



## KYPOCHON F&B

1Q 2023 Earnings Release

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# Disclaimer

The financial information included in this document are consolidated and separate earnings results based on K-IFRS.

The “financial results for 1Q 2023” for Kyochon F&B (the “Company”) contained in this document have been provided for investors’ convenience only and have not been audited by an independent auditor. Therefore, certain part(s) of this document are subject to change upon the audit outcome.

This document contains “forward-looking statements” – that is, statements related to future, not past, events. In this context, “forward-looking statements” often address our expected future business and financial performance, and often contain words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” or “will.” “Forward-looking statements” by their nature address matters that are, to different degrees, uncertain. For us, particular uncertainties which could adversely or positively affect our future results include the behavior of financial markets, the Company’s strategic actions, unanticipated dramatic developments in our major business conditions, and numerous other matters at the national and international levels which could affect our financial results. These uncertainties may cause our actual results to be materially different from those expressed in this document.

The responsibility for any investment decision based upon the information contained in this presentation falls on the investor. We do not undertake any duty to update any forward-looking statement.



## 1Q 2023 Highlights

Sales	YoY ▼	Operating Profit	YoY ▼	Net Income	YoY ▼
bn KRW <b>120.4</b>	-0.6%	bn KRW <b>-5.9</b>	-32.4%	bn KRW <b>-4.5</b>	-32.2%

**20.5%**

Gross Profit

**3**

Store closing

**1,373**

Domestic stores

**64**

Global stores

**30%**

Carryout&Dining Rate

**4.32Mn**

App users

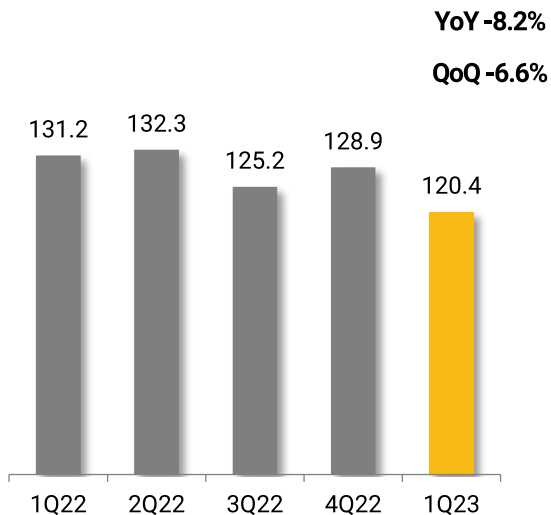
※ Based on 1Q 2023



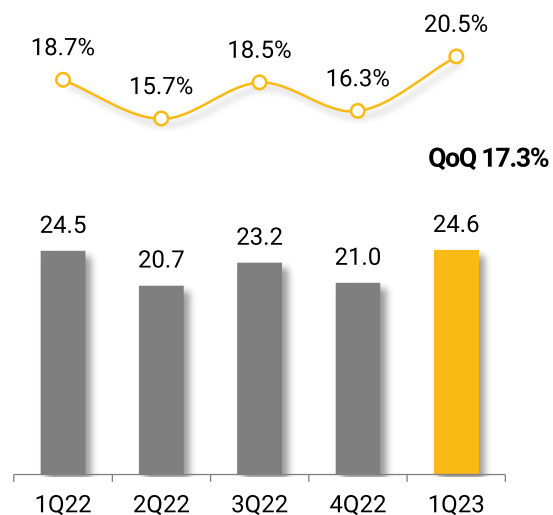
- › Sales for 1Q 2023 decreased by YoY -8.2%, QoQ -6.6%, recording quarterly of bn KRW 120.4
- › Despite of sluggish consumption, profitability is improving by reducing purchase costs.

