

"Timeless Family Warmth"

Management Discussion & Analysis

# MD&A

# 3Q26&9M26

*Kneading The Future*

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

## Overview of the Food Industry

Thailand's food and beverage restaurant industry is projected to reach a market value of approximately THB 682 billion in 2026, representing 3.9% growth year-on-year. However, growth is expected to slow and remain uneven, driven by fragile consumer purchasing power, intense competition, and persistently high operating costs. The restaurant segment is expected to grow by 3.8%, while beverage shops, bakeries, and ice cream businesses are projected to expand by 5.1%. Street food is expected to record the highest growth at 5.8%, supported by affordability and accessibility, while full-service restaurants are projected to grow by only 1.8%, reflecting pressure on consumer spending and a decline in the frequency of dining out.

In 2027, the industry is expected to continue facing challenges from an uneven recovery in consumer purchasing power, competition from new market entrants and food delivery platforms, as well as rising raw material, labor, rental, and platform fee costs. Operators should therefore focus on cost management and margin preservation while establishing clear competitive differentiation. Key priorities include delivering value for money in terms of price and portion size, maintaining food quality and distinctive offerings, and creating differentiated dining experiences to retain customers and sustain long-term competitiveness. *Source: KASIKORN Research Center*

## S&P Business Growth Strategy

S&P focuses on Revenue Recovery, Profitability Enhancement, and Sustainable Growth amid weak consumer purchasing power, intense competition, and rising operating costs. The strategic direction for 4Q26 is outlined as follows:

1. **Revenue Recovery, Same-Store Sales Growth, and Closure of Unprofitable Stores** – Accelerate sales through customer-focused promotions and value-for-money offerings that meet customer needs. Continuously monitor the performance of low-profit and loss-making stores to identify improvement opportunities or consider closing unprofitable locations.
2. **Product Development and Margin Management** – Optimize and enhance the product portfolio, increase the contribution of high-margin products, and develop new products that respond to evolving consumer demands.
3. **Maximizing Revenue from Festive and Seasonal Opportunities** – Capture seasonal revenue opportunities, particularly through New Year cookies, positioned as attractive gifts and seasonal offerings with appealing product selections and packaging.
4. **Business Portfolio Optimization and Strategic Expansion** – Strengthen businesses with high growth potential, particularly Wingstop, which continues to expand steadily. The company plans to open six branches by year-end and further expand its footprint next year. S&P will also prioritize asset-light business models and disciplined investment.
5. **Operational Excellence and Cost Management** – Enhance productivity, procurement efficiency, workforce utilization, and cost control discipline across all business segments, while implementing Lean initiatives across various functions.
6. **Omnichannel Sales Expansion** – Expand sales through digital channels, with a focus on e-commerce to reach new customer segments. Strengthen CRM capabilities and enhance customer retention across all sales channels.

In summary, the strategic direction for the second half of 2026 emphasizes translating strategic priorities into execution and measurable results, particularly in revenue, margins, purchase frequency, store performance, new customer acquisition, and brand value. These initiatives aim to support business performance recovery and establish a strong foundation for future growth.

## 2. Summary of 3Q26 Key Events and Developments

### New Products







**Mooncakes** *Moon Rabbit Gift Set*: A gift set featuring soft-textured mooncakes in four flavors, presented in an exclusive-designed metal tin featuring the Moonie pattern. and *Moonlight Flower Gift Box*: A beautifully designed gift box featuring four flowers, each symbolizing an auspicious meaning.




**Henry's Banana Cake** Moving on from Henry's First Date the movie, enjoy soft, moist banana cake with a perfectly balanced sweetness, complemented by oats, almonds, and raisins.




**Butter Breadsticks** Light and crispy breadsticks with a rich buttery aroma, available in two flavors: Classic Butter and the new Whole Wheat & Chia Seed flavor, offering an extra crunch from chia seeds.




**Wingstop :** Wingstop Thailand opened its new flagship store at CentralWorld on September 12, 2026, marking its fourth location in Thailand and the brand's largest store in the country. Spanning over 305 square meters on the 6th floor in the Beacon Zone, the new store reinforces the brand's growth and expands its reach among younger consumers and international tourists.

