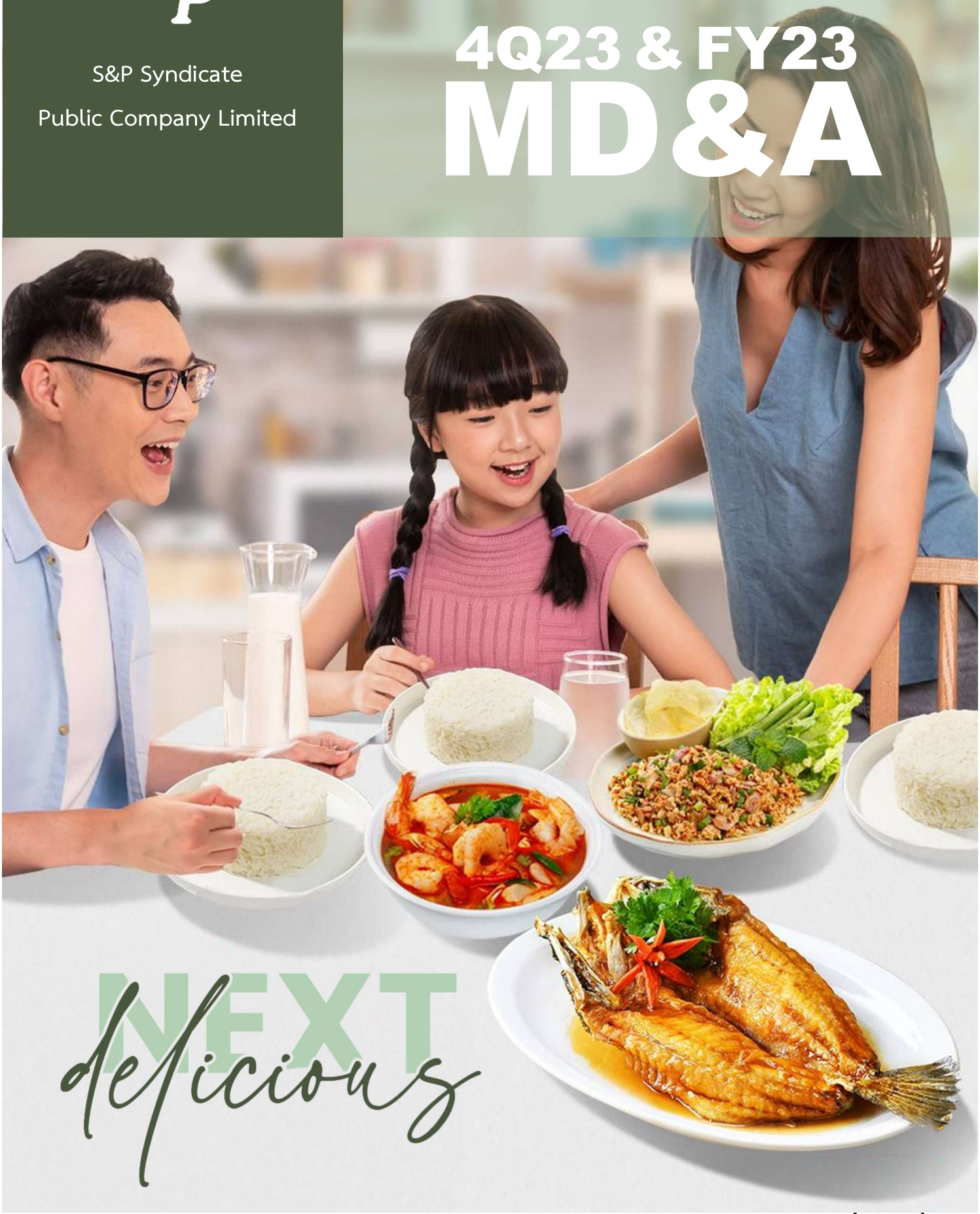
Management Discussion & Analysis (MD&A)