(billion KRW)

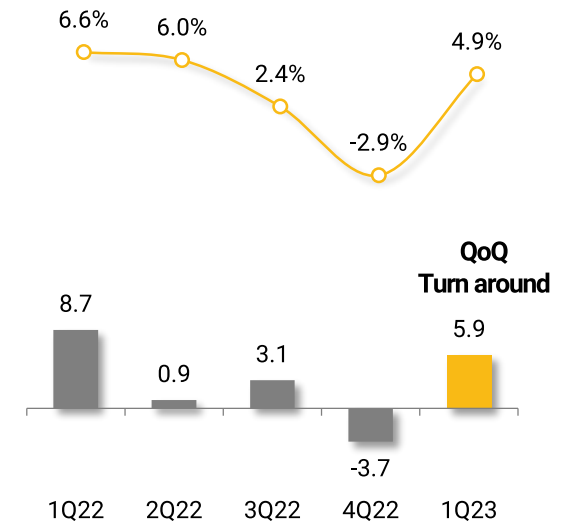
### Sales



### Gross Profit



### Operating Profit

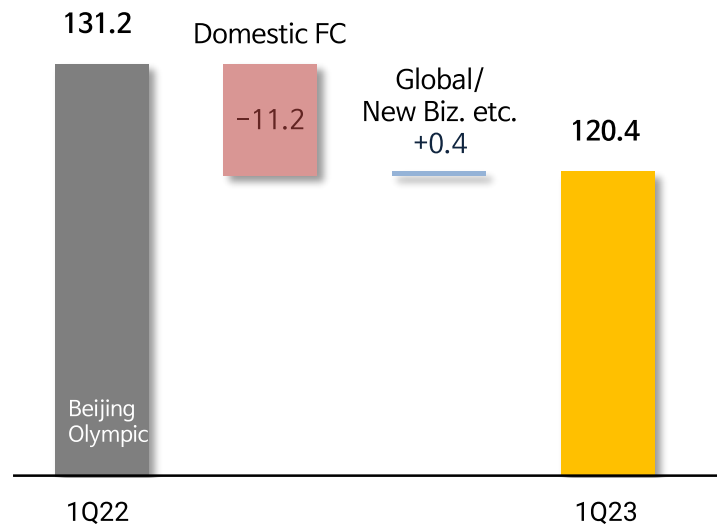


**1Q23 Sales decreased YoY -8.2% / QoQ -6.6%**

- Due to shrinking delivery market during the off-season, Domestic FC raw/subsidiary material sales reduced (↓)
- Growth in global business royalties and overseas corp.(↑)
- New business – eco-friendly packaging sales reflected(↑)

**Sales**

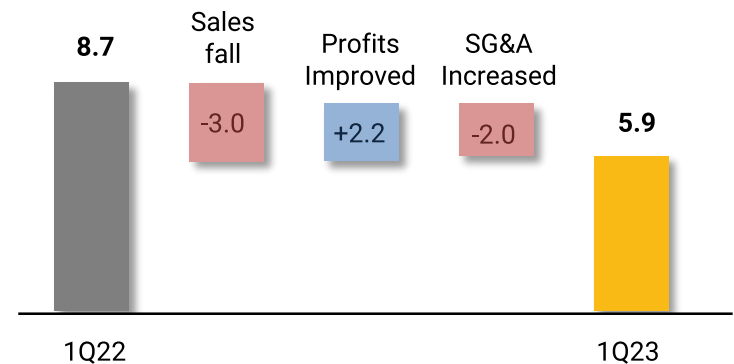
(billion KRW)

**1Q23 Operating profit YoY -32.4% / QoQ Turn around**

- Effect in Domestic FC sales decreased (↓)
- Profitability improved by cutting raw/subsidiary material purchase costs (↑)
- One-off expense for advertising, commission fees, etc.(↓)

**Operating Profit**

(billion KRW)





### Domestic Franchise

- Orders reduced due to contraction in delivery market as well as base effect of the Olympic games last year, carryout/dining orders grew 31% YoY
- Met MZ consumer demand by launching new menu: Bangkok Jumbo wings
- Developing stores : 1,373 as of 1Q 2023 (+29 YoY)
- App users grew 5 times for 2 years (8.6bn → 43.2bn), Kyochon App m/s 11.4%



Store in Kuala Lumpur international airport

### Global Business

- Main global MF stores have been overhauled (closing and newly opening, upgrading concept)
  - 64 global stores operating as of 1Q 2023
- MFA signing in Canada (2023.2.16)
- MFA signing in Taiwan (2023.3.6)



Honeycomb cooling pouches

### Commerce/New Business

HMR, Sauce , Craft beer, Package, etc.

