



“Timeless Family Warmth”

Management Discussion & Analysis

MD & A

1Q26

Kneading The Future

1. Overview of business operations, economic conditions, and industry factors affecting operations

Overview of the Food Industry

The Thai restaurant industry in 2026 is expected to continue recovering, although growth will remain gradual. Total industry revenue during 2026–2028 is projected to expand at an average rate of approximately 2.9–3.9% per year, reaching around 350–390 billion baht. However, growth in 2026 is still expected to face pressure from several factors, including the global economic slowdown caused by geopolitical tensions, which has led to higher living costs and energy prices, thereby weakening consumer purchasing power. In addition, the recovery in foreign tourist arrivals, particularly long-haul travelers, remains incomplete, resulting in a slower recovery for restaurants that rely heavily on tourism-related spending.

At the same time, operators continue to face pressure from rising costs and intense competition. Raw material costs remain high and volatile due to weather conditions, negatively impacting profit margins, while some restaurants have been forced to close operations. As a result, businesses have become more focused on cost control measures, such as reducing full-time employment and increasing the use of part-time staff. Overall, the industry remains one that is “still able to grow, but with challenges,” meaning there are opportunities for continued medium-term growth, although in the short term operators must cope with weak consumer purchasing power, elevated costs, and intense competition.

Large restaurant and beverage operators with chain networks are expected to continue growing, supported by: (1) aggressive branch expansion strategies, with greater diversification of locations and customer segments covering both Thai and international consumers, as well as expansion both inside and outside shopping centers; (2) continuous development and launch of new brands, alongside an increased focus on more affordable pricing segments; (3) strong brand recognition and broad consumer accessibility across various locations; and (4) stronger bargaining power with suppliers due to large-volume raw material orders, enabling operators to reduce unit costs during periods of elevated food and beverage raw material prices. *Resource: Krungsri Research*

Business Strategy for Growth

Amid ongoing economic challenges, uncertainties from war-related conditions, rising costs such as raw materials and transportation, intense competition from both major and new market players, as well as rapidly changing consumer behavior, the Company has established strategies to strengthen its business and drive sustainable long-term growth. The Company continues to focus on the following four key strategies:

- **Store Development:** The Company has been testing and expanding new store formats, alongside renovating selected branches. Customer segmentation has also been implemented to better and more accurately address the needs of customers in each location, with the objective of improving space utilization efficiency and increasing sales per SQM.
- **New Product Development aligned with market trends:** The Company continues to develop new products (Seed-to-Market) by leveraging trend-based concepts, innovation, and collaborations with business partners to create differentiation and expand product variety.
- **Expansion into new businesses:** The Company continues to build on Wingstop fried chicken brand, which has received strong positive feedback from Gen Z customers, with plans to expand to 7-10 branches this year.
- **Strengthening Retail and Food Service business:** The Company is accelerating new product development (NPD), including new products, seasonal products, and exclusive retail-channel products, while expanding OEM operations to restaurant chains and airline customers. This helps generate stable revenue streams and diversify business risks.

To support these key strategies, the Company has also established important marketing plans as follows:

- **Segmentation Strategy covering all customer groups:** The Company has developed its product structure and communication strategy across four key segments — Fresh, Convenience, Grab & Go, and Value+ — in order to address varying consumer behaviors and needs across different occasions and time periods.
- **Repositioning toward Everyday Consumption:** The Company has shifted the positioning of cake products from being reserved for special occasions to becoming part of everyday consumption, with the objective of increasing purchase frequency by focusing on small-sized cakes, cake slices, and fresh-baked products.
- **Omnichannel & Digital Acceleration:** The Company continues to strengthen delivery and online channels, while also developing the “Cake Express” rapid delivery service concept to better serve digital-era consumer behavior.
- **Marketing Activities:** The Company continues to enhance marketing activities to increase customer engagement and brand awareness. For example, the Company launched the “Everyday Cake” campaign, alongside bundle sets and value sets to increase average order value (AOV), while also refining promotional strategies to improve effectiveness.
- **Brand Collaboration & Content-driven Marketing:** The Company has shifted its marketing strategy from product-focused communication toward content creation through collaborations with business partners, aiming to generate social media buzz and strengthen content-driven marketing initiatives.
- **Data-driven CRM & Personalization:** The Company leverages customer data and analytics tools to increase repeat purchases, develop personalized promotions, and analyze customer behavior across different locations in order to improve marketing effectiveness.

