S. Khonkaen Foods PCL. and its subsidiaries (“Group”)
Management Discussion and Analysis
For period ended 30 June 2026

Business Overview

Statements of Income (Consolidated) January – June	Quarter 2/2026 (THB Mn.)	(%)	Quarter 2/2025 (THB Mn.)	(%)	Change (%YOY)
Revenue from Sales	1,617.1	100.0%	1,806.1	100.0%	-10.5%
Cost of Sales	(1,218.7)	-75%	(1,333.9)	-73.9%	8.6%
Gross Margin	398.4	24.6%	472.2	26.1%	-15.6%
Selling and Distribution Expenses	(210.7)	-13.0%	(210.5)	-11.7%	-0.1%
Administrative Expenses	(188.1)	-11.6%	(180.2)	-10.0%	-4.4%
Gain (Loss) from rental and service	1.2	0.1%	(1.8)	-0.1%	168.2%
Gain (Loss) on changes in fair value less cost to sale of biological assets	(5.0)	-0.3%	19.1	1.1%	-126.3%
Other income	17.1	1.1%	27.0	1.5%	-36.6%
EBIT	12.8	0.8%	125.8	7.0%	-89.8%
Financial Cost	(15.1)	-0.9%	(19.1)	-1.1%	21.0%
Tax Expenses	(4.9)	-0.3%	(16.5)	-0.9%	70.6%
Profit/(Loss)	(7.2)	-0.4%	90.2	5.0%	-108.0%
Equity holders of the Company	(0.9)	-0.1%	94.4	5.2%	-101.0%
Earnings per Share (THB/Share)	(0.00)		0.30		

Statements of Income (Consolidated) April – June	Quarter 2/2026 (THB Mn.)	(%)	Quarter 2/2025 (THB Mn.)	(%)	Change (%YOY)
Revenue from Sales	807.6	100.0%	924.7	100.0%	-12.7%
Cost of Sales	(613.6)	-76.0%	(681.5)	-73.7%	10.0%
Gross Margin	194.0	24.0%	243.2	26.3%	-20.2%
Selling and Distribution Expenses	(106.9)	-13.2%	(110.8)	-12.0%	3.5%
Administrative Expenses	(86.4)	-10.7%	(91.0)	-9.8%	5.0%
Gain (Loss) from rental and service	1.1	0.1%	(0.4)	0.0%	379.3%
Gain (Loss) on changes in fair value less cost to sale of biological assets	(3.6)	-0.4%	(3.7)	-0.4%	2.7%
Other income	8.6	1.1%	15.4	1.7%	-44.3%
EBIT	6.8	0.8%	52.8	5.7%	-87.1%
Financial Cost	(7.3)	-0.9%	(9.6)	-1.0%	24.0%
Tax Expenses	(2.0)	-0.3%	(7.6)	-0.8%	73.0%
Profit/(Loss)	(2.5)	-0.3%	35.6	3.9%	-107.0%
Equity holders of the Company	0.6	0.1%	36.9	4.0%	-98.4%
Earnings per Share (THB/Share)	0.00		0.12		

Revenue :

The Group generated sales revenue of Baht 807.6 million in Q2/2026, a decrease of 12.7% compared to the same quarter of the previous year (a decrease of 0.2% compared to Q1/2026), and generated cumulative sales revenue for the six-month period of 2026 of Baht 1,617.1 million, a decrease of 10.5% compared to the same period of the previous year.

Most of the Group's sales in Q2/2026 declined, primarily due to a significant decrease in sales volume resulting from the economic slowdown, combined with the impact of government campaigns, which caused sales through the Modern Trade (MT) channel to decline. At the same time, the swine farming business also recorded lower sales, as market swine prices continued to decline from the beginning of the year.

Gross profit :

The Group recorded a gross profit of Baht 194 million in Q2/2026, representing 24% of sales revenue, a decrease of 20.2% compared to the same quarter of the previous year (a decrease of 5% compared to Q1/2026), and recorded a cumulative gross profit for the six-month period of 2026 of Baht 398.4 million, representing 24.6% of sales revenue, a decrease of 15.6% compared to the same period of the previous year.