The expansion aims to make Wingstop an integral part of the lifestyle and community of younger generations, with plans to accelerate the opening of six branches by the end of 2026, further strengthening its presence in the Thai market.

### Number of restaurant outlets

| Brand | Sep.68 Number of Outlets | Sep.69 Number of Outlets |
|---|---|---|
| S&P Restaurant | 126 | 128 |
| S&P Bakery Shop | 279 | 289 |
| S&P Delta | 22 | 13 |
| Specialty Group | 4 | 7 |
| Maisen | 5 | 5 |
| Umenohana | 1 | 0 |
| Wingstop | 0 | 4 |
| Oversea Restaurant | 11 | 6 |
| Total | 448 | 452 |

## 3. Summary of Operating Results

(Unit : million baht)

| Highlight | 3M | | Change +/(-) | 9M | | Change +/(-) |
|---|---|---|---|---|---|---|
| | 3Q25 | 3Q26 | | 9M25 | 9M26 | |
| **Revenue** | **1,422** | **1,419** | (3) | **4,123** | **3,905** | (218) |
| **Cost of Sales** | **(623)** | **(617)** | 6 | **(1,834)** | **(1,720)** | 114 |
| **Gross Profit** | **799** | **801** | 2 | **2,290** | **2,185** | (105) |
| *Gross Profit Margin (%)* | *56.2%* | *56.5%* | *0.3%* | *55.5%* | *56.0%* | *0.5%* |
