



S&P Syndicate Public Company Limited

Management Discussion & Analysis (MD&A)

4Q21 & FY21





Executive Summary

| 4Q21 & FY21 Highlight | 3M | | Better or (Worse) | FY | | Better or (Worse) |
|--|--------------|--------------|----------------------|--------------|--------------|----------------------|
| | 4Q20 | 4Q21 | | FY20 | FY21 | |
| Revenue | 1,377 | 1,417 | 40 | 5,199 | 4,817 | (382) |
| Cost of Sales | (622) | (653) | (31) | (2,459) | (2,296) | 163 |
| Gross Profit | 755 | 764 | 9 | 2,740 | 2,521 | (219) |
| Gross Profit Margin (%) | 54.8% | 54.0% | (0.8%) | 52.7% | 52.3% | (0.4%) |
| Distribution costs and Administrative expenses | (592) | (609) | (17) | (2,492) | (2,167) | 325 |
| Net Profit – Owners of the parent | 107 | 122 | 15 | 183 | 340 | 157 |
| Net Profit Margin (%) | 7.8% | 8.6% | 0.8% | 3.5% | 7.1% | 3.6% |

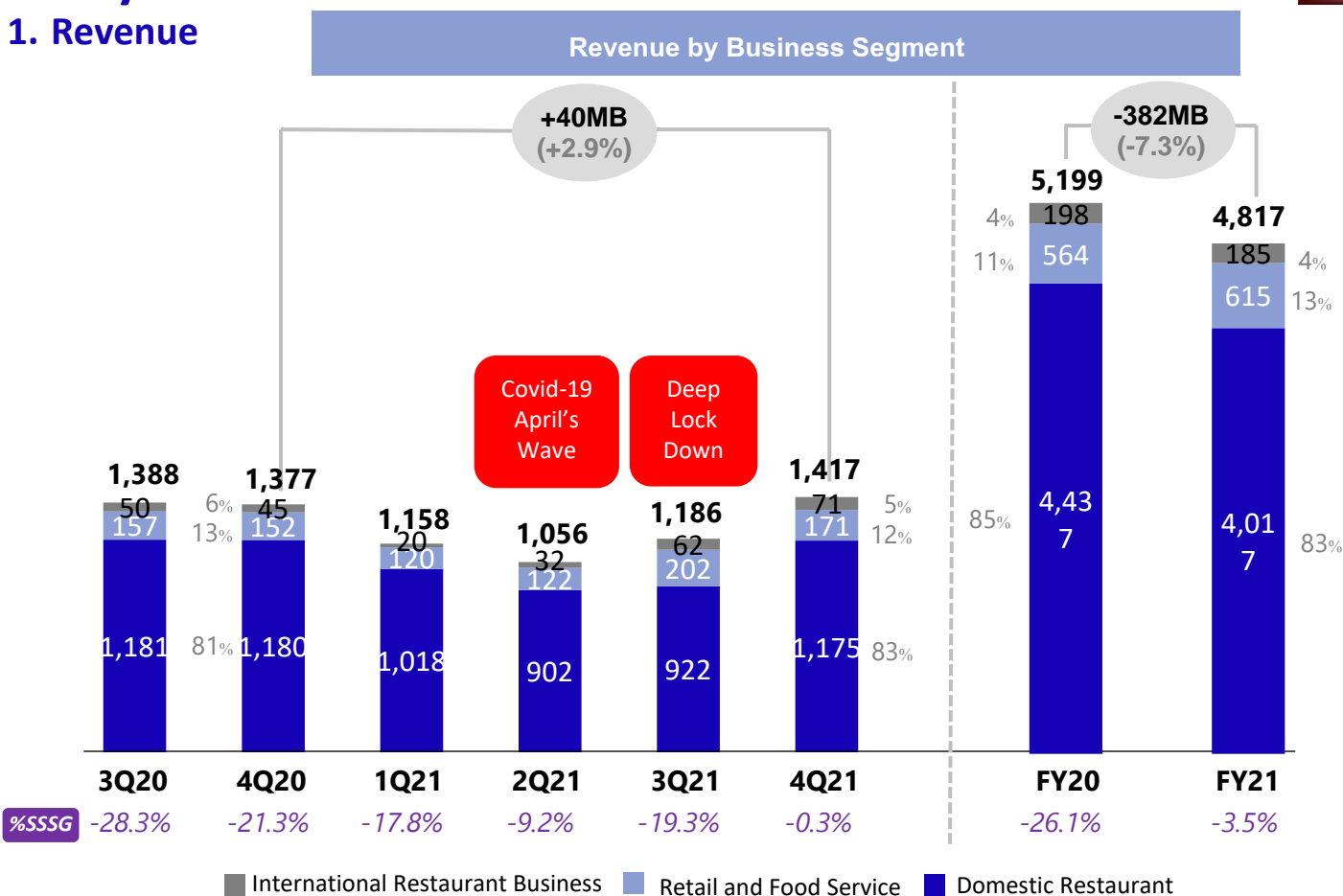
- **Net profit of 4Q21 of 122mb** increased by 15mb as compared to prior year. The increase was mainly from home delivery and loss of restaurants in oversea improved from the easing of COVID-19 restrictions. **For the year 2021, net profit amounted to 157mb, or up by 86%** from last year despite the revenues decreased by (382)mb. This is resulted from the Company adjusted and adapted to the new normal of COVID-19. The Company 1) has built the working attitude of flexibility and agile to quick respond to both internal and external customers, 2) offered home delivery, 3) launched new product to increase margin and sales, 4) closed stores operating at loss, 5) restructured organization structure, 6) used technology to reduce work process, and 7) continue on disciplined cost control.
- **Gross profit of 4Q21 reported at 54%** fell by 0.8% compared to last year, as a result of dine-in sales declined by (31%) due to government's restrictions and lockdown and released to reopen on 1 November 2021. **While, gross profit of the year 2021 declined by (0.4%) to 52.3%**, resulted from 1) decline substantially in dine-in sales (45%) compared to last year due to the strict government's restrictions and lockdown during 3Q21 that could not open more than 200 stores in shopping mall and modern trade, 2) launch new products and promotion campaigns that drive the profit, 3) discipline in cost management and cost control.
- **The Company continues to drive delivery sales which rose 41% in 4Q21** compared to the same period in prior year. **For the year 2021, delivery sales increased by 38%** from last year successfully expanded in its own 1344 and also Food aggregators. In 2Q21, the Company has improved the application of 1344 to build better customer's experiences.
- **Revenues of the year 2021 decreased from prior year amounted (382)mb or down by (7.3%)**. The decreased was from 1) decline of dine-in sales by (293)mb or (45%) compared to last year, 2) loss in Takeaway sales from strict lockdown during 3Q21 and 3) net offset with increase in delivery sales.