The main reason for the decline in gross profit in Q2/2026 was the decrease in sales and sales volume, which resulted in higher fixed costs per unit, together with the decline in market swine prices, causing the overall gross profit margin to decline accordingly.

Others :

The Group recognized a loss from changes in fair value less costs to sell of biological assets of Baht 3.6 million for Q2/2026, representing 0.4% of sales revenue, an increase of 2.7% compared to the same quarter of the previous year (a decrease of 148% compared to Q1/2026), and recorded a cumulative loss from changes in fair value less costs to sell of biological assets for the six-month period of 2026 of Baht 5 million, representing 0.3% of sales revenue, a decrease of 126.3% compared to the same period of the previous year.

The loss from changes in fair value less costs to sell of biological assets increased due to the decline in market prices of swine.

Net profit attributable to the Company :

The Group recorded net profit attributable to owners of the Company in Q2/2026 of Baht 0.6 million, representing 0.1% of sales revenue, a decrease of 98.4% compared to the same quarter of the previous year (an increase of 139.2% compared to Q1/2026), and recorded a cumulative net loss attributable to owners of the Company for the six-month period of 2026 of Baht 0.9 million, representing 0.1% of sales revenue, a decrease of 101% compared to the same period of the previous year.

Net profit attributable to owners of the Company in Q2/2026 decreased, primarily due to the swine farming business, which was affected by the decline in market swine prices, resulting in an increased loss recognized from changes in fair value less costs to sell of biological assets. In addition, the restaurant business closed certain branches whose operating performance did not meet targets, resulting in additional expenses and losses related to such branch closures.

Core Business

Revenue from sales (consolidated)	Quarter 2/2026 (3 months : Apr - Jun)			Quarter 2/2026 (6 months : Jan - Jun)	
Segment information	(THB Mil.)	*(%YOY)*	(%QOQ)	(THB Mil.)	*(%YOY)*
Revenue from Sales	**807.6**	**-12.7%**	**-0.2%**	**1,617.1**	**-10.5%**
Processed food from meat	446.7	-10.4%	3.1%	880.0	-7.9%
Processed seafood	267.8	-8.2%	-2.0%	541.1	-7.1%
Restaurants	14.5	-40.7%	-13.9%	31.4	-34.3%
Swine farm	78.5	-28.6%	-8.7%	164.6	-25.2%

Revenue from sales

1. Processed Food from Meat

The Group generated sales revenue from processed meat products in Q2/2026 of Baht 446.7 million, representing 55.3% of total sales, a decrease in growth rate of 10.4% compared to the same quarter of the previous year (an increase of 3.1% compared to Q1/2026), and recorded a gross profit of Baht 116 million, representing 26% of revenue from this business segment, a decrease in growth rate of 11.7% compared to the same quarter of the previous year (a decrease of 1% compared to Q1/2026).

The Group generated cumulative sales revenue from processed meat products for the six-month period of Baht 880.0 million, representing 54.4% of total sales, a decrease in growth rate of 7.9% compared to the same period of the previous year, and recorded a cumulative gross profit of Baht 233.1 million, representing 26.5% of revenue from this business segment, a decrease in growth rate of 5% compared to the same period of the previous year.

Revenue from the processed meat products segment decreased due to the economic slowdown and weak consumer purchasing power, which resulted in a corresponding decline in demand for processed food products.

2. Processed Seafood

The Group generated sales revenue from processed seafood products in Q2/2026 of Baht 267.8 million, representing 33.2% of total sales, a decrease in growth rate of 8.2% compared to the same quarter of the previous year (a decrease of 2% compared to Q1/2026), and recorded a gross profit of Baht 59 million, representing 22% of revenue from this business segment, a decrease in growth rate of 11.8% compared to the same quarter of the previous year (a decrease of 14.2% compared to Q1/2026).

