,740	127,366	136,580	70,894	6,957	94,436	4,739	-	456,780
Depreciation on disposals/write-off	-	-	-	(46,357)	(49,169)	(18,398)	-	(58,507)	-	-	(172,431)
31 December 2021	-	22,314	355,132	1,283,037	1,611,778	1,195,327	138,110	2,266,356	83,294	-	6,955,348
Depreciation for the year	-	56	12,231	122,623	126,100	64,676	12,147	114,316	1,083	-	453,232
Depreciation on disposals/write-off	-	-	-	(13,794)	(13,351)	(23,864)	(44)	(32,471)	(32,428)	-	(115,952)
31 December 2022	-	22,370	367,363	1,391,866	1,724,527	1,236,139	150,213	2,348,201	51,949	-	7,292,628

(Unit: Thousand 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
Allowance for impairment loss											
31 December 2020	-	-	-	-	-	79,597	-	-	-	-	79,597
Increase	-	-	-	-	-	1,056	-	-	-	-	1,056
31 December 2021	-	-	-	-	-	80,653	-	-	-	-	80,653
Decrease	-	-	-	-	-	(1,056)	-	-	-	-	(1,056)
31 December 2022	-	-	-	-	-	79,597	-	-	-	-	79,597
Net book value											
31 December 2021	303,337	123	103,112	1,008,695	420,703	63,193	14,244	219,122	4,713	29,193	2,166,435
31 December 2022	303,337	67	90,902	928,179	335,951	53,702	49,887	339,683	550	51,617	2,153,875

Depreciation for the year

2021 (Baht 94.9 million included in producing cost, and the balance in selling and administrative expenses)

456,780

2022 (Baht 95.5 million included in producing cost, and the balance in selling and administrative expenses)

453,232

As at 31 December 2022 and 2021, 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 6,033 million and Baht 5,533 million, respectively (the Company only: Baht 4,979 million and Baht 4,686 million, respectively).

14. Goodwill

Goodwill arising from the acquisition of indirect interest in Laem Charoen Seafood Company Limited which has been invested by Catapult Company Limited (“a subsidiary”). The Group has reviewed for impairment of goodwill annually.

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	11.4

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: Thousand Baht)

	Consolidated financial statements			Separate financial statements	
	Computer software	Trademark	Total	Computer software	Total
Cost					
31 December 2020	241,555	857,310	1,098,865	223,643	223,643
Additions	9,262	-	9,262	7,506	7,506
Write-off	(137)	-	(137)	(76)	(76)
31 December 2021	250,680	857,310	1,107,990	231,073	231,073
Additions	12,017	-	12,017	10,438	10,438
Decrease from sale of investment in subsidiary	(732)	-	(732)	-	-
Write-off	(19)	-	(19)	-	-
31 December 2022	261,946	857,310	1,119,256	241,511	241,511
Accumulated amortisation					
31 December 2020	148,634	30,958	179,592	141,338	141,338
Amortisation for the year	19,338	28,577	47,915	17,581	17,581
Amortisation on write-off	(92)	-	(92)	(16)	(16)
31 December 2021	167,880	59,535	227,415	158,903	158,903
Amortisation for the year	18,488	28,577	47,065	16,649	16,649
Decrease from sale of investment in subsidiary	(96)	-	(96)	-	-
Amortisation on write-off	(19)	-	(19)	-	-
31 December 2022	186,253	88,112	274,365	175,552	175,552
Net book value					
31 December 2021	82,800	797,775	880,575	72,170	72,170
31 December 2022	75,693	769,198	844,891	65,959	65,959
Amortisation for the year					
2021	19,338	28,577	47,915	17,581	17,581
2022	18,488	28,577	47,065	16,649	16,649

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade accounts payable -related party	-	2,423	28,871	31,413
Trade accounts payable - unrelated parties	433,902	407,962	393,160	363,135
Other payables - related parties	62,159	58,164	55,850	56,889
Other payables - unrelated parties	75,351	62,657	60,430	54,678
Accounts payable for purchases of plant and equipment	49,626	71,686	43,012	57,435
Accrued expenses	801,801	729,635	605,455	552,898
Others	26,182	22,388	21,845	18,554
Total	1,449,021	1,354,915	1,208,623	1,135,002

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 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Right-of-use building space	Kitchen utensils and operating equipment	Furniture, fixture and office equipment	Intangible assets	Leasehold right	
1 January 2021	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
Additions	987,168	160,877	-	-	-	1,148,045
Write-off	(81,801)	(3,689)	-	-	-	(75,490)
Decrease from sale of investment in subsidiary	(1,230)	-	-	-	-	(1,230)
Depreciation for the year	(1,229,569)	(46,897)	(4,894)	(5,239)	(26,760)	(1,313,359)
31 December 2022	2,918,715	167,555	7,469	7,994	108,469	3,210,202

(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 2021	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
Additions	764,468	95,468	-	-	-	859,936
Write-off	(60,453)	-	-	-	-	(60,453)
Depreciation for the year	(894,578)	(33,031)	(4,894)	(5,238)	(25,412)	(963,153)
31 December 2022	2,237,197	116,012	7,469	7,994	100,964	2,469,636

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Lease payments	3,307,502	3,474,130	2,552,889	2,650,004
Less: Deferred interest expenses	(213,143)	(192,800)	(176,778)	(156,724)
Total	3,094,359	3,281,330	2,376,111	2,493,280
Less: Portion due within one year	(1,071,392)	(1,074,621)	(785,160)	(789,799)
Lease liabilities - net of current portion	2,022,967	2,206,709	1,590,951	1,703,481