| Brand | Total Number of Stores | Thailand | | International | | |
|-----------------|------------------------|------------|-----------|---------------|-----------|----------|
| | | Equity | Franchise | Equity | Franchise | Equity |
| S&P Restaurant | 138 | 132 | 1 | 5 | - | - |
| S&P Bakery Shop | 297 | 295 | 2 | - | - | - |
| S&P DeITA | 29 | 29 | - | - | - | - |
| Patio | 2 | 2 | - | - | - | - |
| Patara | 10 | 1 | - | 4 | 1 | 4 |
| Grand Seaside | 1 | 1 | - | - | - | - |
| Maisen | 11 | 11 | - | - | - | - |
| Umenohana | 2 | 2 | - | - | - | - |
| Total | 490 | 473 | 3 | 9 | 1 | 4 |



Analysis of Statement of Income

1. Revenue



Revenue of 4Q21 increased by 40mb or 2.9% compared to the same period of prior year, while overall revenue of 2021 dropped by (382)mb or (7.3%) from last year. As a result of, 1) decrease in dine-in Baht (293)mb or (45%) from last year, 2) loss in Takeaway sales from strict lockdown during 3Q21, 3) net offset with increase in delivery sales, and 4) drive sales of frozen food through convenient stores, modern trade outlets and supermarkets and provide OEM services.

%SSSG or %Same-store-sales fell by (26.1%) of FY20, which was the first year of the COVID-19 pandemic. %SSSG of 2021 still dropped by (3.5%) which was a result of the spread of COVID-19 since April 2021 and not yet over. Over 200 stores were temporarily closed during 3Q21 from the strict government's lockdown.

Domestic:

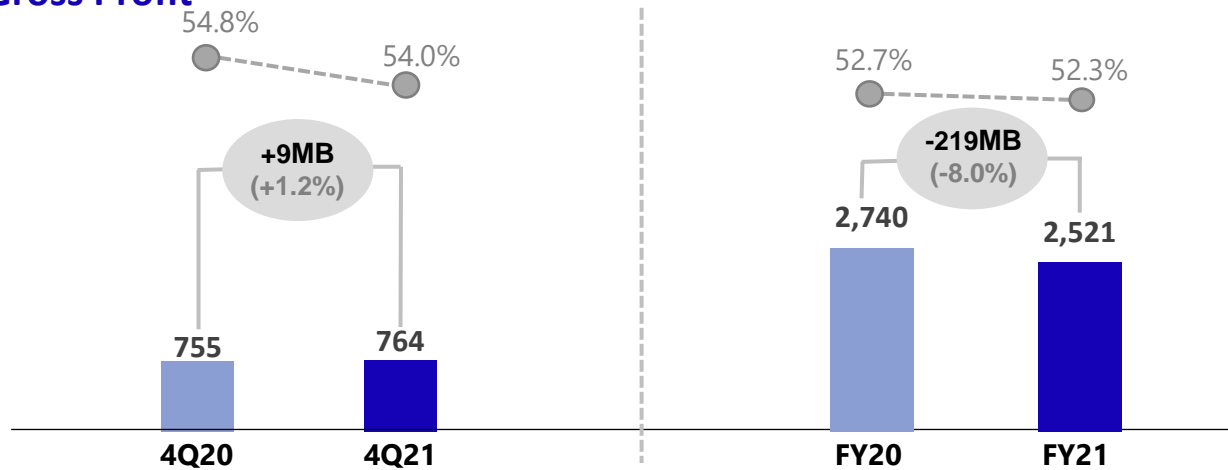
- ❖ **Restaurant Business:** Revenue of FY21 was hit by the lockdown in response to the new wave of COVID-19 in April 2021 which affected the revenue of 3Q21. Over 200 stores in shopping malls and modern trade outlets were imposed to close by the strict COVID-19 measures. However, the Company had shifted to drive delivery channel from the opened stores and expand the delivery area coverage. The Company also boosted the average sales per bill with the Combo Value Pack and ready-to-eat Meal Box. Also, with the festive of Moon cake, Mother's Day and New Year help, could help to compensate the shortfall. On 1 November 2021 Thailand started to reopen the country which **turned revenue of 4Q21 higher than the same period of prior year 2.9%**.
- ❖ **Retail and Food Service Business:** **Overall revenue improved from prior year 51mb or 9.0%** from frozen food products through channel of convenient stores and supermarkets including the growth of OEM service provided to business partners.

Overseas:

- ❖ **Restaurant Business:** **Revenue of 4Q21 increased by 26mb or 57%** compared to last year, a result of the easing of COVID-19 restriction in United Kingdom, Switzerland, Austria and Cambodia to allow full service in restaurants.

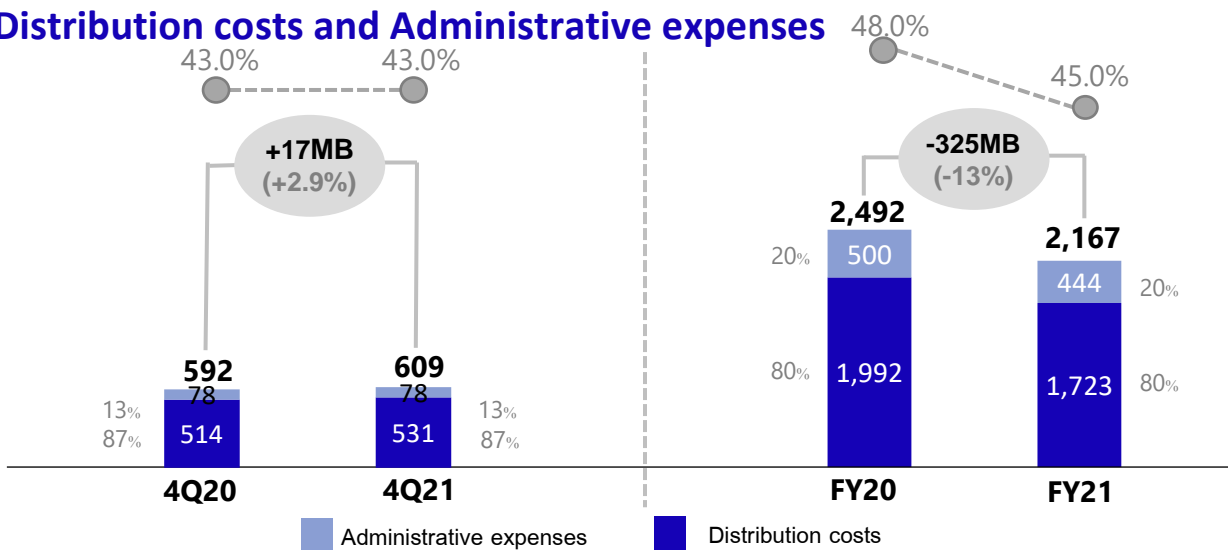


2. Gross Profit



- **Gross profit margin in 4Q21 was 764mb, 54.0% on sales or (0.8%) YoY, mainly due to** the increased of delivery sales and the reduction of operation loss from oversea restaurant business since the Covid-19 lockdown measures has been released.
- **Gross profit margin in FY21 was 2,521mb, 52.3% on sales or (0.4%) YoY, mainly due to** 1) the affected sales from no in-store dine-in decreased (45%) YoY from the highly strict lockdown measures during 3Q21, the restaurant in hypermarket, supermarket and community mall have been closed almost 200 stores. 2) Focus on new products, and promotion campaign driving the profit 3) Emphasized on cost and expenses control management in all aspects.