The Group generated cumulative sales revenue from processed seafood products for the six-month period of Baht 541.1 million, representing 33.5% of total sales, a decrease in growth rate of 7.1% compared to the same period of the previous year, and recorded a cumulative gross profit of Baht 127.8 million, representing 23.6% of revenue from this business segment, a decrease in growth rate of 11.5% compared to the same period of the previous year.

The Group's revenue from the processed seafood segment will decrease due to slowing market demand, resulting from the economic slowdown and declining consumer purchasing power.

3. Quick Service Restaurants (QSR)

The Group generated revenue from the restaurant business in Q2/2026 of Baht 14.5 million, representing 1.8% of total sales, a decrease in growth rate of 40.7% compared to the same quarter of the previous year (a decrease of 13.9% compared to Q1/2026), and recorded a gross profit of Baht 6.1 million, representing 41.8% of sales revenue, a decrease in growth rate of 42.3% compared to the same quarter of the previous year (a decrease of 6.3% compared to Q1/2026).

The Group generated cumulative revenue from the restaurant business for the six-month period of Baht 31.4 million, representing 1.9% of total sales, a decrease in growth rate of 34.3% compared to the same period of the previous year, and recorded a cumulative gross profit of Baht 12.6 million, representing 40% of sales revenue, a decrease in growth rate of 36.9% compared to the same period of the previous year.

The Group's revenue from the restaurant business decreased mainly due to the closure of 2 branches whose operating performance did not meet targets, resulting in a decline in sales revenue, as well as affecting fixed cost management and profitability of this business.

4. Swine Farming

The Group generated sales revenue in Q2/2026 of Baht 78.5 million, representing 9.7% of total sales, a decrease in growth rate of 28.6% compared to the same quarter of the previous year (a decrease of 8.72% compared to Q1/2026), and recorded a gross profit of Baht 10.5 million, representing 13.3% of sales revenue, a decrease in growth rate of 68.7% compared to the same quarter of the previous year (a decrease of 12.2% compared to Q1/2026).

The Group generated cumulative sales revenue for the six-month period of Baht 164.6 million, representing 10.2% of total sales, a decrease in growth rate of 25.2% compared to the same period of the previous year, and recorded a cumulative gross profit of Baht 22.4 million, representing 13.6% of sales revenue, a decrease in growth rate of 63.5% compared to the same period of the previous year.

Revenue from the farming business decreased mainly due to the decline in market swine prices, resulting in lower revenue from swine sales. In addition, the Company recognized an increased loss from changes in fair value less costs to sell of biological assets, affecting the overall operating results of the farming business.

Revenue from rental and services

The Group generated rental and service revenue in Q2/2026 of Baht 6 million, representing 0.7% of total sales, an increase in growth rate of 41.2% compared to the same quarter of the previous year (an increase of 21.75% compared to Q1/2026).

The Group generated cumulative rental and service revenue for the six-month period of 2026 of Baht 11 million, representing 0.7% of total sales, an increase in growth rate of 24.7% compared to the same period of the previous year.

Rental and service revenue increased as the Group was able to secure more new tenants, as well as manage fixed expenses more effectively.

Selling and distribution expenses

The Group's selling and distribution expenses in Q2/2026 amounted to Baht 106.9 million, representing 13.2% of total sales, a decrease in growth rate of 3.5% compared to the same quarter of the previous year (an increase of 2.9% compared to Q1/2026).

The Group's cumulative selling and distribution expenses for the six-month period of 2026 amounted to Baht 210.7 million, representing 13% of total sales, an increase in growth rate of 0.1% compared to the same period of the previous year.

The Group's selling and distribution expenses decreased from the same period of the previous year as a result of controlling and managing expenses in line with sales, together with the restructuring of the restaurant business through the closure of branches whose operating performance did not meet targets, resulting in a reduced number of branches and lower overall operating expenses.