2. Summary of 1Q26 Key Events and Developments

1. New Product Launches: The Company launched new Fresh Bake products, including Shio Pan and Egg Tart, as well as 0.5-pound POP Cakes, to better serve everyday consumption occasions. In addition, the Company developed Thai-inspired bakery products to expand product variety and broaden its customer base.



2. Brand Collaboration – “Gohan Cake”: The Company launched the “Gohan Cake” campaign in collaboration with GDH 559, linked to a movie themed around dogs. This initiative forms part of the Company’s Brand Collaboration strategy to increase brand awareness, attract new customers, create social media buzz, and strengthen content-driven marketing efforts.



3. Seasonal Product Launches: This summer, S&P reintroduced its signature “Khao Chae,” a traditional royal Thai summer dish recognized as a legendary refreshing menu item. The Company remains committed to passing down valuable culinary traditions from generation to generation.



4. Opening of a New S&P Express Store: The Company launched a new S&P Express store offering food, bakery products, and beverages in a self-service format focused on convenience and speed. The new branch is located on the 1st floor of the Service Building at Srinakharinwirot University, Pasarnmit Campus.



In addition, the Company launched “Chinese New Year auspicious desserts” including lucky Chinese pastries symbolizing prosperity throughout the year, featuring balanced sweetness and meaningful symbolism in every piece. Various Chinese New Year offerings and worship sets were also introduced, available as complete sets delivered directly to customers’ homes through the 1344 ordering channel.

Brand	1Q26			1Q25		
	Total	Thailand	International	Total	Thailand	International
S&P Restaurant	125	125	-	132	127	5
S&P Bakery Shop	296	296	-	299	299	-
Patara	6	1	5	7	1	6
Platapien	1	-	1	-	-	-
Patio	1	1	-	1	1	-
Nais & SNP Cake Studio	1	1	-	1	1	-
Baan Suriyon	1	1	-	-	-	-
Maisen	5	5	-	7	7	-
Umenohana	1	1	-	1	1	-
Kizuki	1	1	-	1	1	-
S&P 1973. S&P1973	1	1	-	-	-	-
Wingstop	1	1	-	-	-	-
Total	440	434	6	449	438	11

3. Summary of Operating Results

(Units : million Baht)

Highlight	1Q25	1Q26	Change +/-
Revenue	1,378	1,286	(92)
Cost of Sales	(615)	(567)	48
Gross Profit	763	718	(45)
Gross Profit Margin (%)	55.4%	55.9%	0.5%
Selling and Admin. Expenses	(722)	(687)	35
Selling and Admin. Expenses (%)	52.4%	53.4%	1.0%
Net Profit – share of the owners	48	44	(4)
Net Profit Margin (%)	3.5%	3.4%	(0.1%)

Revenue: In 1Q26, this amounted to 1,286 million baht or decreasing by 7% YoY, due to the decline in sales from the “domestic restaurant” segment amid the economic slowdown, driven by war-related conditions and weakening economic activity, as well as intense competition in the industry and the closure of branches in Cambodia.

