"Timeless Family Warmth"

Management Discussion & Analysis

MD&A

2Q26&1H26

Kneading The Future

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

Overview of the Food Industry

The Thai food and beverage restaurant business is expected to grow by an average of 2.9–3.9% per year during 2026–2028. In 2026, growth is expected to remain relatively limited due to the slowing economy, fragile purchasing power, and the continued high costs of raw materials, energy, and labor, as well as intense competition from chain restaurants, independent restaurants, and delivery platforms. However, the industry continues to receive support from the recovery of the tourism sector, the expansion of shopping malls and community malls, as well as consumer behavior that increasingly favors dining out and using digital channels. As a result, operators with strong brands and the ability to manage multiple channels (Omnichannel) have greater opportunities to grow faster than the market.

For operators, success will depend on developing new menus, offering products with Value for Money, and using Digital Marketing and Social Media to build brand awareness, together with managing costs and improving operational efficiency. Chain restaurants will have an advantage from their business scale, cost management, and bargaining power with distributors, which will help them maintain competitiveness and profitability better than smaller operators.
Resource: Krungsri Research

Summary of Business Strategies Driving the Business in the Second Half of 2026

Amid slowing purchasing power, high competition, and increasing costs, the Company focuses on 6 key strategies to accelerate revenue recovery, enhance profitability, and lay the foundation for long-term growth, as follows:

1. **Menu Optimization and Margin Management** Manage the Product Architecture for products with low margins to improve overall Gross Profit.
2. **Maximizing Mooncake Season** End-to-end management: Develop products and packaging to cover general, premium, corporate, and gift-market customers. Drive multi-channel & CRM sales: Expand store, online, and B2B channels, and use existing purchasing behavior data to create Targeted Campaigns to increase the repeat purchase rate and maximize sales during the Peak Season.
3. **Everyday Cake Platform & NPD** Push Square Cake as the Hero Product: Expand from Celebration Cake to consumption in everyday life (Everyday Cake) to increase purchase frequency, and accelerate the launch of new products in small sizes, at accessible prices, and with distinctive appearances on digital media. Continue the success of new products such as Shio Pan (sales of more than 3 million pieces).
4. **Segmentation Prototype & Commercial Scaling** Upgrade branches according to location and target groups: Adjust Product Assortment, Planogram, customer experience, and group-specific promotions to increase sales/profit per area. Measure results for scaling: Use indicators such as sales per area, product waste rate, and the proportion of sales from new products before Scaling across the entire network.
5. **Data-Driven CRM Strategy** Shift from Promo-based to Structured, establish a data foundation, conduct customer Segmentation, implement Personalization, and apply Lifecycle/Occasion-based Marketing. The objective is to increase Purchase Frequency, Repeat Purchase, and Customer Lifetime Value (CLV).
6. **Strategic Collaboration & Open Innovation** Partner with global/entertainment partners: collaborate with Disney, GDH, and FMCG brands to develop Co-branding products, special packaging, and marketing activities to expand the customer base among the new generation.

At the same time, the Company will develop an Open Innovation Platform by bringing ideas from Hackathons and creativity from both internal and external sources to be tested through production, communicated, and further developed into actual business operations (Commercialization) quickly.

Expected Results from the Second-Half Strategy

1. Generate maximum sales and profit from the Mooncake Festival, Square Cake, Everyday Cake products, and NPDs.
2. Increase store efficiency and the customer base: higher sales per area, together with increased purchase frequency and expansion of the customer base among the new generation.
3. Execution & Results-Driven: Change the strategic framework into actual actions with measurable results in terms of revenue, profit, and brand value.
4. Maintain and Enhance Margin: Through effective price and cost management.

In summary, the strategy for the second half of 2026 will focus on changing from strategic framework-setting to execution and the creation of results that can be genuinely measured, in terms of revenue, margin, purchase frequency, branch efficiency, the number of new customers, and brand value, in order to support the recovery of business performance and lay the foundation for the growth of the business in the next phase.

2. Summary of 1Q26 Key Events and Developments

New Products

Square Cake — A square-shaped cake with a soft and delicate texture and cream with just the right aroma. Delicious throughout the whole tray, at only THB 58 per piece.