S&P Syndicate

Public Company Limited

4Q23 & FY23
MD&A



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Executive Summary

Unit : Million Baht

Highlight	3M		Better or (Worse)	FY		Better or (Worse)
	4Q22	4Q23		FY22	FY23	
Revenue	**1,579**	**1,662**	83	**5,712**	**6,224**	512
Cost of Sales	(**706**)	(**735**)	(29)	(**2,526**)	(**2,729**)	(203)
Gross Profit	**873**	**927**	54	**3,186**	**3,495**	309
Gross Profit Margin (%)	*55.3%*	*55.8%*	*0.5%*	*55.8%*	*56.2%*	*0.4%*
Selling and Admin. Expenses	(**715**)	(**786**)	(71)	(**2,659**)	(**2,951**)	(292)
Selling and Admin. Expenses (%)	*45.3%*	*47.3%*	*(2.0%)*	*46.6%*	*47.4%*	*(0.8%)*
Net Profit – Owners of the parent	**133**	**127**	(6)	**460**	**485**	25
Net Profit Margin (%)	*8.4%*	*7.6%*	*(0.8%)*	*8.1%*	*7.8%*	*(0.3%)*

3M

4Q23 Net Profit was 127MB, -6MB or -4% YoY despite of the increase on top line, mainly due to the rental expenses which were fully back to the contract rates, offset by the continuous improvement on productivity and efficiency at factories and menu reinvention which lead to higher %GP YoY.

4Q23 %Gross Profit was 55.8%, +0.5% better than LY, despite of the raw materials cost increase mainly driven by

1. the higher %GP mix from the higher +22% dine-in sales YoY
2. the LEAN production and fixed costs leverage at the factories
3. Menu reinvention especially for single dish menu

4Q23 Revenue was 1,662MB, +83MB or +5% YoY mainly came from the Domestic Stores +38mb or +3%, Retail and Food Service +41mb or +23% and International Stores +4mb or +4%

FY

FY23 Net Profit was 485MB, +25MB or +5% YoY mainly driven top line increased in all business segments and channels, higher %GP mix driven by the higher dine- in sales YoY, the continuous improvement on productivity and efficiency at factories, menu reinvention, and offset by the rental expenses increase and the higher admin costs YoY. Key contributors are stores in Hospital and Airport, higher profit sharing from JV.

FY23 %Gross Profit was 56.2%, +0.4% better than LY, despite of the raw materials cost increase mainly driven by

1. the higher %GP mix from the higher +40% dine-in sales YoY
2. the LEAN production and fixed costs leverage at the factories
3. Menu reinvention especially for single dish menu

FY23 Revenue was 6,224MB, +512MB or +9% YoY mainly came from the Domestic Stores +408mb or +9%, Retail and Food Service +85mb or +13% and International Stores +19mb or +7%

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2023 KEY ACHIEVEMENTS

1. Grow Brand strength as well as recognition Thai Food in all S&P Stores through Thai Chef competition, Khao Chae and 50 Years S&P Celebration resulting in upliftment of 40% dine in sales.
2. Strong growth in Food Service and OEM segment, especially from Airlines
3. Successfully managed %Gross Profit despite of the raw materials costs increase (% GP +0.4% vs.LY) especially the continuous LEAN improvement at factories
4. Strongly Specialty Performance by exceeding the budget and successfully launch new brand “nais”
5. Awarded SET ESG Rating “A” and Excellence CG Rating 5 stars

NUMBER OF STORES

BRAND (AS OF 31 DECEMBER 2023)	TOTAL STORE	THAILAND		INTERNATIONAL	
		Equity	Franchise	Equity	JV
S&P Restaurant	133	128	-	5	-
S&P Bakery Shop	275	274	1	-	-
S&P DelTA	33	33	-	-	-
Patio	1	1	-	-	-
Patara	8	1	-	3	4
Nais & SNP Cake Studio	1	1	-	-	-
Maisen	11	11	-	-	-
Umenohana	1	1	-	-	-
TOTAL	463	450	1	8	4