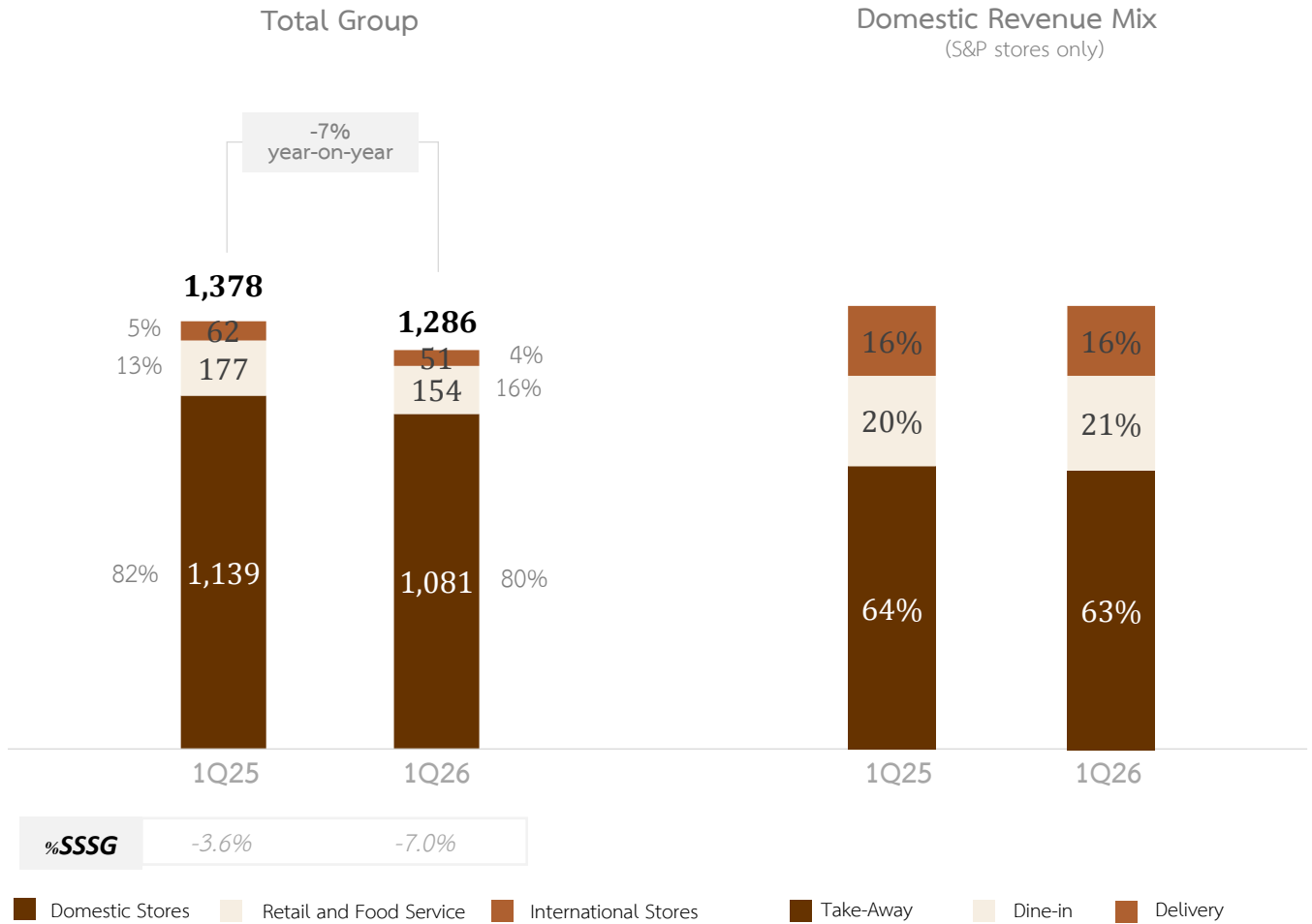
Gross Profit Margin (%): In 1Q26, this was 55.9%, a increase of 0.5% YoY. Although raw material costs and transportation expenses increased due to war-related conditions, the Company continued to effectively manage costs through LEAN production initiatives and factory cost reduction programs, as well as efficient procurement management, enabling the Company to maintain stable raw material cost levels.

Net Profit: In 1Q26, this was 44 million baht, or decrease of 8% YoY, the main reason was the decline in revenue, while various fixed expenses remained unchanged. However, better cost of sales management helped mitigate the impact, allowing the company to maintain a net profit margin at a level close to that of the previous year.