Tiew Lek Tiew Yai —Thai noodle with a classic taste, served with a traditional soup recipe dating back to 1973.

Yogurt Series — Yogurt with just the right sweetness and a smooth, delicate texture, refreshing in every glass, from BlueCup.

Elegant Tea Box — A set of Thai desserts, mini cakes, sandwiches, and fragrant, crispy tarts from S&P Catering.

Wingstop : Opened its second branch at The Mall Ngamwongwan and moved forward with the opening of its first flagship store at Samyan Mitrtown, which is the brand's third branch. Following the positive response from consumers at the first two branches, the flagship store operates under the concept "Bangkok Street Energy," which connects the energy and colors of Bangkok with the lifestyle of the younger generation. The selection of Samyan Mitrtown as the location for the first flagship store in Thailand reflects the strategy of targeting the younger generation, including university students, people working in the city center, and consumers looking for contemporary food and cultural experiences. The Company is also accelerating the opening of all 7 branches by the end of this year to continuously strengthen its position in the Thai market.

Number of restaurant outlets

BRAND	Jun.25 Number of Outlets	Jun.26 Number of Outlets
S&P Restaurant	126	123
S&P Bakery Shop	302	283
Specialty Group	3	6
Maisen	7	5
Umenohana	1	0
Wingstop	0	2
Global Restaurant	11	6
TOTAL	450	425

3. Summary of Operating Results

(Units : million Baht)

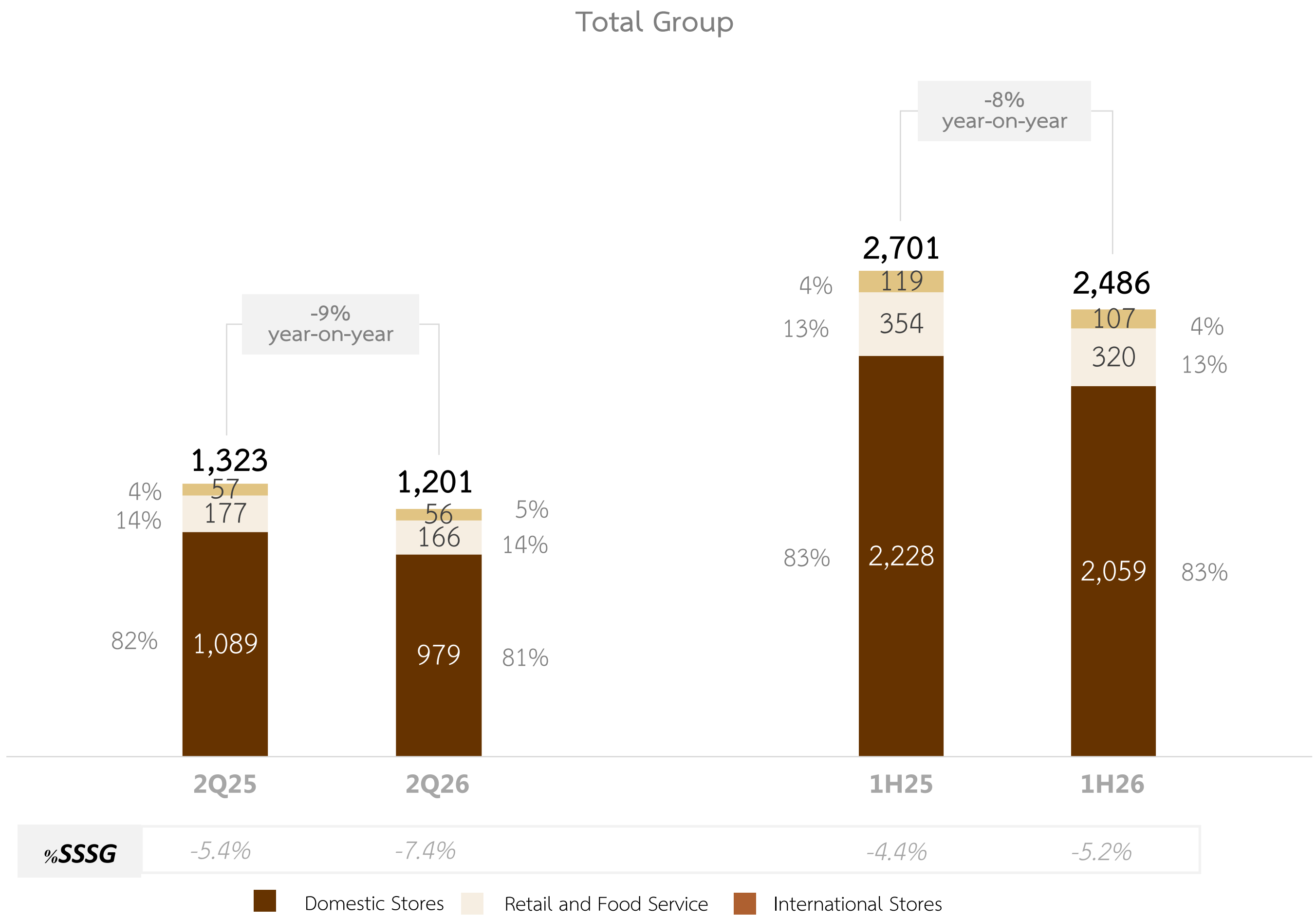
Highlight	3M		Change +/(-)	1H		Change +/(-)
	2Q25	2Q26		1H25	1H26	
Revenue	**1,323**	**1,201**	(122)	**2,701**	**2,486**	(215)
Cost of Sales	**(596)**	**(535)**	61	**(1,211)**	**(1,102)**	109
Gross Profit	**727**	**666**	(61)	**1,490**	**1,384**	(106)
Gross Profit Margin (%)	*55.0%*	*55.4%*	*0.4%*	*55.2%*	*55.7%*	*0.5%*
Selling and Admin. Expenses	**(693)**	**(667)**	26	**(1,415)**	**(1,354)**	61
Selling and Admin. Expenses (%)	*52.4%*	*55.6%*	*3.2%*	*52.4%*	*54.4%*	*2.1%*
Net Profit – share of the owners	**36**	**17**	(19)	**84**	**60**	(24)
Net Profit Margin (%)	*2.7%*	*1.4%*	*(1.3%)*	*3.1%*	*2.4%*	*(0.7%)*