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 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Balance at beginning of year	3,281,330	3,691,073	2,493,280	2,848,587
Add: Additions during the period	1,144,100	884,461	858,056	601,535
Accretion of interest	83,662	82,081	63,636	65,078
Less: Payments during the period	(1,336,446)	(1,009,262)	(976,601)	(767,714)
Reduction in lease payments by lessors	-	(300,811)	-	(199,126)
Decrease from cancelation of lease agreements	(76,946)	(66,212)	(62,260)	(55,080)
Decrease from sale of investment in subsidiary	(1,342)	-	-	-
Balance at end of year	3,094,358	3,281,330	2,376,111	2,493,280

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated financial statements		Separate Financial statements	
	2022	2021	2022	2021
Depreciation expense of right-of-use assets (net of reduction in lease payments by lessors)	1,313,359	1,032,632	963,153	788,133
Interest expense on lease liabilities	83,662	66,219	63,636	53,807
Expense relating to leases of low-value assets	295	225	294	218
Expense relating to variable lease payments that do not depend on an index or a rate	19,900	11,554	16,119	8,915

The Group has lease contracts for building space that contains variable payments based on sales. The lease term is 1 – 3 years.

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 1,357 million (2021: Baht 1,021 million) (the Company only: Baht 993 million, 2021: Baht 777 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 2022 and 2021 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Within 1 year	978	3,387	12,228	15,214
Over 1 and up to 5 years	-	808	8,302	4,621
Total	978	4,195	20,530	19,835

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 by using the percentage 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 2022, the contributions of the Group amounting to Baht 24 million (2021: Baht 24 million) and of the Company amounting to Baht 20 million (2021: Baht 20 million) were recognised as expenses.

18.2 Defined benefit plans and other long-term employee benefits

(Unit: Thousand Baht)

	Consolidated financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	660,403	58,063	718,466
Included in profit or loss:			
Current service cost	52,628	6,894	59,522
Interest cost	10,757	956	11,713
Benefits paid during the year	(27,259)	(4,360)	(31,619)
As at 31 December 2021	696,529	61,553	758,082
Included in profit or loss:			
Current service cost	54,457	6,109	60,566
Interest cost	11,789	877	12,666
Decrease from sale of investment in subsidiary	(458)	(13)	(471)
Benefits paid during the year	(13,512)	(6,700)	(20,212)
As at 31 December 2022	748,805	61,826	810,631

(Unit: Thousand Baht)

	Separate financial statements		
	Employee retirement benefits	Other long-term employee benefits	Total
As at 1 January 2021	580,716	49,432	630,148
Included in profit or loss:			
Current service cost	44,006	5,653	49,659
Interest cost	9,436	789	10,225
Transferred in	1,069	-	1,069
Benefits paid during the year	(25,130)	(3,600)	(28,730)
As at 31 December 2021	610,097	52,274	662,371
Included in profit or loss:			
Current service cost	45,369	4,902	50,271
Interest cost	10,310	741	11,051
Benefits paid during the year	(12,801)	(5,690)	(18,491)
As at 31 December 2022	652,975	52,227	705,202

The Group expects to pay Baht 15.87 million for long-term employee benefits during the next year (separate financial statements: Baht 13.06 million) (2021: Baht 23.75 million, separate financial statements: Baht 21.43 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefits of the Group is 13 years (Separate financial statements: 13 years) (2021: 13 years, separate financial statements: 13 years).

Significant actuarial assumptions are summarised below.

(Unit: % per annum)

	Consolidated financial statements/ Separate financial statements	
	2022	2021
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 2022 and 2021 are summarised below.

31 December 2022

(Unit: Million Baht)

	Consolidated financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(90.4)	108.7	104.7	(89.2)
Other long-term employee benefits	(2.4)	2.7	-	-

(Unit: Million Baht)

	Separate financial statements			
	Discount rate		Future salary increase rate	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Employee retirement benefits	(82.5)	99.1	95.5	(81.4)
Other long-term employee benefits	(2.1)	2.4	-	-

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	-	-

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	
	2022	2021	2022	2021
Interest income on bank deposits	5,969	697	5,895	639
Interest received from investment in debt instruments at FVTPL	33,044	20,048	33,039	20,048
Other	5	10	5	10
Total	39,018	20,755	38,939	20,697

21. Finance cost

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Interest expenses on provision for decommissioning	3,047	2,953	2,143	2,117
Interest expenses on lease liabilities	83,662	66,219	63,636	53,807
Total	86,709	69,172	65,779	55,924

22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Salaries, wages and other employee benefits	4,428,648	3,637,881	3,402,164	2,830,265
Raw materials and consumables used	2,995,137	2,304,310	2,642,055	2,002,467
Rental and service expenses from operating lease agreements	979,880	563,626	434,973	174,324
Depreciation of plant and equipment and amortisation of intangible assets	683,348	691,597	469,881	474,361
Depreciation of right-of-use assets	1,313,359	1,032,632	963,153	788,133
Utilities expenses	695,538	546,328	516,844	408,742
Advertising expenses	153,261	105,408	99,335	68,156
Logistic expenses	175,525	153,427	170,174	148,762
Repair and maintenance expenses	239,355	167,540	180,214	128,494
Training expenses	7,473	4,894	131,222	143,285
Property tax expenses	77,538	7,406	60,398	7,654
Travelling expenses	16,854	11,062	10,606	7,070
Changes in finished goods	(52,546)	2,187	(51,701)	6,916

23. Income tax

23.1 Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	305,339	63,051	299,201	58,699
Adjustment in respect of income tax of previous year	634	-	634	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,717	(72,570)	(7,802)	(24,815)
Income tax reported in the income statements	307,690	(9,519)	292,033	33,884