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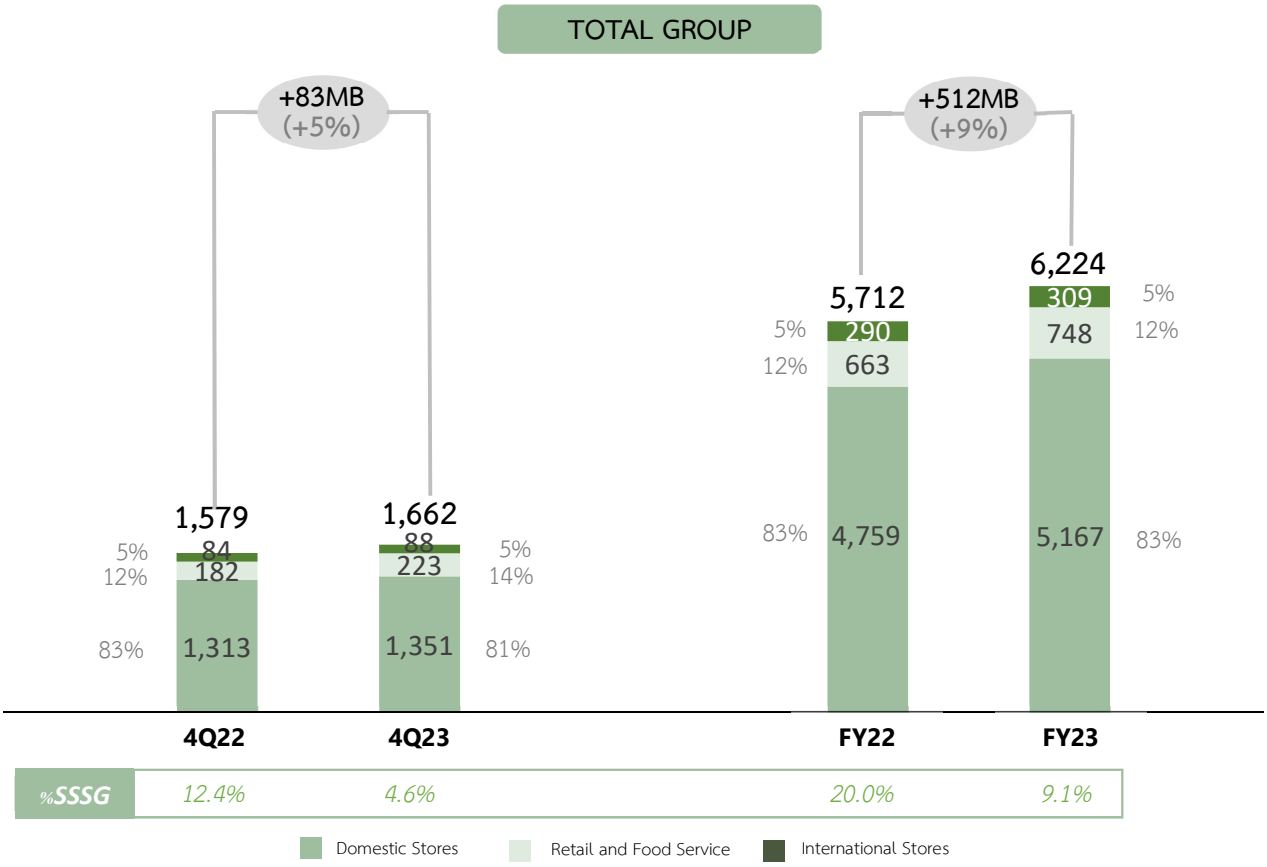
REVENUE

Unit : Million Baht



3M

4Q23 Revenue was 1,662mb, +83mb or +5% YoY mainly came from:

- **Domestic Stores :** +38MB or +3% YoY mainly came from stores in Airport and Hospital
- **Retail and Food Service :** +41MB or +23% YoY mainly driven by strong sales growth in Food Service and OEM for Airlines and food chain accounts
- **International Stores :** +4MB or +4% YoY, mainly came from tourist recovery in UK and Austria.