Revenue: In 2Q26, this was 1,201 million baht or decreasing by 9% YoY. In 1H26, this was 2,486 million baht or decreasing by 8% YoY This was due to a decline in sales from the "Domestic Restaurants" channel as a result of the slowing economic conditions. Sales also declined following the closure of Maisen, Umenohana, and S&P restaurants in Cambodia. However, revenue increased from Wingstop restaurants and restaurants in the United Kingdom.

Gross Profit Margin (%): In 2Q26, this was 55.4%, an increase of 0.4% YoY. In 1H26, this was 55.7%, an increase of 0.5% YoY. Although raw material costs have fluctuated due to the increase in oil prices resulting from the war situation, the Company has nevertheless been able to manage the situation effectively through better procurement management and the continuous implementation of LEAN production across all areas. This has helped reduce the impact, resulting in a better gross profit margin than last year.

Net Profit: In 2Q26, this was 17 million baht or 1.4% of Sales. In 1H26, this was 60 million baht or 2.4% of Sales. The main reasons for the decline in net profit were the decrease in revenue and various fixed expenses, which offset the benefits from the various cost-saving measures.

Revenue
Units : million Baht



3M

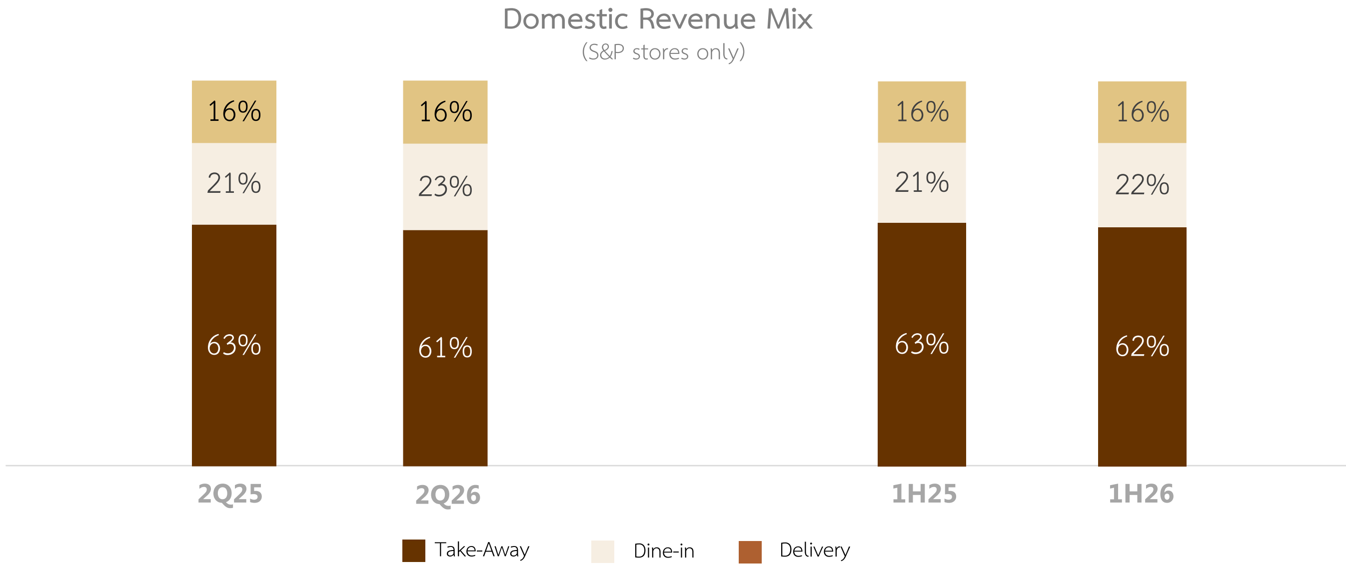
Revenue : In 2Q26, revenue amounted to 1,201 million baht, decreased by 9% YoY, mainly came from

- **Domestic Restaurants:** Decreased by 110 million baht compared to the previous year, mainly due to the decline in sales across all channels, particularly takeaway sales from branches located in shopping malls and hypermarkets, as a result of government projects supporting small businesses, which caused some purchasing power to be diverted to these businesses. This was also due to the slowing economic conditions and intense competition in the food and bakery business, as well as the closure of 2 Maisen branches and 1 Umenohana branch. In addition, S&P continued to close unprofitable branches and adjust the size of its store models.
- **Retail and Food Service:** Decreased by 11 million baht compared to the previous year, mainly due to the decline in sales in the retail channel from frozen cake sales and customers in the airline business, while the export business improved from mooncakes and the franchise business in Laos.
- **Overseas Restaurants:** Decreased by 1 million baht compared to the previous year, mainly due to the closure of 5 restaurants in Cambodia, due to the conflict between the two countries. However, the loss of revenue was compensated by the restaurants in the United Kingdom, which achieved higher sales.

1H

Revenue : In 1H26, revenue amounted to 2,486 million baht, decreased by 8% YoY, mainly came from

- **Domestic Restaurants:** Decreased by 169 million baht compared to the previous year, Sales declined from takeaway (-11%), dine-in (-4%), and food delivery services (-9%), affected by the sluggish economic conditions and declining purchasing power, a decrease in the number of tourists, intense competition in the food business, and the closure of Maisen and Umenohana due to the expiration of their lease agreements.
- **Retail and Food Service:** Decreased by 34 million baht compared to the previous year, mainly due to the decline in sales in the retail channel from frozen cake sales, and in the food service channel from the airline business and OEM products.
- **Overseas Restaurants:** Decreased by 12 million baht compared to the previous year, mainly due to the closure of branches in Cambodia.