3. Distribution costs and Administrative expenses



- **Distribution costs and Administrative expenses in 4Q21 was 609mb, +2.9% YoY.** Whereas, FY21 Distribution costs and Administrative expenses decreased (325)mb, or (13%), resulting from the continuous cost control and fixed expenses management.
- **Distribution costs in 4Q21 was 531mb, +3.1% YoY.** While, FY21 Distribution costs decreased by (269)mb, or (13.5%) YoY.
- **Administrative expenses in 4Q21 was 78mb, closed to last year.** While, FY21 Administrative expenses decreased (56) mb, or (11.2%) YoY.

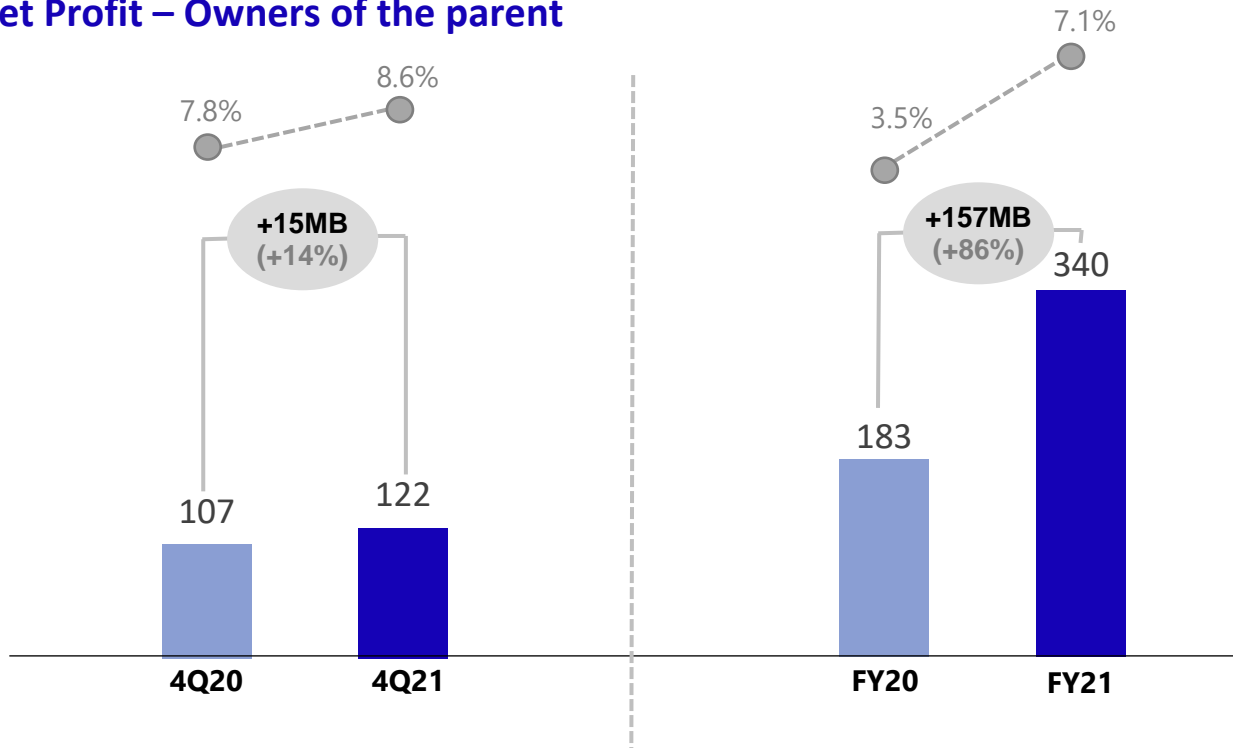
The continuous cost control and fixed expenses management as follows:

1. In-store labor productivity and roster management
2. Manufacturing labor productivity
3. Rental negotiation
4. Organization restructuring
5. Cost effectiveness controls and cut
6. System and workflows efficiency improvement thru automation and processes re-engineering