FY

FY23 Revenue was 6,224mb, +512mb or +9% YoY This notable growth was driven by several key factors:

- **Domestic Stores :** +408MB or +9% YoY mainly came from the growth in Dine-in +40%, Take-Away +4% and Delivery 1%. The key contributors are stores in Airports, Hospital, Shopping Mall, and Hypermarket.
- **Retail and Food Service :** +85MB or +13% YoY primarily driven by strong sales growth in Food Service and OEM for Airlines and food chain accounts
- **International Stores :** +19MB or +7% YoY, mainly came from the restaurants in UK and Austria.

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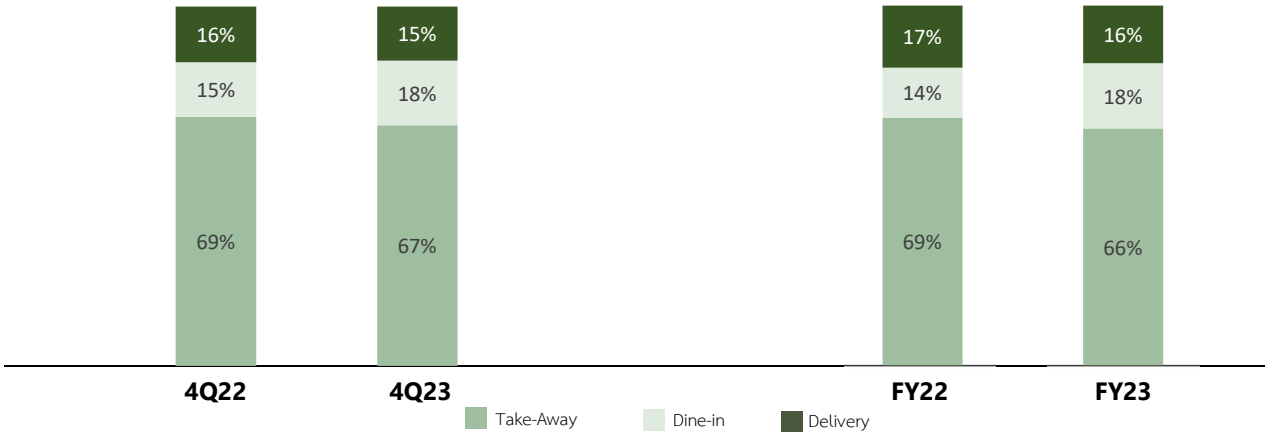
Domestic Revenue Mix



3M

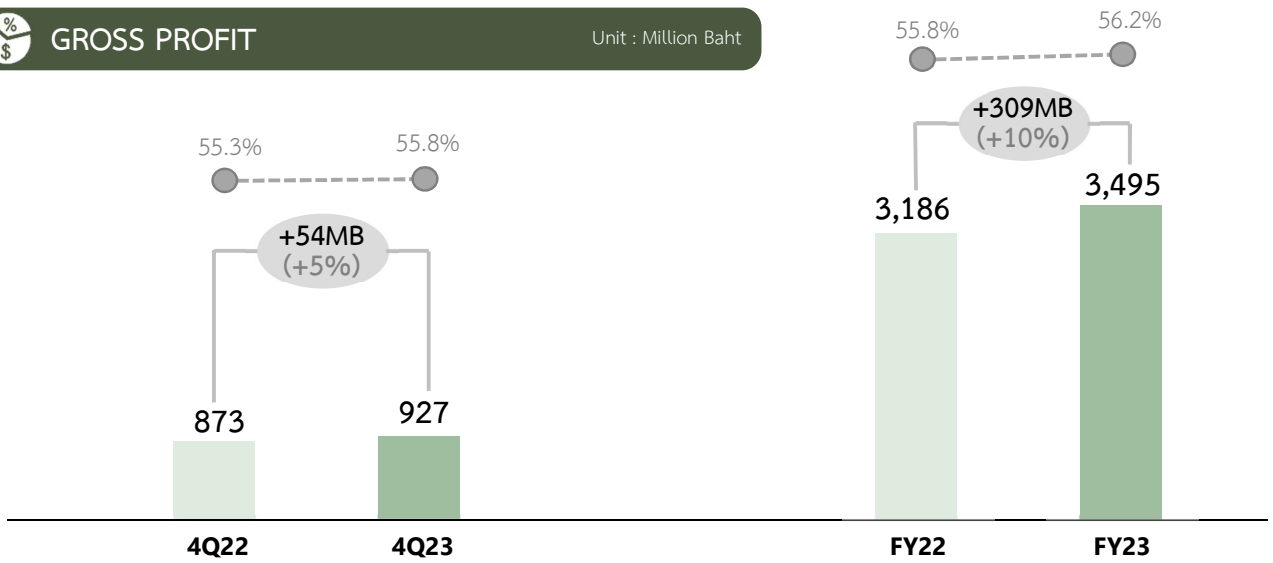
- **Dine-in : 3M Revenue +22% YoY** mainly came from stores in Airport, Hospital, and Gas Station.
- **Take-Away : 3M Revenue +0.3% YoY** slightly increased YoY
- **Delivery : 3M Revenue +1% YoY** mainly came from aggregators. Key orders were Pound Cake and Single Dishes.