3M

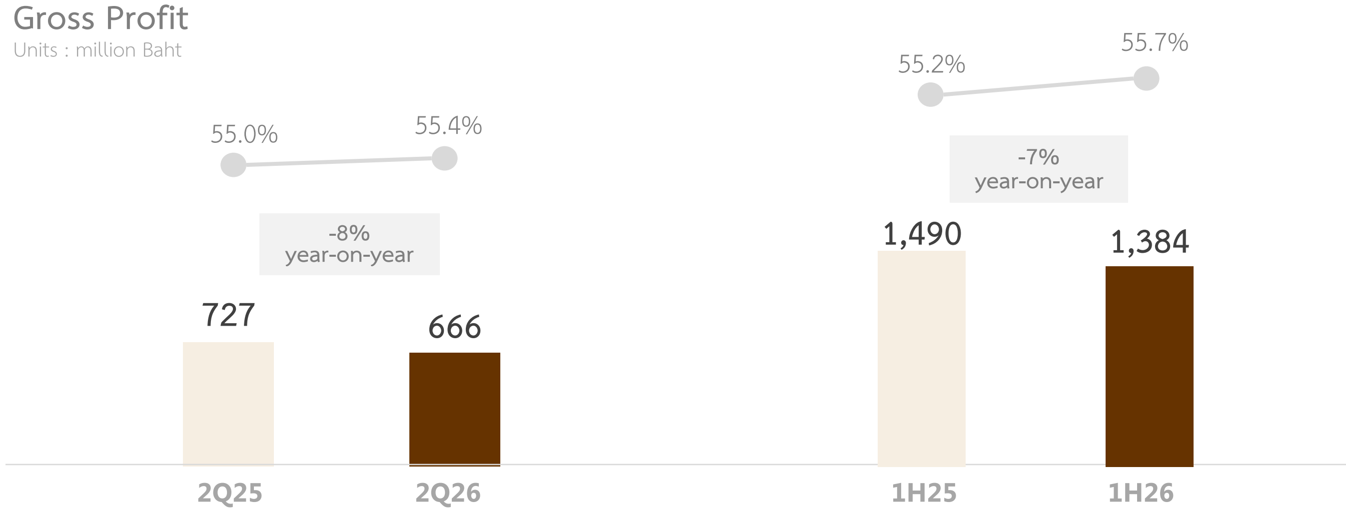
- **Take-away: Decreased by 14% YoY** mainly due to lower customer traffic from branches located in shopping malls, hypermarkets and hospitals.
- **Dine-in: Decreased by 7% YoY** mainly due to lower customer traffic from branches located in shopping malls and hospitals.
- **Delivery: Decreased by 11% YoY** mainly due to Slower consumer spending in line with economic conditions

1H

- **Take-away: Decreased by 11% YoY** mainly due to lower customer traffic from branches located in shopping malls, hypermarkets and hospitals.
- **Dine-in: Decreased by 4% YoY** mainly due to lower customer traffic from branches located in shopping malls and hospitals.
- **Delivery: Decreased by 9% 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 increased.