| **Selling and Admin. Expenses** | **(720)** | **(704)** | 16 | **(2,135)** | **(2,058)** | 77 |
| *Selling and Admin. Expenses (%)* | *50.6%* | *49.6%* | *(1.0%)* | *51.8%* | *52.7%* | *0.9%* |
| **Net Profit – share of the owners** | **80** | **96** | 16 | **164** | **156** | (8) |
| *Net Profit Margin (%)* | *5.6%* | *6.8%* | *1.2%* | *4.0%* | *4.0%* | *(0.0%)* |

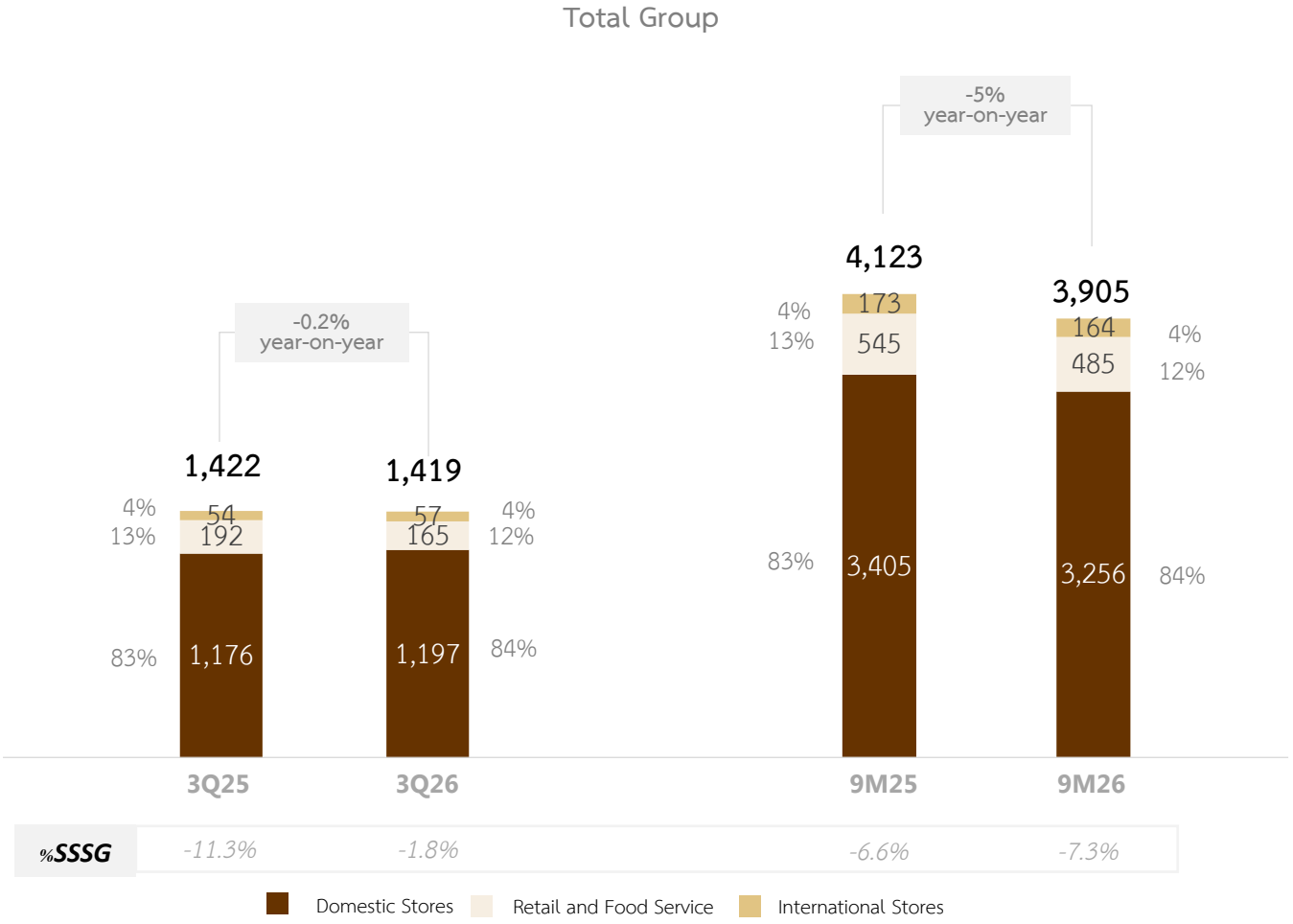
**Revenue:**
The Company recorded revenue of 1,419 million baht in 3Q26, representing a slight decline of 0.2% YoY. Revenue from domestic and overseas restaurants increased, while Retail & Food Service revenue declined, mainly came from retail channel. For 9M26, total revenue amounted to 3,905 million baht or -5% YoY, primarily due to declining sales from the domestic restaurant segment amid a slowing economy and intensified competition. Revenue was also impacted by the closures of Maisen and Umenohana stores, as well as S&P stores in Cambodia. However, revenue growth from Wingstop and the UK restaurants partially offset the decline.