FY

- **Dine-in : FY Revenue +40% YoY** mainly came from stores in Airport, Hospital, Shopping Mall, and Hypermarket. Key drivers were the single dish menu reinvention.
- **Take-Away : FY Revenue +4% YoY** mainly came from Friday's Fair and festive products
- **Delivery : FY Revenue +1% YoY** despite of the overall slow-down in delivery channel, mainly driven by the Pound Cake and food menus by aggregators.

GROSS PROFIT

Unit : Million Baht



3M FY

%Gross Profit for both 3M and FY was +0.4% better than LY despite of the raw materials cost increase especially for dairy, egg, seafood materials, etc, primarily driven by

1) the continuous LEAN production at factories,
2) Stock-up,
3) sourcing for alternative suppliers and materials, and
4) pricing for some menus.

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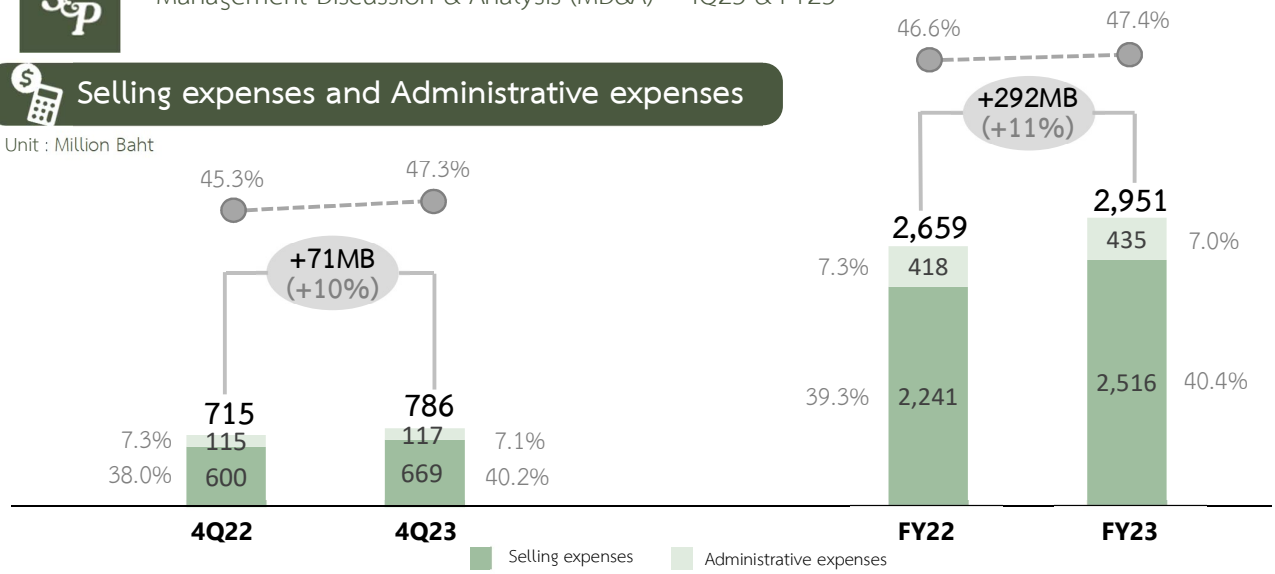
Selling expenses and Administrative expenses