Gross Profit

Units : million Baht



3M

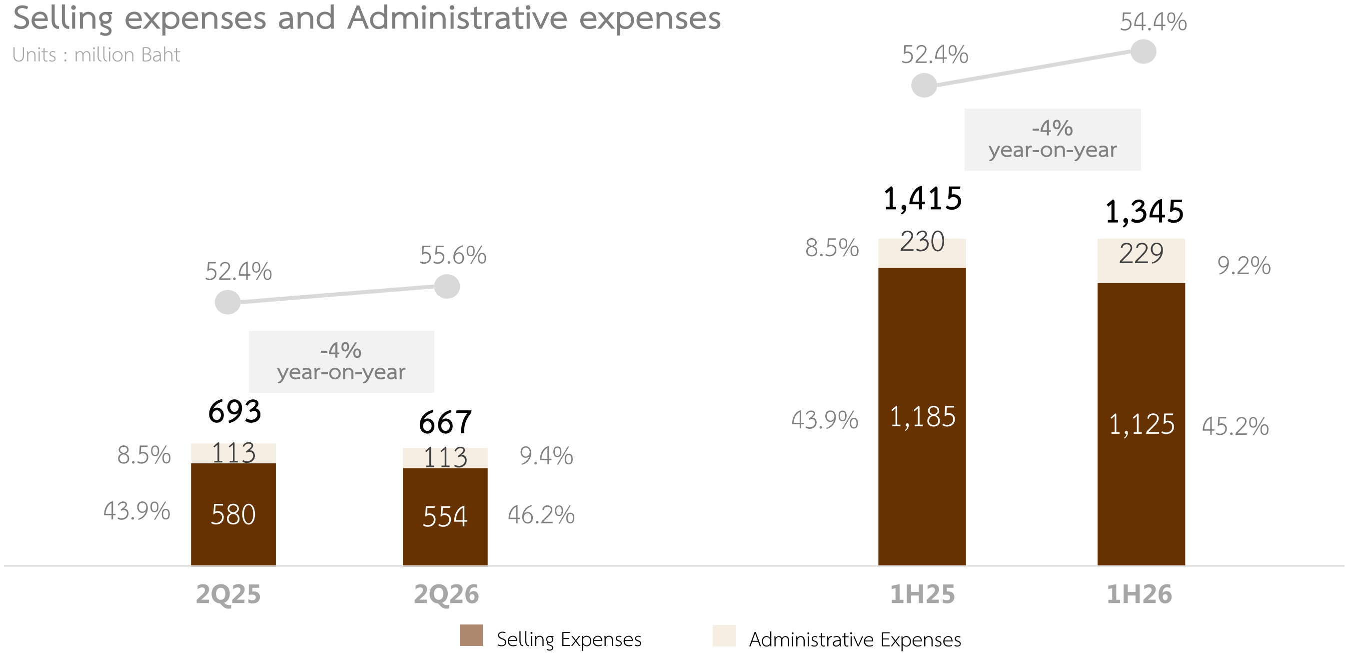
% Gross Profit Margin : In 2Q26, this was 55.4%, an increase of 0.4% YoY, mainly due to better cost management and the closure of low-performing and high-cost stores, which resulted in an improvement in gross profit despite the challenges from higher raw material costs due to the significant increase in oil prices.

1H

% Gross Profit Margin: In 1H26, this was 55.7%, an increase of 0.5% YoY, mainly due to the implementation of LEAN production and cost reduction in the factories, as well as more efficient procurement management, which enabled the Company to maintain the cost levels of various raw materials despite increases in the costs of certain raw materials.

Selling expenses and Administrative expenses

Units : million Baht



3M

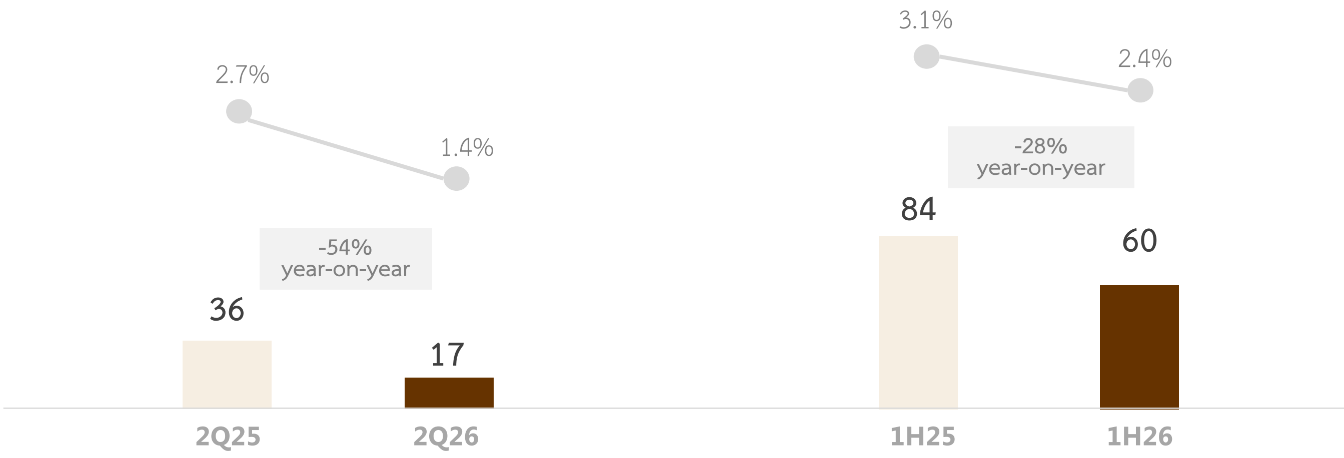
Selling expenses and Administrative expenses: In 2Q26, this was 667 million baht or decreasing by 4% YoY. The ratio of selling and administrative expenses to total revenue was 55.6%, an increase of 3.2% compared with the previous year. The main reason was the decline in revenue, while most expenses, being fixed expenses, remained unchanged.