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2022 and 2021 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Accounting profit before tax	1,754,525	111,392	1,613,057	314,454
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	350,905	22,278	322,611	62,890
Adjustment in respect of income tax of previous year	634	-	634	-
Effects of:				
Income not subject to tax	(2,634)	(788)	(1,887)	(240)
Promotional privileges (Note 23.2)	(7,331)	(4,972)	(3,891)	(2,359)
Non-deductible expenses	5,086	8,830	4,045	1,554
Unrecognised tax losses of subsidiaries	13	836	-	-
Additional expense deductions allowed	(38,983)	(35,703)	(29,479)	(27,962)
Total	(43,849)	(31,797)	(31,212)	(29,006)
Income tax reported in the income statements	307,690	(9,519)	292,033	33,884

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position as at 31 December			
	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for impairment of assets	19,622	19,833	15,919	16,131
Allowance for reduce cost of inventory to net realisable value	-	380	-	380
Provision for long-term employee benefits	157,047	146,563	140,827	132,260
Lease	38,126	32,164	29,403	24,862
Derivative contract payable	-	4,689	-	4,689
Unused tax losses	31,537	50,219	-	-
Others	3,014	1,954	2,189	1,556
Total	249,346	255,802	188,338	179,878
Deferred tax liabilities				
Intangible assets	153,840	159,555	-	-
Unrealised gain on changes in value of investments in debt in instruments	3,396	7,109	2,813	6,844
Derivative contract receivable	4,689	-	4,689	-
Total	161,925	166,664	7,502	6,844
Net deferred tax assets	87,421	89,138	180,836	173,034

As at 31 December 2022 and 2021, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Deferred tax assets	241,261	248,693	180,836	173,034
Deferred tax liabilities	(153,840)	(159,555)	-	-
Total deferred tax assets - net	87,421	89,138	180,836	173,034

As at 31 December 2022, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 31.5 million (2021: Baht 50.7 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 25.1 million will expire by 2023.

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	MK Restaurant Group Public Company Limited
Certificate No.	58-2617-1-00-1-0	64-0540-1-04-1-0
1. Certificate date	18 December 2015	24 May 2021
2. Promotional privileges for	Manufacture of foods and semi-frozen foods	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
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 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	-
3.4 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
3.5 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
4. Date of first earning of operating income	7 July 2016	1 August 2021

The Group's operating revenues for the years ended 31 December 2022 and 2021, divided between promoted and non-promoted operations, are summarised below.

(Unit: Million Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2022	2021	2022	2021	2022	2021
Sales	935	882	14,793	10,300	15,728	11,182

(Unit: Million Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	2022	2021	2022	2021	2022	2021
Sales	758	752	12,405	8,671	13,163	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. 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 2022 and 2021, 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 2022 and 2021 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>Year 2022</u>				
Dividend on 2021 profit	Annual General Meeting of the shareholders on 27 April 2022	736.7	0.8	25 May 2022
Interim dividend from the operating period 1 January 2022 to 30 June 2022	Board of Directors' meeting on 10 August 2022	460.4	0.5	8 September 2022
Total		1,197.1	1.3	
<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	460.4	0.5	25 May 2021
Total		460.4	0.5	

27. Commitments and contingent liabilities

27.1 Capital commitments

As at 31 December 2022, the Group had significant outstanding capital commitments in respect of agreements related to purchase of machinery and equipment of Baht 7.4 million, the Company only: Baht 7.4 million (2021: Baht 54.9 million, the Company only: Baht 54.9 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 2022 and 2021, the Group had payments and services fee payables under these lease and other service agreements were summarised below:

(Unit: Million Baht)

	Consolidated financial Statements		Separate financial statements	
	2022	2021	2022	2021
Payable within:				
Less than 1 year	578	587	429	434
1 to 5 years	882	998	672	750
More than 5 years	89	65	82	51

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 2022, the Group had outstanding bank guarantees of approximately Baht 26.2 million and the Company's was Baht 25.9 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 2022, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. ("a subsidiary") of Baht 45 million (2021: Baht 45 million).

28. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had the financial 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 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	7,642	-	7,642
Derivatives - forward exchange contracts - gain	-	23	-	23

(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)

	Separate financial statements			
	As at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL				
Debt investments	-	6,520	-	6,520
Derivatives - forward exchange contracts - gain	-	23	-	23

(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

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 2022 and 2021, 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	
	2022 (Million)	2021 (Million)	2022 (Million)	2021 (Million)	2022 (Baht per 1 foreign currency unit)	2021 (Baht per 1 foreign currency unit)
Financial assets						
US dollar	10.2	10.1	10.2	10.1	34.3913	33.2469
Japanese yen	1.2	1.1	1.2	1.1	0.2573	0.2869
Financial liabilities						
Singapore dollar	0.2	0.2	-	-	26.0167	25.0254
Japanese yen	-	8.4	-	8.4	0.2645	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 2022 the Group had outstanding foreign exchange forward contracts which the Group measured at fair value, and recognised unrealised gain on fair value adjustment presented as part of other current financial assets (2021: recognised unrealised loss on fair value adjustment presented as part of other current financial liabilities). Details are summarised below.