Revenue

(Units : million Baht)

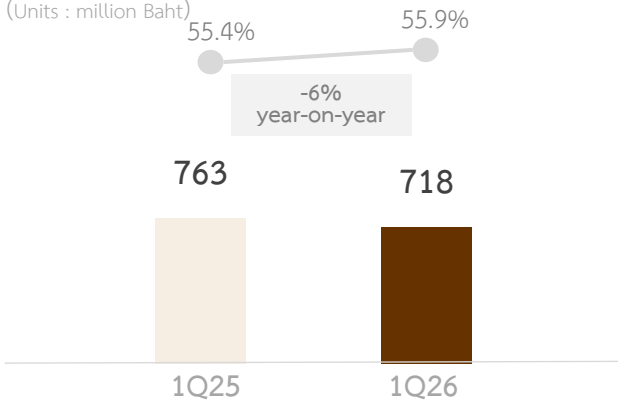


Revenue : In 1Q26, revenue amounted to 1,286 million baht, decreased by 92 million baht or -7% YoY. The main contributing factors were as follows:

- Domestic Restaurants:** Decreased by 58 million baht compared to the previous year, The main factor was the decline in sales from branches located in hypermarkets and hospitals, where customer traffic decreased as a result of war-related conditions and the economic slowdown, leading consumers to spend more cautiously. At the same time, competition in the food and bakery business remained intense.
 - Take-away: Decreased by 8% YoY** mainly due to lower customer traffic from branches located in shopping malls and hypermarkets.
 - Dine-in: Decreased by 2% YoY** mainly due to lower customer traffic from branches located in shopping malls and hospitals.
 - Delivery: Decreased by 7% YoY** mainly due to a decline in the number of purchase orders for large orders through the 1344 ordering platform, while the number of purchase orders from food aggregators (which have lower average order values) increased.
- Retail and Food Service:** Decreased by 23 million baht compared to the previous year, mainly due to lower retail sales from frozen cake products. However, this was partially offset by increased sales to airline and transportation customers.
- Overseas Restaurants:** Decreased by 11 million baht compared to the previous year, mainly due to the closure of restaurant operations in Cambodia caused by international conflicts. Nevertheless, sales in the UK increased significantly, particularly from the newly opened Platapian restaurant.

Gross Profit

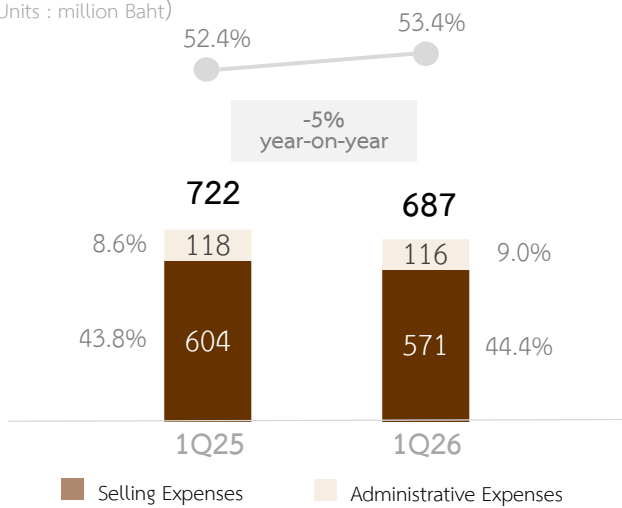
(Units : million Baht)



%Gross Profit: In 1Q26, this was 55.9%, a increase of 0.5% from previous year. Although raw material costs and transportation expenses increased due to war-related conditions, the Company continued to effectively manage costs through LEAN production initiatives and factory cost reduction programs, as well as efficient procurement management, enabling the Company to maintain stable raw material cost levels.

Selling expenses and Administrative expenses

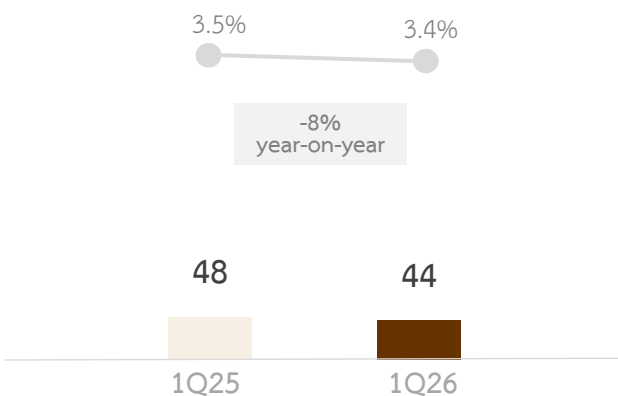
(Units : million Baht)



Selling expenses and Administrative expenses: In 1Q26, this totaled 687 million baht, representing a 5% decrease YoY, mainly due to lower variable expenses in line with the decline in revenue. Meanwhile, the ratio of selling and administrative expenses to total revenue was 53.4%, increasing by 1% YoY. The main reasons were lower revenue while most fixed expenses remained unchanged, including higher rental expenses and increased employee-related expenses.