1H

Selling expenses and Administrative expenses: In 1H26, this was 1,345 million baht or decreasing by 4% YoY. resulting from a decrease in expenses that vary with revenue and more efficient management. However, the ratio of selling and administrative expenses to total revenue was 54.4%, an increase of 2.0% compared with the previous year. Although the Company was able to better control various expenses, such as rent, employee expenses, and support expenses, the ratio of selling and administrative expenses to total revenue remained higher because revenue decreased, while most expenses, being fixed expenses, remained unchanged.

Net Profit

Units : million Baht



3M

Net Profit: In 2Q26, this was 17 million baht, or 1.4% of Sales. The main reasons for the decline in net profit were the decrease in revenue and the existing fixed expenses.

1H

Net Profit: In 1H26, this was 60 million baht, or 2.4% of Sales. The main reasons for the decline in net profit were the decrease in revenue and the existing fixed expenses, which offset the benefits from various cost-saving measures.

4. Summary of Financial Position

Statements of Financial Position				
Key Metrics (MB)	As at Jun26		As at Dec25	
	MB	%	MB	%
Cash and cash equivalents	465	12%	564	13%
Financial assets at fair value	169	4%	166	4%
Other current assets	555	14%	641	15%
Total Current assets	**1,189**	31%	**1,371**	**33%**
Investment in joint ventures	285	7%	274	7%
Long-term loan to related parties	40	1%	39	1%
Property, plant and equipment	1,547	40%	1,587	38%
Right-of-use asset	685	18%	821	20%
Other non-current assets	105	3%	90	2%
Total non-current assets	**2,662**	69%	**2,811**	**67%**
TOTAL ASSETS	**3,851**	100%	**4,182**	**100%**
Short-term borrowings from financial institutions	0	0%	0	0%
Current portion of long-term borrowings	0	0%	5	0%
Current portion of lease liabilities	333	9%	354	8%
Trade and other payables	707	18%	727	17%
Other current liabilities	55	1%	83	2%
Total Current Liabilities	**1,094**	28%	**1,168**	**28%**
Long-term borrowings from financial institutions	10	0%	-	0%
Lease liabilities	115	3%	214	5%
Non-current provision for employee benefits	158	4%	150	4%
Other non-current liabilities	66	2%	70	2%
Total non-current liabilities	**349**	9%	**434**	**10%**
TOTAL LIABILITIES	**1,444**	37%	**1,602**	**38%**
Paid-up Capital	515	13%	515	12%
Premium on ordinary shares	690	18%	690	16%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Legal reserve	52	1%	52	1%
Unappropriated	1,030	27%	1,199	29%
Other components of shareholders' equity	6	0%	9	0%
Non-controlling interests	34	1%	35	1%
TOTAL EQUITY	**2,407**	**63%**	**2,580**	**62%**
TOTAL LIABILITIES & EQUITY	**3,851**	**100%**	**4,182**	**100%**
Authorised share capital	*515*		*515*	
Par Value (Baht/Sh.)	*1.00*		*1.00*	
No. of share (millions)	*515*		*515*	

- **Cash and Cash Equivalents** totaled 465 million baht, a decrease of 99 million baht compared to December 2025. The primary reasons were the efficient management of working capital increased by 189 million baht, while dividend payments decreased by 230 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 1,547 million baht, a decrease of 40 million baht compared to December 2025, mainly due to depreciation expenses.
- **Right-of-Use Assets and Lease Liabilities** decreased by 136 million baht, primarily due to depreciation of right-of-use assets and lease liability repayments upon maturity.
- **Trade and Other Payables** decreased by 20 million baht, mainly due to payments made to suppliers.