Administrative expenses

The Group's administrative expenses in Q2/2026 amounted to Baht 86.4 million, representing 10.7% of total sales, a decrease in growth rate of 5% compared to the same quarter of the previous year (a decrease of 15.1% compared to Q1/2026).

The Group's cumulative administrative expenses for the six-month period of 2026 amounted to Baht 188.1 million, representing 11.6% of total sales, an increase in growth rate of 4.4% compared to the same period of the previous year.

The Group's administrative expenses increased compared to the same period of the previous year due to the closure of 2 branches in the restaurant business, resulting in the Company recognizing losses and related expenses from such branch closures.

Financial Highlights as of June 30, 2026

Statement of Financial Position (Consolidated)	June 30, 2026 (THB Mil.)	(%)	December 31, 2025 (THB Mil.)	(%)	Change (%YOY)
Total Assets	3,327.8	100.0%	3,383.1	100.0%	-1.6%
Current Assets	1,282.3	38.5%	1,281.7	37.6%	0.0%
- Cash and cash equivalents	167.5	5.0%	221.1	6.4%	-24.2%
- Trade and other receivables	561.1	16.9%	590.5	17.5%	-5.0%
- Inventories	400.0	12.0%	330.8	9.8%	20.9%
- Biological assets	103.0	3.1%	103.6	3.1%	-0.6%
- Other current assets	49.7	1.5%	35.7	0.9%	44.0%
Non-Current Assets	2,045.5	61.5%	2,101.4	62.4%	-2.7%
- Investment Properties	607.8	18.3%	610.7	18.1%	-0.5%
- Property, Plant, and Equipment	1,266.0	38.0%	1,300.6	38.4%	-2.7%
- Right-of-use Assets	80.1	2.4%	93.1	2.8%	-13.9%
- Biological asset (non-current)	17.9	0.5%	19.3	0.6%	-7.3%
- Other non-current assets	73.7	2.2%	77.7	2.6%	-5.2%
Total Liabilities	2,030.1	61.0%	2,006.1	59.3%	1.2%
Current Liabilities	1,543.5	46.4%	1,474.0	43.6%	4.7%
- Bank overdraft	985.0	29.6%	890.0	26.3%	10.7%
- Trade and other payable	423.6	12.7%	416.3	12.3%	1.8%
- Current portion of long-term loan	83.5	2.5%	85.4	2.5%	-2.2%
- Other current liabilities	51.3	1.5%	82.3	2.4%	-37.6%
Non-Current Liabilities	486.6	14.6%	532.1	15.7%	-8.5%
- Lease liabilities – exceed 1 year	74.2	2.2%	82.4	2.4%	-10.0%
- Long term loan – exceed 1 year	274.6	8.3%	316.3	9.4%	-13.2%
- Provision for retirement benefit	112.1	3.4%	102.6	3.0%	6.4%
- Other non-current liabilities	25.8	0.8%	30.8	0.9%	-8.1%
Total Shareholders' Equity	1,297.7	39.0%	1,377.0	40.7%	-5.76%
- Equity holders of the Group	1,281.8	38.5%	1,358.2	40.1%	-5.6%
- Non-controlling interests	16.0	0.5%	18.8	0.6%	-15.2%

Assets

The Group has total assets of Baht 3,327.8 million, a decrease of 1.6% compared to the end of the previous year, mainly due to a decrease in cash and cash equivalents following the payment of dividends to shareholders. Meanwhile, the Group continued to manage its working capital appropriately by increasing inventory levels, particularly raw materials, to accommodate the uncertainty of the war situation that may affect the continuity of raw material procurement.

Liabilities

The Group has total liabilities of Baht 2,030.1 million, an increase of 1.2% compared to the end of the previous year. Current liabilities increased by 4.7%, as the Group drew down short-term loans to supplement operational liquidity. As of June 30, 2026, the Group's debt-to-equity ratio was 1.6 times.

Shareholders' Equity

The Group has total shareholders' equity of Baht 1,297.7 million, a decrease of 5.76% compared to the end of the previous year.