Unit : Million Baht



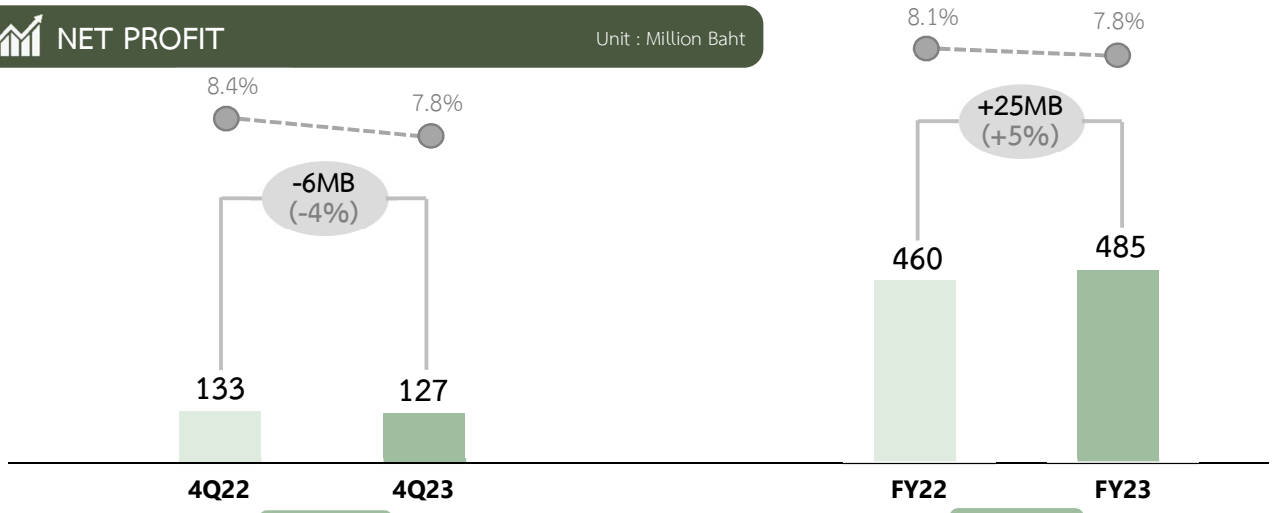
3M | FY

3M %Total SG&A was 47.3% or +2% worse than LY and FY %Total SG&A was 47.4% or +0.8% worse than LY

- **3M & FY %Selling Expenses was +2.2% and 1.2% worse than LY** mainly due to the higher rental expenses which were back to the contract rates especially the store in Airport (Suvarnabhumi).
- **3M & FY Admin Expenses was 2mb and 17mb worse than LY,** mainly due to the new management headcounts according to the people plan. **3M and FY %Admin Expenses was 0.2% และ 0.3% better than LY** due to the higher top line and fixed cost leverage.