- Building convenience food brand for extending commerce biz. as well as developing differentiated product and securing IP
- Boosting sales of 1991 Lager for franchise stores and strengthening brand competitiveness
- Supplying eco-friendly to online shopping mall customers

## Summary of Financial Position

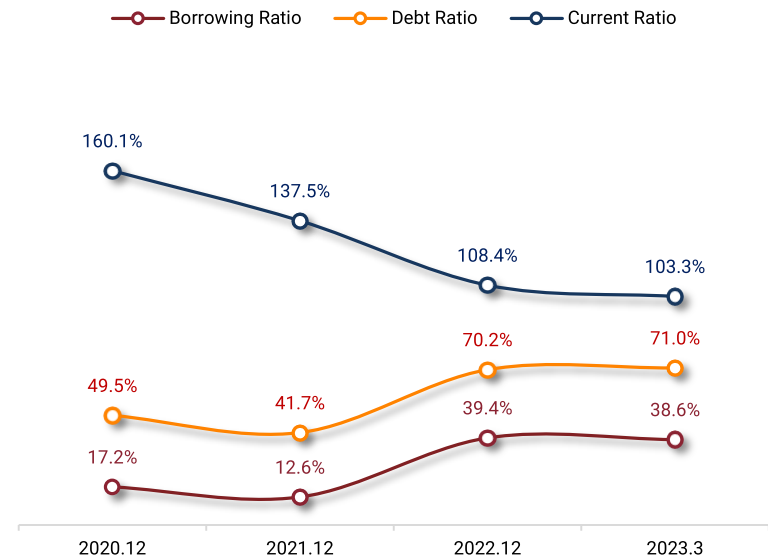
(billion KRW)

Item	2022. 12	2023. 3	YoY(%)
Total Assest	305.0	306.0	0.3
Current Assets	111.3	107.1	-3.8
Cashable Assets <sup>1)</sup>	76.9	77.1	0.2
Inventories	18.3	13.9	-24.4
Non-current Assets	193.7	198.8	2.7
Tangible Assets	166.4	170.0	2.2
Total Liabilities	125.8	127.0	1.0
Current Liabilities	102.7	103.7	1.0
Non-current Liabilities	23.0	23.3	1.2
Total Equity	179.2	178.9	-0.2
Retained Earnings	116.4	116.1	-0.2

<sup>1)</sup> Cashable Assets : Cash and cash equivalents + Short-term financial instruments

## Stable Financial Ratio

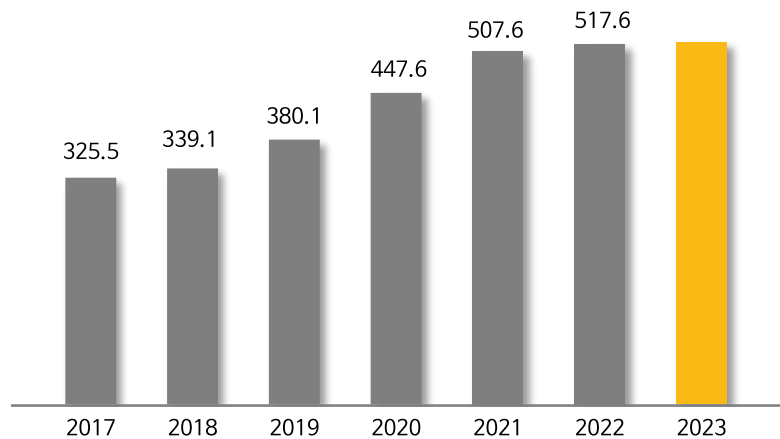
- Managing appropriate cashable assets and inventories
- Maintaining stable financial ratios such as debt and borrowing ratio <sup>2)</sup>



<sup>2)</sup> Borrowing Ratio = (Short-term borrowing + Current portion of long-term liabilities + Long-term borrowing) / Total equity

## 2023 Outlook

(billion KRW)