**Gross Profit Margin (%):**
Gross profit margin reached 56.5% in 3Q26, an improvement of 0.3 percentage points YoY, and 56.0% in 9M26, up 0.5 percentage points YoY. Despite fluctuations in raw material costs driven by rising oil prices amid geopolitical conflicts, the Company continued to manage costs effectively through improved procurement management and ongoing LEAN production initiatives across all business units. These efforts helped mitigate cost pressures and achieve a higher gross profit margin compared with the previous year.

**Net Profit:**
Net profit in 3Q26 amounted to 96 million baht, an increase of 16 million baht or 21% YoY, driven by higher revenue from domestic and overseas restaurants and more effective expense management and cost control. For 9M26, net profit totaled 156 million baht, down 5% YoY. The decline was mainly attributable to lower revenue, while fixed operating expenses remained relatively unchanged, partially offsetting the benefits from cost-saving initiatives.

## Revenue

Unit : million baht




**3M** **Revenue :** In 3Q26, revenue amounted to 1,419 million baht, decreased by 0.2% YoY, mainly came from

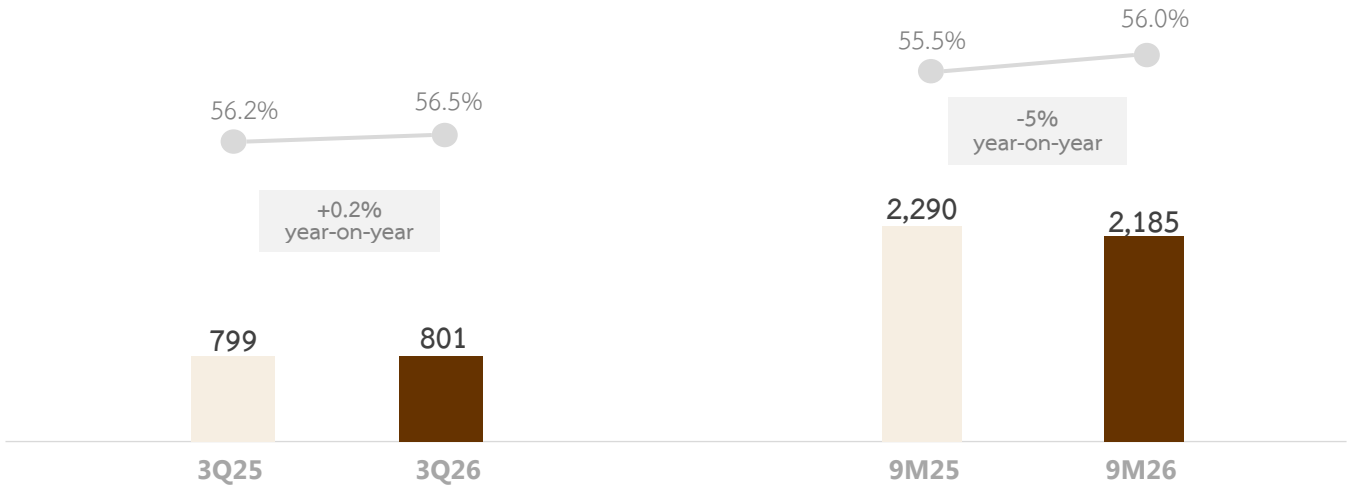
- **Domestic Restaurants:** Increased by 21 million baht compared to the previous year, mainly driven by growth in Wingstop, Specialty Restaurants, and the e-Commerce business.
- **Retail and Food Service:** Decreased by 27 million baht compared to the previous year, mainly due to lower retail sales. This was partially offset by growth in the airline and convenience store segments. Meanwhile, export sales improved, driven by mooncakes, and the franchise business in Laos.
- **Overseas Restaurants:** Increased by 3 million baht compared to the previous year, mainly driven by improved sales from restaurants in the UK.

**9M** **Revenue :** In 9M26, revenue amounted to 3,905 million baht, decreased by 5% YoY, mainly came from

- **Domestic Restaurants:** Decreased by 149 million baht compared to the previous year, mainly due to lower sales in takeaway (-7%), dine-in (-12%), and delivery (-8%), reflecting the sluggish economy and weaker purchasing power, declining tourist numbers, intense competition in the food industry, and the closure of Maisen and Umenohana restaurants upon lease expiration. These declines were partially offset by sales from Wingstop.
- **Retail and Food Service:** Decreased by 61 million baht compared to the previous year, mainly due to lower retail sales, as well as declines in OEM businesses within the Food Service channel.
- **Overseas Restaurants:** Decreased by 10 million baht compared to the previous year, mainly due to the closure of restaurant branches in Cambodia.