5. Factors That May Affect Operations or Future Growth

In the second half of 2026, the Company expects that the restaurant and bakery businesses will continue to face challenges from the economic conditions that are recovering gradually, while closely monitoring the war situation and international conflicts, particularly oil prices, which are currently being affected. At the same time, consumer purchasing power is still expected to remain weak, resulting in a decline in dining out and cake purchases for special occasions. Consumers are shifting toward more affordable products and products for everyday consumption. In terms of the Thai restaurant industry, it has entered a period of low growth but continues to face intense competition. As a result, operators continue to use pricing and promotional strategies, leading to many operators having to close down, while an increasing number of new operators are entering the market. Meanwhile, consumers are placing greater importance on value for money and convenience in consumption, while constantly looking for novelty and modernity to experience new things. Therefore, the business environment presents significant challenges. The Company therefore needs to prepare strategic plans to cope with these challenges, together with effective expense control, including the launch of new products and new store formats to enhance our customers' experience.

In terms of operating costs, the Company will monitor fluctuations in the prices of raw materials, energy, and transportation costs, as well as manage the impact of labor costs and operating expenses, which are expected to increase. The Company will focus on improving the efficiency of procurement management, supply chain management, and expense control in order to maintain the Company's profitability.

The Company will continue to develop products and services that meet Everyday Consumption needs and develop menus or Value Set products that provide value for customers. The Company will also expand sales channels through delivery and digital channels, as well as continuously improve operational efficiency and cost management to support changes in consumer behavior and strengthen competitiveness in the long term.

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)

- Control bakery surplus from production to no more than 5.5% of sales. In the second quarter, bakery surplus from production accounted for 6.3% of bakery sales, and 27.21% of bakery surplus from production was delivered for social benefit through the S&P Food Rescue project.
- Collect greenhouse gas emission data covering offices, factories, distribution centers, and stores through the Carbon Footprint Organization project, while systematically planning to reduce energy consumption and greenhouse gas emissions, covering all 7 major business units of the S&P Group.
- Promote a low-carbon society by obtaining Product Carbon Footprint certification for 2 products, namely Almond Brownie Cake and Pandan Cake Pack, and obtaining Low Carbon and Climate Action Label certification for 1 product, namely Almond Brownie.
- Develop environmentally friendly production and transportation processes by installing solar rooftops at factories and distribution centers, as well as piloting the use of solar-powered electric transportation vehicles.

S (Social)

- Enhance customer experience through the development of products and services. From January to June 2026, the average customer satisfaction score was 88%, based on responses from 14,007 respondents.
- Continuously build a sustainable organizational culture through environmental training and Lean Manufacturing & Lean Six Sigma. In 2026, the program was expanded to the support functions (Back Office) and Operations to systematically create added value and reduce losses, covering all departments.
- Promote nutrition and quality of life through the "S&P Kitchen for Kids" project, now in its 18th year. In the second quarter of 2026, the project was in the process of improving school kitchens, providing knowledge training, and supporting equipment for schools in remote areas.
- Continuously support local raw materials and community products through the S&P Growing Together and S&P Reuse Bag projects, creating income and opportunities equally.
- Build relationships with communities around operating areas through the S&P Giving for Community project.

G (Governance)

- Received a score of 100 points (Excellent) from the Annual General Meeting (AGM) Quality Assessment Program (AGM Checklist) organized by the Thai Investors Association.
- Received an AAA rating under the SET ESG Ratings 2025 assessment of sustainable stocks.
- Received a 5-star "Excellent" rating under the Corporate Governance Report (CGR 2025) assessment, continuously for the third consecutive year.
- Renewed membership of the Thai Private Sector Collective Action Against Corruption (CAC) for the third time and received CAC Change Agent status.
- Received certification for quality and production safety standards, including GMP, HACCP, ISO 14001:2015, ISO 22000:2018, FSSC 22000, and HALAL.

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