※ K-IFRS Consolidated Financial Statements

### Domestic Franchise

- Orders declining expected due to consumer price adjustment and slowdown consumption environment in 1H
- Improving gross profit by reducing costs and minimizing the burden of SG&A cost
- Enhancing brand promotion and steadily opening new stores in 2H

### Global Business

- Continuously opening new MF stores in SE Asia, North America, etc.
- Accelerating expansion of new areas and countries
- Rearrangement of global biz. model and improving store profitability

### Commerce/New Business HMR, Sauce , Craft beer, Package, etc.

- Expected sustainable growth in commerce business through building of new brand and new product development
- Wine-concept beer to be launched and products renewal expected
- Expanding new customers for eco-friendly package

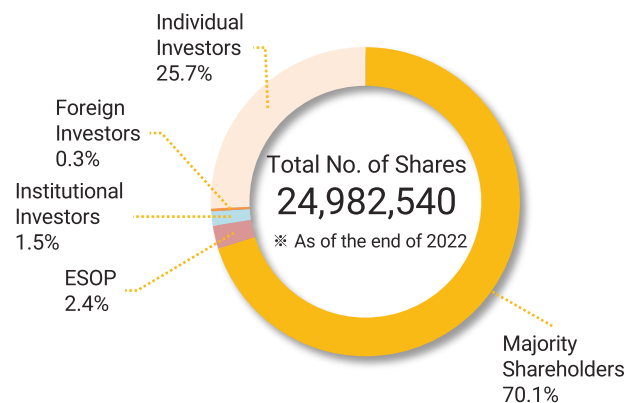


## Company Profile

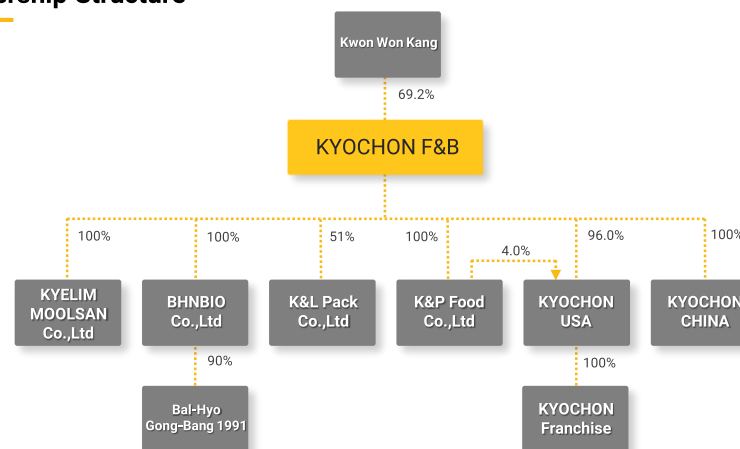


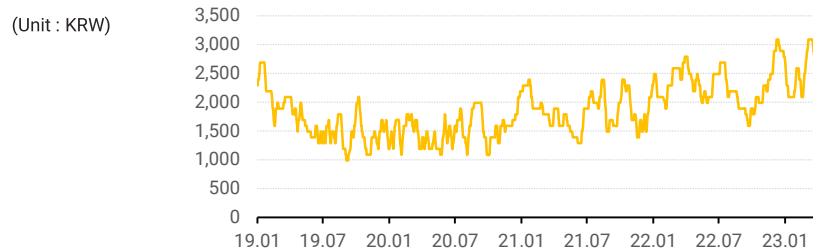
Company	Kyochon F&B Co., Ltd.
CEO	Yoon, Jin-Ho
Date of Est.	Nov. 12, 1999
Date of Listing	Nov. 12, 2020 (KOSPI)
No. of Employees	338 (As of the end of 2022)
Capital	KRW 12.6 Bn (As of the end of 2022)
Core Business	Food service (Chicken franchise)
Headquarter Seat	55-18, Dongbu-daero 436, Osan-si, Gyeonggi-do 78, Songsin-ro, Gasan-myeon, Chilgok-gun, Gyeongsangbuk-do