NET PROFIT

Unit : Million Baht



3M | FY

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Assets / Liabilities and Equity

Unit : Million Baht

Statements of Financial Position				
Key Metrics (MB)	As at Dec23		As at Dec22	
	MB	%	MB	%
Cash and cash equivalents	718	14%	1,082	20%
Financial assets at fair value	367	7%	362	7%
Other current assets	580	12%	607	11%
Total Current assets	**1,665**	**33%**	**2,051**	**39%**
Investment in associate	111	2%	109	2%
Investment in joint ventures	186	4%	196	4%
Property, plant and equipment	1,642	33%	1,581	30%
Right-of-use asset	1,353	27%	1,300	24%
Other non-current assets	88	2%	88	2%
Total non-current assets	**3,380**	**67%**	**3,274**	**61%**
TOTAL ASSETS	**5,045**	**100%**	**5,325**	**100%**
Short-term borrowings from financial institutions	1	0%	2	0%
Current portion of long-term borrowings	11	0%	154	3%
Current portion of lease liabilities	395	8%	335	6%
Trade and other payables	804	16%	861	16%
Other current liabilities	104	2%	116	2%
Total Current Liabilities	**1,315**	**26%**	**1,468**	**28%**
Long-term borrowings from financial institutions	16	0%	141	3%
Non-current provision for employee benefits	153	3%	162	3%
Lease liabilities	731	14%	736	14%
Other non-current liabilities	69	1%	69	1%
Total non-current liabilities	**969**	**19%**	**1,108**	**21%**
TOTAL LIABILITIES	**2,284**	**45%**	**2,576**	**48%**
Paid-up Capital	515	10%	513	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	1,368	27%	1,370	26%
Other components of shareholders' equity	18	0%	-1	0%
Non-controlling interests	37	1%	45	1%
TOTAL EQUITY	**2,760**	**55%**	**2,749**	**52%**
TOTAL LIABILITIES & EQUITY	**5,045**	**100%**	**5,325**	**100%**
Authorised share capital	*515*		*515*	
Par Value (Baht/Sh.)	*1.00*		*1.00*	
No. of share (millions)	*515*		*515*	

Cash & Cash equivalent of 718 mb, -364mb vs. Dec22, was primarily attributable from Dividend payment 488 mb and Loan Repayment 295 mb

Right-of-use asset and lease liabilities : Increased 53mb due to Suvarnabhumi Airport sales was less than minimum

Trade and other Payables: Decreased of -57mb mainly from trade payable settlement on raw material , stores expansion and DC management fee

Long-term borrowing : In total decreased of -188mb mainly from loan repayment

Other Component of Sharesholder's equity +17mb mainly change interest of investment in Subsidiary 7mb and recalculate employee benefit 13 mb

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ESG

Solar Roof Installation and EV Truck Projects

Four Solar Roof Installation Projects in 2023

In 2023, the board of directors of S&P Syndicate Public Company Limited approved an investment budget of 41.79 million Baht to expand the four solar roof installation projects, namely: S&P Bakery Bangna- Trad, Km. 23.5 Phase 3, Lamphun Bakery Factory, Ladkrabang Food Factory, and S&P Distribution Center, which utilize renewal energy for bakery and food production, as well as the distribution center. Altogether, this initiative can reduce electricity consumption. The expanded solar roof installation projects in 2023 have a total capacity of 1,736.16 kWh, producing 1,814,529.73 kWh of electricity per year. This results in reducing greenhouse gas emissions up to 914.26 tons of carbon dioxide equivalent to and saving up to 8.51 million Baht per year.

Additionally, the S&P Sukhumvit 62 Bakery Factory installed a solar light system due to space limitation for solar roof installation. With a capacity of 3.3 kilowatts per hour, it can reduce greenhouse gas emissions by 8 tons of carbon dioxide equivalent to and save 50,000 Baht per year.

S&P EV Truck Project

The company approved an investment budget of 1.35 million Baht to conduct a pilot project using an electric vehicle truck (EV Truck), starting in December 2023. This truck will transport goods from the distribution center to S&P stores. Each electric vehicle truck can reduce carbon dioxide emissions by approximately 20 tons per year and save up to 6,500 liters of diesel fuel per year. Furthermore, the company plans to add 4 more clean energy trucks in 2024 to cover main transportation routes, as a part of its environmentally friendly transportation development strategy, aiming to enhance sustainability across the company's value chain.

Additionally, within the company's distribution center, electric forklifts powered by batteries are used for intra-warehouse logistics activities, contributing to efficiency and convenience in operations while being considered clean energy.

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