Derivatives – Forward exchange contracts

(Unit: Million Baht)

	Consolidated financial Statements/ Separate financial statements	
	2022	2021
Derivative assets		
Derivative assets not designated as hedging instruments		
Forward exchange contracts	23	-
Total derivative assets	23	-

(Unit: Million Baht)

	Consolidated financial statements/ Separate financial statements	
	2022	2021
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	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
<u>As at 31 December 2022</u>			
Sold amount			
US dollar	10.0	34.39	July 2024
<u>As at 31 December 2021</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 2022 and 2021, 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 2022							
	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	-	-	-	513	117	630	0.05 - 0.13
Trade and other receivables	-	-	-	-	121	121	-
Other financial assets	1,023	345	-	-	7,297	8,665	0.50 - 3.03
	1,023	345	-	513	7,535	9,416	
Financial liabilities							
Trade and other payables	-	-	-	-	1,449	1,449	-
Lease liabilities	1,071	1,765	258	-	-	3,094	1.68 - 3.65
	1,071	1,765	258	-	1,449	4,543	

(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)

Separate financial statements as at 31 December 2022							
	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	-	-	-	379	92	471	0.05 - 0.13
Trade and other receivables	-	-	-	-	247	247	-
Other financial assets	1,023	345	-	-	6,175	7,543	0.50 - 3.03
	1,023	345	-	379	6,514	8,261	
Financial liabilities							
Trade and other payables	-	-	-	-	1,209	1,209	-
Lease liabilities	785	1,346	245	-	-	2,376	1.68 - 3.65
	785	1,346	245	-	1,209	3,585	

(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	

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 2022 and 2021, 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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	2022			
	Within 1 year	1 – 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,449	-	-	1,449
Lease liabilities	1,071	1,765	258	3,094
Total non-derivatives	2,520	1,765	258	4,543

(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)

	Separate financial statements			
	2022			
	Within 1 year	1 – 5 years	Over 5 years	Total
Non-derivatives				
Trade and other payables	1,209	-	-	1,209
Lease liabilities	785	1,346	245	2,376
Total non-derivatives	1,994	1,346	245	3,585

(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

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 2022, the Group's debt-to-equity ratio was 0.45:1 (2021: 0.45:1) and the Company's was 0.38:1 (2021: 0.37:1).

31. Events after the reporting period

On 23 February 2023, the meeting of the Company's Board of Directors no. 1/2023 passed the resolution to recommend to the 2023 Annual General Meeting of Shareholders for approval of an annual dividend payment for the year 2022 of Baht 1.40 per share or Baht 1,289.22 million in total. As an interim dividend of Baht 0.50 per share totaling Baht 460.43 million was paid by the Company on 8 September 2022, the final dividend of Baht 0.9 per share totaling Baht 828.79 million, subject to the approval of the shareholders, will be paid on 24 May 2023.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.

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"> 71 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>2022–Present</td><td>Director, LCS International Co., Ltd.</td></tr> <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> <tr> <td>1990–Present</td><td>Director, Precision Manufacturing 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.	2022–Present	Director, LCS International Co., Ltd.	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.	1990–Present	Director, Precision Manufacturing Co., Ltd.
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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.																																				
1990–Present	Director, Precision Manufacturing 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"> • 61 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) 97/2012 • 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>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.	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.																																
2012–2015	Managing Director, MK Restaurant Group Pcl.																																
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2016–Present	Director, M Performance Co., Ltd.																																
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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.																																

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"> • 83 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> <table> <tr> <td>2012–Present</td><td>Director, MK Restaurant Group Pcl.</td></tr> <tr> <td>2003–Present</td><td>Director, Sahaviriya Steel Industries Pcl.</td></tr> <tr> <td>2009–2014</td><td>Chairman of the Board of Directors, Bangsaphan Barmill Pcl.</td></tr> <tr> <td>2004–2009</td><td>Director, Bangsaphan Barmill Pcl.</td></tr> <tr> <td>1986–1998</td><td>Director, Siam City Cement Pcl.</td></tr> <tr> <td>1984–1999</td><td>Director, Bank of Ayudhya Pcl.</td></tr> <tr> <td>1983–1999</td><td>Director, The Ayudhya Life Assurance Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2004–Present</td><td>Director, Sahaviriya Plate Mill Pcl.</td></tr> <tr> <td>2009–2012</td><td>Director, Thai Cold Rolled Sheet Pcl.</td></tr> </table>	2012–Present	Director, MK Restaurant Group Pcl.	2003–Present	Director, Sahaviriya Steel Industries Pcl.	2009–2014	Chairman of the Board of Directors, Bangsaphan Barmill Pcl.	2004–2009	Director, Bangsaphan Barmill Pcl.	1986–1998	Director, Siam City Cement Pcl.	1984–1999	Director, Bank of Ayudhya Pcl.	1983–1999	Director, The Ayudhya Life Assurance Pcl.	2004–Present	Director, Sahaviriya Plate Mill Pcl.	2009–2012	Director, Thai Cold Rolled Sheet Pcl.
2012–Present	Director, MK Restaurant Group Pcl.																		
2003–Present	Director, Sahaviriya Steel Industries Pcl.																		
2009–2014	Chairman of the Board of Directors, Bangsaphan Barmill Pcl.																		
2004–2009	Director, Bangsaphan Barmill Pcl.																		
1986–1998	Director, Siam City Cement Pcl.																		
1984–1999	Director, Bank of Ayudhya Pcl.																		
1983–1999	Director, The Ayudhya Life Assurance Pcl.																		
2004–Present	Director, Sahaviriya Plate Mill Pcl.																		
2009–2012	Director, Thai Cold Rolled Sheet Pcl.																		

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"> 72 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.																		
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																		

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"> 70 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 Program held by Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> Director Accreditation Program (DAP) 37/2005 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.																						
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.																						