## Shareholders



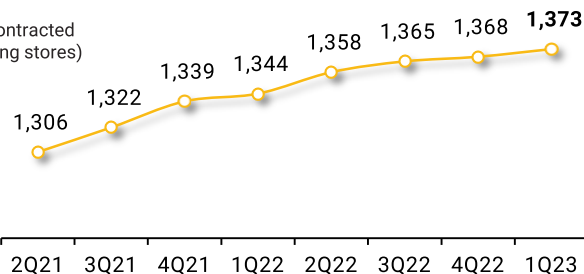
## Ownership Structure



**Raw Chicken(High)****Sugar (Future)****Wheat (Future)****Red Pepper(High)****Canola (Future)****Radish (High)**

## Domestic Stores

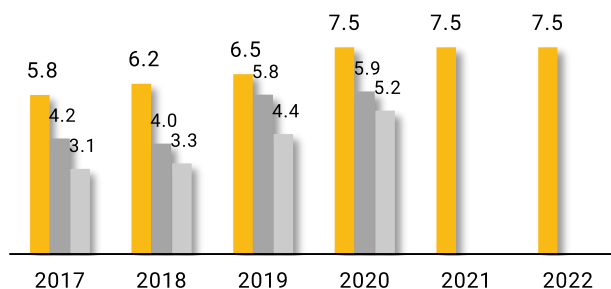
※ The number of stores contracted  
(Including direct managing stores)



## Annual Revenue per Store

(Unit : 100 million KRW)

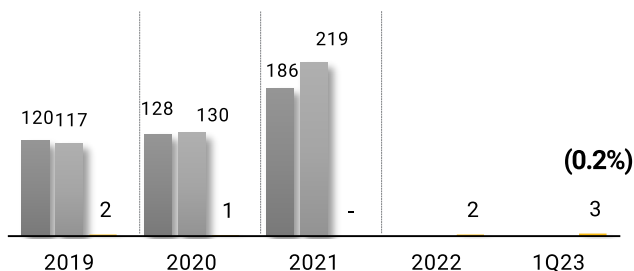
■ KYOCHON  
■ Others



## Store Closing

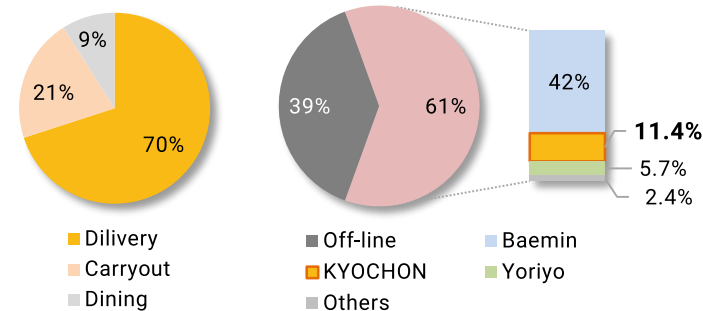
(Unit : Store, %)

■ KYOCHON  
■ Others



## Order Types

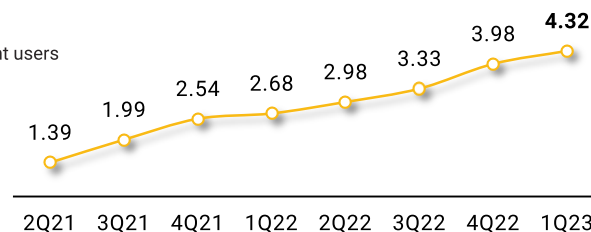
※ As of 1Q23



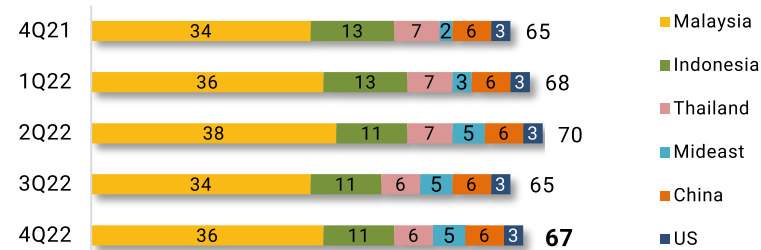
## Number of App Users

(Unit : Millions)