Net Profit

(Units : million Baht)



Net Profit: In 1Q26, this was 40 million baht, or -8% YoY, Meanwhile, the net profit margin was 3.4%, remaining close to the previous year's level (decreasing by only 0.1 pts.). The main reason was the decline in revenue, which was offset by improved cost of sales management.

4. Summary of Financial Position

Statements of Financial Position				
Key Metrics (MB)	As at Mar26		As at Dec25	
	MB	%	MB	%
Cash and cash equivalents	696	17%	564	13%
Financial assets at fair value	167	4%	166	4%
Other current assets	542	13%	641	15%
Total Current assets	1,405	34%	1,371	33%
Investment in associate	-	0%	-	0%
Investment in joint ventures	281	7%	274	7%
Long-term loan to related parties	40	1%	39	1%
Property, plant and equipment	1,565	38%	1,587	38%
Right-of-use asset	756	18%	821	20%
Other non-current assets	94	2%	91	2%
Total non-current assets	2,736	66%	2,812	67%
TOTAL ASSETS	4,141	100%	4,182	100%
Short-term borrowings from financial institutions	0	0%	-	0%
Current portion of long-term borrowings	3	0%	5	0%
Current portion of lease liabilities	341	8%	354	8%
Trade and other payables	705	17%	727	17%
Other current liabilities	75	2%	83	2%
Total Current Liabilities	1,124	27%	1,168	28%
Long-term borrowings from financial institutions	-	0%	-	0%
Lease liabilities	171	4%	214	5%
Non-current provision for employee benefits	156	4%	150	4%
Other non-current liabilities	67	2%	69	2%
Total non-current liabilities	394	10%	434	10%
TOTAL LIABILITIES	1,518	37%	1,602	38%
Paid-up Capital	515	12%	515	12%
Premium on ordinary shares	690	17%	690	16%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Treasury Stock	-44	-1%	-44	-1%
Legal reserve	52	1%	52	1%
Unappropriated	1,287	31%	1,243	30%
Other components of shareholders' equity	8	0%	9	0%
Non-controlling interests	35	1%	35	1%
TOTAL EQUITY	2,623	63%	2,580	62%
TOTAL LIABILITIES & EQUITY	4,141	100%	4,182	100%
<i>Authorised share capital</i>	<i>515</i>		<i>515</i>	
<i>Par Value (Baht/Sh.)</i>	<i>1.00</i>		<i>1.00</i>	
<i>No. of share (millions)</i>	<i>515</i>		<i>515</i>	

Cash and Cash Equivalents totaled 696 million Baht, a decrease of 132 million Baht compared to December 2025. The primary reasons were less payment settlement to supplier 98 million Baht, Less investment in PPE 15 million Baht and Less repayment on lease liabilities 24 million Baht

Long-term Loans to Related Parties amounted to 40 million Baht, this was due to a loan extended to Patara Fine Thai Cuisine (PFTC) for its Fulham restaurant branch in London, the United Kingdom.

Property, Plant and Equipment totaled 1,565 million Baht, a decrease of 22 million Baht compared to December 2025, mainly due to depreciation expenses.

Right-of-Use Assets and Lease Liabilities decreased by 65 million Baht, primarily due to depreciation of right-of-use assets and lease liability repayments upon maturity.

Trade and Other Payables decreased by 22 million Baht, mainly due to payments made to suppliers.