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"> 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 (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>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.	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.										
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"> 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 (Accounting), Chulalongkorn University Master's Degree (Accounting), Thammasat 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	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2012-Present</td><td>Independent Director and Member of Audit Committee, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-Present</td><td>Independent Director and Chairman of Audit Committee, Sahathai Terminal Pcl.</td></tr> <tr> <td>2015-Present</td><td>Independent Director, Chairman of Audit Committee, and Member of Corporate Governance Committee, BCPG Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2022-Present</td><td>Member of Audit Committee, Administration of Mahidol University</td></tr> <tr> <td>2021-Present</td><td>Director, Northland Experience Co., Ltd.</td></tr> <tr> <td>2020-Present</td><td>Advisor of the President, King Mongkut's Institute of Technology Ladkrabang</td></tr> <tr> <td>2020-Present</td><td>Director, ERA Plus Co., Ltd.</td></tr> <tr> <td>2018-Present</td><td>Member of Sub-Committee of Procurement and Administrative Government Policy, The Comptroller General's Department</td></tr> <tr> <td>2016-Present</td><td>Independent Observer of Integrity Pact, Anti-Corruption Organization of Thailand</td></tr> <tr> <td>1997-Present</td><td>Director, Horton International Co., Ltd.</td></tr> <tr> <td>1992-Present</td><td>Director, Executive Search Services Co., Ltd.</td></tr> </table>	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.	2022-Present	Member of Audit Committee, Administration of Mahidol University	2021-Present	Director, Northland Experience Co., Ltd.	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.
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.																						
2022-Present	Member of Audit Committee, Administration of Mahidol University																						
2021-Present	Director, Northland Experience Co., Ltd.																						
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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"> 71 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> <p><u>Positions in Non-Listed Companies</u></p> <p>- None -</p>	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"> Independent Director 														
Date of the First Appointment as Director	<ul style="list-style-type: none"> June 2012 														
Age	<ul style="list-style-type: none"> 66 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> <p><u>Positions in Non-Listed Companies</u></p> <p>- None -</p>	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"> 66 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"> Chief Development Officer
Age	<ul style="list-style-type: none"> 55 years
M Shareholding	<ul style="list-style-type: none"> Held personally 30,000 shares or 0.00% Held by spouse or minor children 400,000 shares or 0.04%
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> <p>2022-Present Chief Development Officer, MK Restaurant Group Pcl.</p> <p>2017-2022 Senior Vice President – Restaurant Development and Facilities Maintenance Division, MK Restaurant Group Pcl.</p> <p>2012-2017 Vice President – Development and Engineering Department, MK Restaurant Group Pcl.</p> <p><u>Positions in Non-Listed Companies</u></p> <p>- None -</p>

12. Mrs. Sudarut Patvivatsiri

Position	<ul style="list-style-type: none"> Chief Financial Officer Corporate Secretary
Age	<ul style="list-style-type: none"> 50 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 2022	<ul style="list-style-type: none"> CFO Refresher 3/2022, Topic "ESG related to business strategy, disclosure and financial reporting of the listed companies" (6 hours) Digital Assets & New S-Curve for listed companies (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 Division, MK Restaurant Group Pcl.</p> <p><u>Positions in Non-Listed Companies</u></p> <p>2022-Present Director, LCS International Co., Ltd.</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. Mr. Pongchai Pipitvijitkorn

Position	<ul style="list-style-type: none"> Chief Supply Chain Officer 								
Age	<ul style="list-style-type: none"> 46 years 								
M Shareholding	<ul style="list-style-type: none"> Held personally 579,400 shares or 0.06% 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 (Engineering), Chulalongkorn University Master's Degree (Engineering), Oklahoma State University, USA 								
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2022-Present</td><td>Chief Supply Chain Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-2022</td><td>Vice President – Supply Chain Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2014-2017</td><td>Vice President – Logistics and Distribution Department, MK Restaurant Group Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <table> <tr> <td>2018-Present</td><td>Director, M-Senko Logistics Co., Ltd.</td></tr> </table>	2022-Present	Chief Supply Chain Officer, MK Restaurant Group Pcl.	2017-2022	Vice President – Supply Chain Division, MK Restaurant Group Pcl.	2014-2017	Vice President – Logistics and Distribution Department, MK Restaurant Group Pcl.	2018-Present	Director, M-Senko Logistics Co., Ltd.
2022-Present	Chief Supply Chain Officer, MK Restaurant Group Pcl.								
2017-2022	Vice President – Supply Chain Division, MK Restaurant Group Pcl.								
2014-2017	Vice President – Logistics and Distribution Department, MK Restaurant Group Pcl.								
2018-Present	Director, M-Senko Logistics Co., Ltd.								

14. Mr. Weera Owaritkul

Position	<ul style="list-style-type: none"> Chief Human Resource Officer
Age	<ul style="list-style-type: none"> 42 years
M Shareholding	<ul style="list-style-type: none"> Held personally 230,000 shares or 0.02% 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 (Engineering), Chulalongkorn University Master's Degree (Economics), National Institute of Development Administration Master's Degree (Business Administration), Chulalongkorn University
Experience	<p><u>Positions in Listed Companies</u></p> <p>2022-Present Chief Human Resource Officer, MK Restaurant Group Pcl.</p> <p>2019-2022 Vice President – Human Resource Division and Quality Assurance and Food Safety, MK Restaurant Group Pcl.</p> <p>2017-2019 Vice President – Human Resource Department, MK Restaurant Group Pcl.</p> <p>2015-2017 Assistant Vice President – Procurement Department, MK Restaurant Group Pcl.</p> <p><u>Positions in Non-Listed Companies</u></p> <p>2022-Present Director, LCS International Co., Ltd.</p> <p>2021-Present Director, Laem Charoen Seafood Co., Ltd.</p> <p>2018-Present Director, M-Senko Logistics Co., Ltd.</p>