## Gross Profit

Unit : million baht

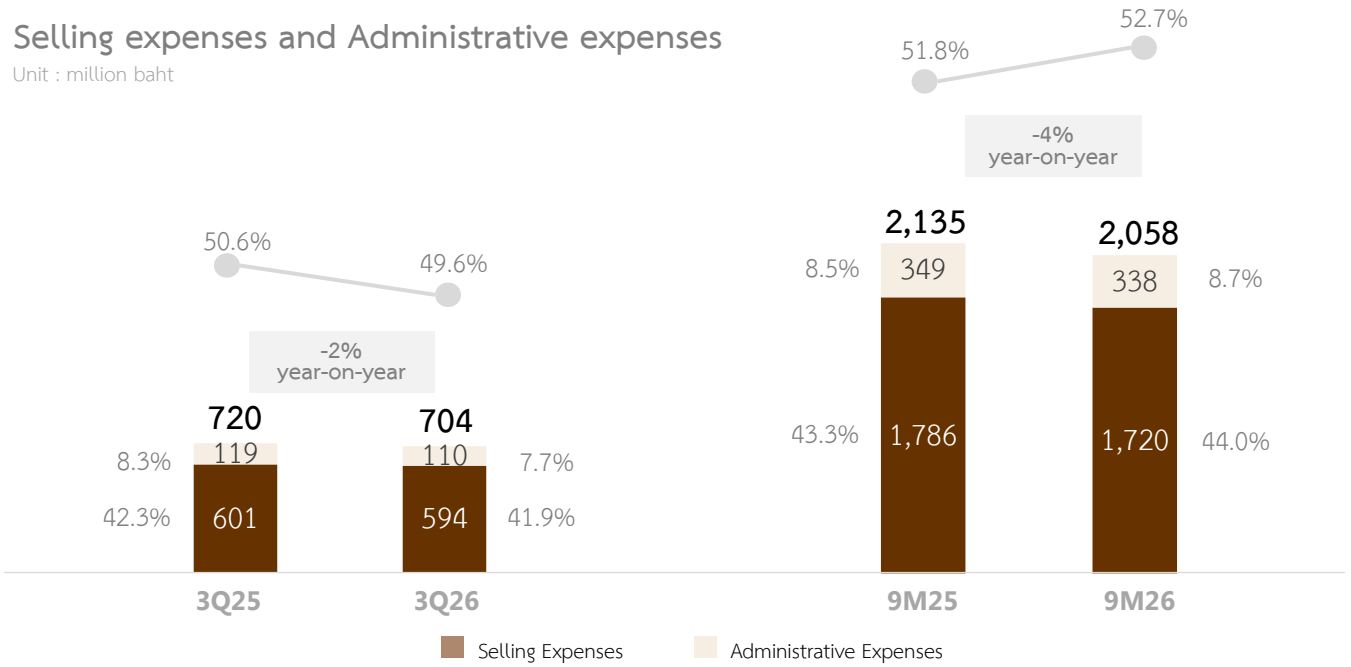



3M **%Gross Profit Margin :** In 3Q26, this was 56.5%, an increase of 0.3% YoY, mainly driven by improved cost management and the closure of low-performing and high-cost stores, which contributed to better gross profitability despite challenges from rising raw material costs amid a significant increase in oil prices.

9M **%Gross Profit Margin :** In 9M26, this was 56.0%, an increase of 0.5% YoY, mainly driven by the implementation of LEAN production processes, cost reduction initiatives at the factory, and improved procurement efficiency, which helped maintain raw material costs despite price increases in certain raw materials.

## Selling expenses and Administrative expenses

Unit : million baht

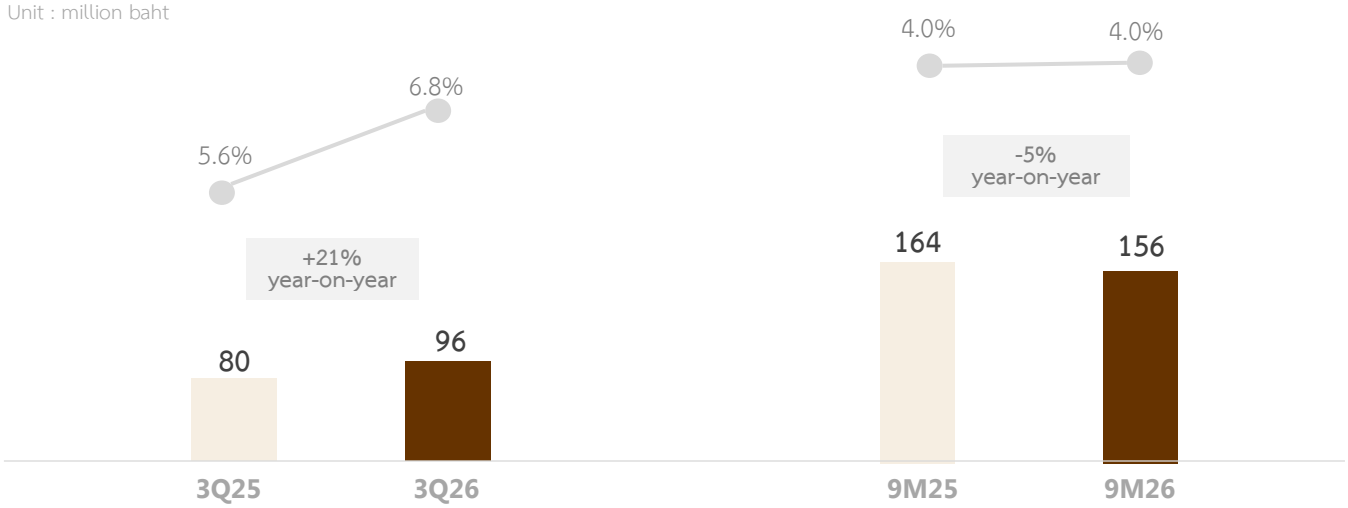



3M **Selling expenses and Administrative expenses:** In 3Q26, this was 704 million baht or decreasing by 2% YoY partly reflecting improved operational efficiency. The ratio of selling and administrative expenses to total revenue was 49.6%, down 1.0 percentage point YoY, mainly due to better expense control across rental costs, personnel expenses, and support expenses.