5. Factors That May Affect Operations or Future Growth

S&P’s restaurant and bakery business is expected to face continued pressure from the global economic slowdown and war-related conditions, which have caused significant volatility in energy and food raw material prices. In particular, the costs of flour, milk, butter, and sugar are expected to rise, leading to food inflation. In addition, transportation costs have increased in line with higher oil prices, directly impacting the Company’s profit margins. At the same time, current economic conditions are likely to weaken consumer purchasing power, resulting in lower spending on dining out and cakes for special occasions. Consumers are increasingly shifting toward more affordable products and everyday consumption items.

Within the industry, the Thai restaurant sector has entered a period of slower growth and intense competition. Operators are required to increase marketing expenditures and continuously develop new menu offerings in order to retain customers. Consumer behavior has also shifted toward convenience, speed, and delivery-based consumption. As a result, S&P needs to adjust its strategy from focusing on cakes for special occasions toward more everyday consumption products, such as cake slices and ready-to-eat meals, in order to increase purchase frequency and generate more stable recurring revenue. The Company is also developing value-oriented menu offerings and value sets to better meet customer expectations.

Another key challenge is supply chain risk and climate change, both of which are driving structurally higher food costs rather than merely short-term cyclical increases. The bakery business is particularly affected due to its direct dependence on agricultural raw materials. In addition, energy costs, electricity expenses, and ESG-related investments — such as waste management and energy efficiency improvements — are becoming essential long-term operating costs for the business.

Nevertheless, S&P still has growth opportunities from the recovery of the tourism sector, overseas business expansion, and the repositioning of the brand toward everyday food consumption. If the Company can successfully manage costs and adapt its business model, it can transition from being a food and bakery business reliant on special occasions into a daily food and bakery platform with more stable revenue streams and greater resilience against future economic volatility.

6. Sustainability Development

S&P Syndicate Public Company Limited conducts its food and bakery business with stability under strong corporate governance principles, while simultaneously caring for society and the environment. The Company has adopted the seven United Nations Sustainable Development Goals (SDGs) as a strategic framework, guided by the three pillars of the 3P concept: P–Planet: Contributing to ecological balance, P–People: Empowering people and communities and P–Prosperity: Supporting organizational resilience and sustainable growth

E (Environment)

1. Controlled excess bakery production to not exceed 5.5% of sales. In Q1/2026, the ratio was 6.4%, while 15.30% of excess products were utilized through the S&P Food Rescue project.
2. Collected greenhouse gas emissions data covering offices, factories, distribution centers, and retail outlets under the Carbon Footprint Organization project, alongside systematic energy reduction and emissions management plans. In 2025, greenhouse gas emissions increased by 1.84% compared to the 2023 base year due to business expansion, resulting in higher electricity consumption rates at S&P restaurant and bakery branches.
3. Promoted a low-carbon society through the renewal of Carbon Footprint Product certifications for five products within the sliced cake and packaged cake categories.
4. Developed environmentally friendly production and transportation processes through solar rooftop installations and pilot testing of solar-powered electric delivery vehicles.
5. Received ISO 14001 Environmental Management System certification for the bakery production facilities located at Bangna-Trad Km. 23.5 and Lamphun Province.

S (Social)

1. Enhanced customer experience through continuous product and service development. In Q1/2026, the Company achieved an average customer satisfaction score of 88% based on feedback from 7,546 respondents.
2. Fostered a sustainable corporate culture through ongoing ESG and Lean Manufacturing & Lean Six Sigma training programs.
3. Promoted nutrition by developing new nutritional products and providing nutritional information to consumers, including Wolffia bread products.
4. Supported local raw materials and community products through the S&P Growing Together and S&P Reuse Bag projects, helping generate income and equal opportunities for communities.
5. Strengthened relationships with communities surrounding operational areas through the S&P Giving for Community project.

G (Governance)

1. Received a AAA rating in the SET ESG Ratings 2025 sustainability assessment.
2. Received a 5 - star “Excellent” Corporate Governance Report (CGR 2025) rating for the third consecutive year.
3. Renewed membership in the Collective Action Coalition Against Corruption (CAC) for the third time and received CAC Change Agent status.
4. Obtained certifications for production quality and safety standards, including GMP, HACCP, ISO 14001:2015, ISO 22000:2018, FSSC 22000, and HALAL.

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