15. Ms. Tantawan Thirakomen

Position	<ul style="list-style-type: none"> Chief Marketing Officer 														
Age	<ul style="list-style-type: none"> 36 years 														
M Shareholding	<ul style="list-style-type: none"> Held personally 109,100 shares or 0.01% Held by spouse or minor children (None) 														
Family Relationship	<ul style="list-style-type: none"> Daughter of Mr. Rit Thirakomen and Mrs. Yupin Thirakomen 														
Education	<ul style="list-style-type: none"> Bachelor of Arts Program in Economics, Chulalongkorn University Master's Degree (Management), Imperial College London, United Kingdom 														
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2022-Present</td><td>Chief Marketing Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2020-2022</td><td>Vice President – Corporate Marketing Strategy Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-2020</td><td>Vice President – Marketing Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2016-2017</td><td>Assistant Vice President – Marketing Department, MK Restaurant Group Pcl.</td></tr> <tr> <td>2013-2016</td><td>Manager – Marketing Department, MK Restaurant Group 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> </table>	2022-Present	Chief Marketing Officer, MK Restaurant Group Pcl.	2020-2022	Vice President – Corporate Marketing Strategy Division, MK Restaurant Group Pcl.	2017-2020	Vice President – Marketing Division, MK Restaurant Group Pcl.	2016-2017	Assistant Vice President – Marketing Department, MK Restaurant Group Pcl.	2013-2016	Manager – Marketing Department, MK Restaurant Group Pcl.	2019-Present	Director, Laem Charoen Seafood Co., Ltd.	2019-Present	Director, Catapult Co., Ltd.
2022-Present	Chief Marketing Officer, MK Restaurant Group Pcl.														
2020-2022	Vice President – Corporate Marketing Strategy Division, MK Restaurant Group Pcl.														
2017-2020	Vice President – Marketing Division, MK Restaurant Group Pcl.														
2016-2017	Assistant Vice President – Marketing Department, MK Restaurant Group Pcl.														
2013-2016	Manager – Marketing Department, MK Restaurant Group Pcl.														
2019-Present	Director, Laem Charoen Seafood Co., Ltd.														
2019-Present	Director, Catapult Co., Ltd.														

16. Mr. Tee Thirakomen

Position	<ul style="list-style-type: none"> Chief Operating Officer 														
Age	<ul style="list-style-type: none"> 34 years 														
M Shareholding	<ul style="list-style-type: none"> Held personally 179,700 shares or 0.02% Held by spouse or minor children (None) 														
Family Relationship	<ul style="list-style-type: none"> Son of Mr. Rit Thirakomen and Mrs. Yupin Thirakomen 														
Education	<ul style="list-style-type: none"> Bachelor's Degree (Engineering), Chulalongkorn University Master's Degree (Management), Brunel University, United Kingdom 														
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2022-Present</td><td>Chief Operating Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-2022</td><td>Vice President – Restaurant Operations Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2016-2017</td><td>Assistant Vice President – Restaurant Operations Department, MK Restaurant Group Pcl.</td></tr> <tr> <td>2014-2016</td><td>Manager – Marketing Department, MK Restaurant Group Pcl.</td></tr> <tr> <td>2012-2014</td><td>Assistant Manager – Marketing Department, MK Restaurant Group 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> </table>	2022-Present	Chief Operating Officer, MK Restaurant Group Pcl.	2017-2022	Vice President – Restaurant Operations Division, MK Restaurant Group Pcl.	2016-2017	Assistant Vice President – Restaurant Operations Department, MK Restaurant Group Pcl.	2014-2016	Manager – Marketing Department, MK Restaurant Group Pcl.	2012-2014	Assistant Manager – Marketing Department, MK Restaurant Group Pcl.	2019-Present	Director, Laem Charoen Seafood Co., Ltd.	2019-Present	Director, Catapult Co., Ltd.
2022-Present	Chief Operating Officer, MK Restaurant Group Pcl.														
2017-2022	Vice President – Restaurant Operations Division, MK Restaurant Group Pcl.														
2016-2017	Assistant Vice President – Restaurant Operations Department, MK Restaurant Group Pcl.														
2014-2016	Manager – Marketing Department, MK Restaurant Group Pcl.														
2012-2014	Assistant Manager – Marketing Department, MK Restaurant Group Pcl.														
2019-Present	Director, Laem Charoen Seafood Co., Ltd.														
2019-Present	Director, Catapult Co., Ltd.														

17. Mr. Pongpan Pipitvijitkorn

Position	<ul style="list-style-type: none"> Chief Technology Officer 						
Age	<ul style="list-style-type: none"> 48 years 						
M Shareholding	<ul style="list-style-type: none"> Held personally 850,000 shares or 0.09% 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 (Engineering), King Mongkut's Institute of Technology Ladkrabang Master's Degree (Interdisciplinary Telecommunications Program), University of Colorado at Boulder, USA 						
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2022-Present</td><td>Chief Technology Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-2022</td><td>Vice President – Digital Technology Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2015-2017</td><td>Vice President – Computer Department (Special Project), MK Restaurant Group Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <p>– None –</p>	2022-Present	Chief Technology Officer, MK Restaurant Group Pcl.	2017-2022	Vice President – Digital Technology Division, MK Restaurant Group Pcl.	2015-2017	Vice President – Computer Department (Special Project), MK Restaurant Group Pcl.
2022-Present	Chief Technology Officer, MK Restaurant Group Pcl.						
2017-2022	Vice President – Digital Technology Division, MK Restaurant Group Pcl.						
2015-2017	Vice President – Computer Department (Special Project), MK Restaurant Group Pcl.						