9M **Selling expenses and Administrative expenses:** In 9M26, this was 2,058 million baht or decreasing by 4% YoY mainly due to lower revenue-related variable expenses and improved operational efficiency. However, the ratio of selling and administrative expenses to total revenue increased by 0.9 percentage points YoY to 52.7%. Despite effective cost control across rental costs, personnel expenses, and support expenses, the expense ratio remained higher due to lower revenue, while most expenses remained relatively fixed.

## Net Profit

Unit : million baht




3M **Net Profit:** In 3Q26, this was 96 million baht, or 6.8% of Sales, increasing by 21% YoY, mainly came from effective cost and expense management, together with the expansion of Wingstop branches.

9M **Net Profit:** In 9M26, this was 156 million baht, or 4.0% of Sales, decreasing by 5% YoY, mainly came from lower revenue and the continued burden of fixed costs, which offset the benefits from cost-saving initiatives.

## 4. Summary of Financial Position

| Statements of Financial Position | | | | |
|---|---|---|---|---|
| Key Metrics (MB) | As at Dec25 | | As at Sep26 | |
| | MB | % | MB | % |
| Cash and cash equivalents | 564 | 13% | 612 | 15% |
| Financial assets at fair value | 166 | 4% | 169 | 4% |
| Other current assets | 641 | 15% | 566 | 14% |
| **Total Current assets** | **1,371** | **33%** | **1,347** | 33% |
| Investment in joint ventures | 274 | 7% | 311 | 8% |
| Long-term loan to related parties | 39 | 1% | 40 | 1% |
| Property, plant and equipment | 1,587 | 38% | 1,553 | 38% |
| Right-of-use asset | 821 | 20% | 628 | 15% |
| Other non-current assets | 91 | 2% | 211 | 5% |
| **Total non-current assets** | **2,812** | **67%** | **2,743** | 67% |
| **TOTAL ASSETS** | **4,182** | **100%** | **4,090** | 100% |
| Short-term borrowings from financial institutions | 0 | 0% | 0 | 0% |
| Current portion of long-term borrowings | 5 | 0% | 6 | 0% |
| Current portion of lease liabilities | 354 | 8% | 331 | 8% |
| Trade and other payables | 727 | 17% | 777 | 19% |
| Other current liabilities | 83 | 2% | 84 | 2% |
| **Total Current Liabilities** | **1,168** | **28%** | **1,198** | 29% |
| Long-term borrowings from financial institutions | - | 0% | 4 | 0% |
| Lease liabilities | 214 | 5% | 76 | 2% |
| Non-current provision for employee benefits | 150 | 4% | 190 | 5% |
| Other non-current liabilities | 69 | 2% | 169 | 4% |
| **Total non-current liabilities** | **434** | **10%** | **439** | 11% |
| **TOTAL LIABILITIES** | **1,602** | **38%** | **1,637** | 40% |
| Paid-up Capital | 515 | 12% | 515 | 13% |
| Premium on ordinary shares | 690 | 16% | 690 | 17% |
| Surplus on gain from transfer of business to JV | 80 | 2% | 80 | 2% |
| Legal reserve | 52 | 1% | 52 | 1% |
| Unappropriated | 1,199 | 29% | 1,100 | 27% |
| Other components of shareholders' equity | 9 | 0% | -18 | 0% |
| Non-controlling interests | 34 | 1% | 34 | 1% |
| **TOTAL EQUITY** | **2,580** | **62%** | **2,453** | **60%** |
| **TOTAL LIABILITIES & EQUITY** | **4,182** | **100%** | **4,090** | **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 612 million baht, a increase of 48 million baht compared to December 2025, was primarily due to robust operating cash fully funded CAPEX and dividend payouts
- **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 1,553 million baht, a decrease of 34 million baht compared to December 2025, mainly due to depreciation expenses.
- **Right-of-Use Assets and Lease Liabilities** decreased by 193 million baht, primarily due to depreciation of right-of-use assets and lease liability repayments upon maturity.
- **Trade and Other Payables** increased by 50 million baht, mainly due to payments made to suppliers.