Remark: Administrative expenses have been reclassified to reflect the nature of transactions, by adjusting of 4Q21 and FY21 for comparison



4. Net Profit – Owners of the parent



- **4Q21 Net Profit was 122mb; increased by 15mb YoY**, mainly due to the increase of delivery sales and the reduction of operation loss from oversea restaurant business since the Covid-19 lockdown measures has been released.
- **FY21 Net Profit was 340mb; increased by 157mb, or +86% YoY**, despite the revenue from Sales decreased (382)mb. This was caused by the driving the mindset towards collaboration, agility and resilience to work under new normal circumstances respond to customer satisfaction, boosting on the delivery sales, launching the new products match with customer requirements, closed non-performing stores, restructuring organization and improve the work process toward automation and continuous cost control management, that successfully resulted in net profit margin at 7.1% on sales





5. Assets / Liabilities and Equity

| BALANCE SHEET | | | | |
|--|--------------|-------------|--------------|-------------|
| Key Metrics (MB) | As at Dec'21 | | As at Dec'20 | |
| | MB | % | MB | % |
| Cash and cash equivalents | 980 | 19% | 577 | 11% |
| Financial assets at fair value | 360 | 7% | 479 | 9% |
| Other current assets | 558 | 11% | 492 | 10% |
| Total current assets | 1,898 | 37% | 1,548 | 30% |
| Investment in associate | 73 | 1% | 67 | 1% |
| Investment in joint ventures | 206 | 4% | 200 | 4% |
| Property, plant and equipment | 1,486 | 29% | 1,397 | 27% |
| Right-of-use asset | 1,306 | 26% | 1,827 | 36% |
| Other non-current assets | 97 | 2% | 80 | 2% |
| Total non-current assets | 3,168 | 63% | 3,571 | 70% |
| TOTAL ASSETS | 5,066 | 100% | 5,119 | 100% |
| Short-term borrowings from financial institution | 8 | 0% | 57 | 1% |
| Current portion of lease liabilities | 443 | 9% | 472 | 9% |
| Trade and other payables | 760 | 15% | 647 | 13% |
| Other current liabilities | 146 | 3% | 110 | 2% |
| Total Current Liabilities | 1,357 | 27% | 1,286 | 25% |
| Long-term borrowings from financial institutions | 196 | 4% | 91 | 2% |
| Non-current provision for employee benefits | 167 | 3% | 152 | 3% |
| Lease liabilities | 653 | 13% | 1,115 | 22% |
| Other non-current liabilities | 77 | 2% | 80 | 2% |
| Total non-current liabilities | 1,093 | 22% | 1,438 | 28% |
| TOTAL LIABILITIES | 2,450 | 48% | 2,724 | 53% |
| Paid-up Capital | 511 | 10% | 490 | 10% |
| Premium on ordinary shares | 690 | 14% | 690 | 13% |
| Surplus on gain from transfer of business to JV | 80 | 2% | 80 | 2% |
| Legal reserve | 52 | 1% | 52 | 1% |
| Unappropriated | 1,258 | 25% | 1,065 | 21% |
| Other components of shareholders' equity | -14 | 0% | -18 | 0% |
| Non-controlling interests | 38 | 1% | 36 | 1% |
| TOTAL EQUITY | 2,616 | 52% | 2,395 | 47% |
| TOTAL LIABILITIES & EQUITY | 5,066 | 100% | 5,119 | 100% |
| Authorised share capital | 515 | | 490 | |
| Par Value (Baht/Sh.) | 1.0 | | 1.0 | |
| No. of share (millions) | 515 | | 490 | |

Cash & cash equivalent of 980 mb, +403 mb vs. Dec 2020, mainly driven by the net operating cash inflow. **Financial assets at fair value:** Total 360 mb, -119 mb vs. Dec 2020 was attributed to dividend payment in May.

Other current assets of 558 mb, +66 mb, mainly increased in inventory +48 mb, from storing raw material +30.5mb mainly are Butter, Cooking oil and Salmon.

Short term borrowing : due to repayment of BBL loan for new DC (49)mb

Long term borrowing : increase mainly from loans of new DC 155 mb (BBL) and solar D 12 mb (K bank)

Trade and other payables : +113 mb, resulted from payables of raw material, marketing expenses and fixed assets.


Paid-up Capital of 511 mb, +21 mb from Warrants issuance

Retained earnings +193 mb, mainly due to net profit for the period 340 MB, offset with dividend payment (147) MB



*“Strengthen **The Core**, Create **The Next**”*

For inquiries related to the Investor Relations, please contact us by:

 irsnp@snpfood.com