18. Mr. Kanchit Chattrakul

Position	<ul style="list-style-type: none"> Chief Product Development Officer 						
Age	<ul style="list-style-type: none"> 56 years 						
M Shareholding	<ul style="list-style-type: none"> Held personally 5,000 shares or 0.00% 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 (Business Administration - Hospitality Industry), Ramkhamhaeng University 						
Experience	<p><u>Positions in Listed Companies</u></p> <table> <tr> <td>2022-Present</td><td>Chief Product Development Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-2022</td><td>Vice President - Product Development Division, MK Restaurant Group Pcl.</td></tr> <tr> <td>2014-2017</td><td>Vice President - Product Development Department, MK Restaurant Group Pcl.</td></tr> </table> <p><u>Positions in Non-Listed Companies</u></p> <p>- None -</p>	2022-Present	Chief Product Development Officer, MK Restaurant Group Pcl.	2017-2022	Vice President - Product Development Division, MK Restaurant Group Pcl.	2014-2017	Vice President - Product Development Department, MK Restaurant Group Pcl.
2022-Present	Chief Product Development Officer, MK Restaurant Group Pcl.						
2017-2022	Vice President - Product Development Division, MK Restaurant Group Pcl.						
2014-2017	Vice President - Product Development Department, MK Restaurant Group Pcl.						

19. Ms. Valailuk Promsuwan

Position	<ul style="list-style-type: none"> Vice President – Accounting and Finance Division
Age	<ul style="list-style-type: none"> 43 years
M Shareholding	<ul style="list-style-type: none"> Held personally 25,000 shares or 0.00% 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 (Business Administration), Thammasat University
Experience	<p><u>Positions in Listed Companies</u></p> <p>2018–Present Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.</p> <p><u>Positions in Non-Listed Companies</u></p> <p>2022–Present Director, LCS International Co., Ltd.</p> <p>2015–2018 Tax Manager, NS Bluescope (Thailand) Co., Ltd.</p> <p>2012–2014 Senior Manager – Tax Department, EY Corporate Services Limited</p>

20. Mr. Jesada Jettanacharoenchai

Position	<ul style="list-style-type: none"> • Assistant Vice President – Accounting and Finance Division • Chief Accountant
Age	<ul style="list-style-type: none"> • 41 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), Thammasat University
Accounting Training in 2022	<ul style="list-style-type: none"> • Creative accounting and technique for preparation and cautions (7 hours) • Update TFRS 9 & TRFS 16 Overall 1/2022 (6 hours) • Insight of corporate income tax problems (6 hours)
Experience	<p><u>Positions in Listed Companies</u></p> <p>2021-present Assistant Vice President – Accounting and Finance Division, MK Restaurant Group Pcl.</p> <p><u>Positions in Non-Listed Companies</u></p> <p>2015–2021 Senior Manager, EY Office Limited</p> <p>2008–2015 Manager, EY Office Limited</p>

Report of M Shareholding of Directors and Executives

No.	Name	Position	No. of shares holding as of December 30, 2021	No. of shares holding as of December 30, 2022	Change in shares holding	% shares holding
1	Mr. Rit Thirakomen	Chairman	123,059,333	123,059,333	-	13.4%
	Spouse and minor children	Chief Executive Officer	182,396,802	182,396,802	-	19.8%
2	Mr. Somchai Hanjirkasem	Director	147,494,812	147,494,812	-	16.0%
	Spouse and minor children		-	-	-	-
3	Mr. Somchai Pipitvijitkorn	Director	-	-	-	-
	Spouse and minor children		3,700,000	3,700,000	-	0.4%
4	Dr. Annop Tanlamai	Independent Director	-	-	-	-
	Spouse and minor children	Chairman of Audit Committee	-	-	-	-
5	Dr. Katiya Greigarn	Independent director	-	-	-	-
	Spouse and minor children	Member of Audit Committee	-	-	-	-
6	Mr. Thanong Chotisorayuth	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
7	Mrs. Vilai Chattanassamee	Independent director	-	-	-	-
	Spouse and minor children	Member of Audit Committee	-	-	-	-
8	Mr. Sujint Chumpolkarnjana	Independent Director	4,200,500	4,200,500	-	0.5%
	Spouse and minor children		-	-	-	-
9	Mr. Pravitt Tantiwasinchai	Independent Director	3,600,000	3,600,000	-	0.4%
	Spouse and minor children		-	-	-	-
10	Mrs. Yupin Thirakomen	Director	182,396,802	182,396,802	-	19.8%
	Spouse and minor children		123,059,333	123,059,333	-	13.4%
11	Mr. Kiatkong Kungwanwong	Chief Development Officer	30,000	30,000	-	0.0%
	Spouse and minor children		400,000	400,000	-	0.0%
12	Mrs. Sudarut Patvivatsiri	Chief Financial Officer	880,000	880,000	-	0.1%
	Spouse and minor children		-	-	-	-
13	Mr. Pongchai Pipitvijitkorn	Chief Supply Chain Officer	579,400	579,400	-	0.1%
	Spouse and minor children		-	-	-	-
14	Mr. Weera Owaritkul	Chief Human Resource Office	230,000	230,000	-	0.0%
	Spouse and minor children		-	-	-	-
15	Ms. Tantawan Thirakomen	Chief Marketing Officer	109,100	109,100	-	0.0%
	Spouse and minor children		-	-	-	-
16	Mr. Tee Thirakomen	Chief Operating Officer	179,700	179,700	-	0.0%
	Spouse and minor children		-	-	-	-
17	Mr. Pongpan Pipitvijitkorn	Chief Technology Officer	860,000	850,000	(10,000)	0.1%
	Spouse and minor children		30,000	30,000	-	0.0%
18	Mr. Kanchit Chattrakul	Chief Product Development Officer	-	5,000	5,000	0.0%
	Spouse and minor children		-	-	-	-
19	Ms. Valailuk Promsuwan	Vice President	25,000	25,000	-	0.0%
	Spouse and minor children		-	-	-	-