## 5. Factors That May Affect Operations or Future Growth

Amid the current economic environment, changing consumer behavior, and intensifying competition in the food and beverage industry, several factors may affect the Company's future business performance and growth prospects:

1. **Consumer Purchasing Power:** The uneven recovery in consumer purchasing power and the expiration of government support measures may affect sales and the frequency of dining out.
2. **Intense Competition:** The increasing number of new market entrants, diverse restaurant formats, and food delivery channels has intensified competition in pricing, promotions, and customer retention.
3. **Rising Operating Costs:** Costs of raw materials, particularly imported ingredients, labor, utilities, rental expenses, and food delivery platform fees may put pressure on profit margins.
4. **Changing Consumer Behavior:** Consumers increasingly prioritize value for money, quality, portion size, and differentiated experiences, while brand loyalty continues to decline. This requires operators to continuously adapt their strategies and product offerings.
5. **Management Capabilities and Differentiation:** Effective cost control and margin preservation, together with strong brand identity, menu innovation, and appropriate value propositions, will be key factors in maintaining competitiveness and achieving long-term growth.

## 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. Bakery Waste Management: Maintain excess bakery production at no more than 5.5% of sales. In 2Q26, excess bakery production accounted for 6.1% of bakery sales. The Company also donated excess bakery products to benefit society through the S&P Food Rescue project, achieving a donation rate of 25.57%.
2. Greenhouse Gas Emissions Management: Collect greenhouse gas emissions data covering offices, factories, distribution centers, and stores through the Carbon Footprint Organization project. Develop systematic plans to reduce energy consumption and greenhouse gas emissions across all seven key entities within the S&P Group.
3. Promoting a Low-Carbon Society: Obtained Carbon Neutral Product certification for two products: Vanilla Butter Cake and Banana Cake.
4. Environmentally Friendly Production and Transportation: Develop environmentally friendly production and transportation processes by installing solar rooftop systems at factories and distribution centers, while piloting solar-powered electric delivery vehicles.

### S (Social)

1. Enhancing Customer Experience: Enhance customer experience through continuous product and service development. From January to October 2026, the Company achieved an average customer satisfaction score of 88%, based on feedback from 14,007 respondents.
2. Building a Sustainable Organizational Culture: Continuously strengthen organizational culture through environmental training, Lean Manufacturing, and Lean Six Sigma initiatives. In 2026, the programs were expanded to supporting functions (Back Office) and Operations to systematically create added value and reduce waste across all business units.
3. Promoting Nutrition and Quality of Life: Improve school kitchen facilities, provide educational training, and donate equipment to schools in remote areas through the 18th year of the "S&P Kitchen for Kids" project. In 2026, the project was conducted at Ban Non Sung Suk Somboon School, Seka District, Bueng Kan Province.
4. Supporting Local Ingredients and Community Products: Continuously support local ingredients and community products through the S&P Growing Together and S&P Reuse Bag projects, creating income opportunities and promoting inclusive growth.
5. Strengthening Community Relations: Build strong relationships with communities surrounding the Company's operating areas through the S&P Giving for Community project.

### G (Governance)

1. Annual General Meeting (AGM) Assessment: Achieved a perfect score of 100 (Excellent) in the AGM Checklist assessment, organized by the Thai Investors Association, recognizing the quality of the Company's Annual General Meeting.
2. Sustainability Assessment: Received an AAA rating in the SET ESG Ratings 2025 assessment.
3. Corporate Governance Assessment: Received a 5-star "Excellent" rating in the Corporate Governance Report of Thai Listed Companies (CGR 2026) for the third consecutive year.
4. Anti-Corruption Commitment: Renewed membership in the Thai Private Sector Collective Action Against Corruption (CAC) for the third time and received CAC Change Agent status.
5. Quality and Food Safety Certifications: Maintained quality and food safety management certifications, including GMP, HACCP, ISO 14001:2015, ISO 22000:2018, FSSC 22000, and HALAL.

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