※ Including dormant users



## Global Stores



## Consolidated Statements of Financial Position

(Unit : million KRW)

Item	2020	2021	2022
Current Assets	77,512	79,621	111,477
Non-current Assets	152,017	175,106	191,685
<b>Total Assets</b>	<b>229,530</b>	<b>254,728</b>	<b>303,162</b>
Current Liabilities	48,413	57,924	102,387
Non-current Liabilities	27,596	16,994	21,477
<b>Total Liabilities</b>	<b>76,009</b>	<b>74,918</b>	<b>123,864</b>
Capital Stock	12,579	12,579	12,579
Capital Surplus	53,321	53,321	53,321
Other Components of Equity	-4,929	-3,594	-3,460
Retained Earnings	92,550	117,503	116,444
Non-controlling Interests	-	-	413
<b>Total Equity</b>	<b>153,521</b>	<b>179,810</b>	<b>179,297</b>

## Separate Statements of Financial Position

(Unit : million KRW)

Item	2020	2021	2022
Current Asset	54,218	49,994	76,725
Non-current Assets	143,988	167,299	186,102
<b>Total Assets</b>	<b>198,205</b>	<b>217,293</b>	<b>262,827</b>
Current Liabilities	44,827	53,787	98,592
Non-current Liabilities	13,832	5,458	10,173
<b>Total Liabilities</b>	<b>58,659</b>	<b>59,245</b>	<b>108,764</b>
Capital Stock	12,579	12,579	12,579
Capital Surplus	53,321	53,321	53,321
Other Components of Equity	-4,547	-3,535	-3,535
Retained Earnings	78,193	95,683	91,698
<b>Total Equity</b>	<b>139,546</b>	<b>158,048</b>	<b>154,063</b>

## Consolidated Statements of Income

(Unit : million KRW)

Item	2020	2021	2022
<b>Net Sales</b>	<b>447,628</b>	<b>507,628</b>	<b>517,559</b>
<b>Cost of Sales</b>	<b>345,113</b>	<b>397,290</b>	<b>428,085</b>
<b>Gross Profit</b>	<b>102,515</b>	<b>110,338</b>	<b>89,474</b>
<b>Selling and administrative expenses</b>	<b>61,485</b>	<b>69,375</b>	<b>80,535</b>
<b>Operating Profit</b>	<b>41,030</b>	<b>40,962</b>	<b>8,939</b>
Financial Income	462	639	1,260
Financial Expense	1,003	664	1,141
Non-operating Income	674	1,169	1,201
Non-operating Expenses	2,068	2,854	3,654
<b>Profit Before Income Tax</b>	<b>39,095</b>	<b>39,254</b>	<b>6,604</b>
Income Tax Expense	15,255	9,404	1,581
<b>Net Income</b>	<b>23,840</b>	<b>29,850</b>	<b>5,023</b>
Owners of the Parent Company	23,840	29,850	5,415
Non-controlling Interests	-	-	-392

## Separate Statements of Income

(Unit : million KRW)

Item	2020	2021	2022
<b>Net Sales</b>	<b>435,824</b>	<b>493,461</b>	<b>498,875</b>
<b>Cost of Sales</b>	<b>355,636</b>	<b>408,665</b>	<b>430,283</b>
<b>Gross Profit</b>	<b>80,188</b>	<b>84,796</b>	<b>68,592</b>
<b>Selling and administrative expenses</b>	<b>51,597</b>	<b>56,837</b>	<b>65,729</b>
<b>Operating Profit</b>	<b>28,591</b>	<b>27,959</b>	<b>2,863</b>
Financial Income	3,249	3,506	3,915
Financial Expense	646	349	806
Non-operating Income	386	792	360
Non-operating Expenses	1,923	2,647	3,539
<b>Profit Before Income Tax</b>	<b>29,657</b>	<b>29,261</b>	<b>2,793</b>
Income Tax Expense	12,725	7,054	149
<b>Net Income</b>	<b>16,932</b>	<b>22,207</b>	<b>2,643</b>





**Investor Relations :**

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