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.	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. Koji Matsuoka						/

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 and Compliance

Head of Internal Control

Mr. Pasakorn Lila	
Position	<ul style="list-style-type: none"> Assistant Vice President
Age	<ul style="list-style-type: none"> 50 years old
M Shareholding	<ul style="list-style-type: none"> Held personally (None)
(As at December 30, 2022)	<ul style="list-style-type: none"> Held by spouse or minor children 5,000 shares or 0.0%
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>

Head of Compliance

Mr. Weera Owaritkul									
Position	<ul style="list-style-type: none"> Chief Human Resource Officer 								
Age	<ul style="list-style-type: none"> 42 years old 								
M Shareholding	<ul style="list-style-type: none"> Held personally 230,000 shares or 0.02% 								
(As at December 30, 2022)	<ul style="list-style-type: 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 (Engineering), Chulalongkorn University Master's Degree (Economics), National Institute of Development Administration Master's Degree (Business Administration), Chulalongkorn University 								
Experience	<table> <tr> <td>2022-Present</td><td>Chief Human Resource Officer, MK Restaurant Group Pcl.</td></tr> <tr> <td>2019-2022</td><td>Vice President - Human Resource Division and Quality Assurance and Food Safety, MK Restaurant Group Pcl.</td></tr> <tr> <td>2017-2019</td><td>Vice President - Human Resource Department, MK Restaurant Group Pcl.</td></tr> <tr> <td>2015-2017</td><td>Assistant Vice President - Procurement Department, MK Restaurant Group Pcl.</td></tr> </table>	2022-Present	Chief Human Resource Officer, MK Restaurant Group Pcl.	2019-2022	Vice President - Human Resource Division and Quality Assurance and Food Safety, MK Restaurant Group Pcl.	2017-2019	Vice President - Human Resource Department, MK Restaurant Group Pcl.	2015-2017	Assistant Vice President - Procurement Department, MK Restaurant Group Pcl.
2022-Present	Chief Human Resource Officer, MK Restaurant Group Pcl.								
2019-2022	Vice President - Human Resource Division and Quality Assurance and Food Safety, MK Restaurant Group Pcl.								
2017-2019	Vice President - Human Resource Department, MK Restaurant Group Pcl.								
2015-2017	Assistant Vice President - Procurement Department, MK Restaurant Group Pcl.								

Attachment 4

Assets used in Business Operations and Details on Asset Appraisal

Assets used in Business Operations

As of December 31, 2022, 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 for MKS's Head Office located at Bangnatai Sub district, Bangna District, Bangkok	MKS's owner	10.2	-
4. Land located at Suanluang Sub district, Suanluang District, Bangkok	Owner	103.1	-
5. Land improvement for Head Office located at Bangnatai Sub district, Bangna District, Bangkok	Owner	0.1	-
Total		313.6	

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	108.8
Leasehold improvement	1,139.6
Utility systems	479.5
Kitchen utensils and operating equipment	138.2
Machinery and equipment	91.3
Furniture, fixtures and office equipment	426.6
Motor vehicles	0.4
Construction in progress and equipment under installation	48.9
Total	2,433.3

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	2,918.7
Kitchen utensils and operating equipment	167.6
Leasehold right	108.5
Intangible assets	8.0
Furniture, fixtures and office equipment	7.5
Total	3,210.2

Goodwill

As of December 31, 2022, 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, 2022, the Company and its subsidiaries recorded the intangible assets of Baht 845 million comprising of the trademark of brand "Laem Charoen Seafood" amounted Baht 769 million and computer software amounted Baht 76 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, 2021 – June 30, 2022.

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, 2022 – June 30, 2023 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 2022 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 2022 can be summarized as follows:

1. **Review of quarterly financial statements and full year financial statement for the year 2022:** The Audit Committee reviewed the quarterly financial statements and full year financial statements for the Company and its subsidiaries to ensure the accuracy according to 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 auditors were invited to attend the meeting every times while considering the financial statements. The Audit Committee also inquired the auditors in order to ensure the independence in performing their audit duties. In addition, the Audit Committee inquired and received explanations from executives of the Company's finance and accounting executives 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 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 disclosed accurately, transparent, and in compliance with the requirements of the Stock Exchange of Thailand. The connected transaction were done based on normal business practice, reasonable, in the best interest of the Company's business.

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 the Anti-Corruption. The Company's Certification of a membership of Thailand's Private Sector Collective Action Coalition against Corruption is valid 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 2022, 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 |

To perform its duties as specified in the Charter, during February 3, 2022 to February 1, 2023 two meetings were held by the Committee during the period 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 2022 and the salary adjustment for the year 2023 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 in order to propose to the Board of Directors for consideration.
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 2022 should vary proportionally to the change of the annual dividend for the year 2022 to be proposed to the 2023 Annual General Meeting of Shareholders for approval.
3. 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. Rit Thirakomen, Mr. Somchai Hanjtkasem and Mr. Thanong Chotisorayuth, 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.
4. The Committee nominated the new director by considering the qualification, knowledge, skills and experience as well as the Board Skill Matrix in order to enhance the diversity of the Board structure and recommended to nominate Emeritus Prof. Dr. Prasit Watanapa who is knowledgeable, capable and qualified by law as a new director of the Company.
5. The Committee considered the development and succession plan for the senior management of the Company in order to prepare for the personnel development to replace the important positions of the Company in the future.

6. The Committee reviewed the Corporate Governance Report of Thai Listed Companies 2022 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 2017-2022, 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

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