S&P Syndicate Public Company Limited

Management Discussion & Analysis

MD&A 2Q24

MOONCAKE

Executive Summary

Unit : Million Baht

Highlight	3M		Better or (Worse)	6M		Better or (Worse)
	2Q23	2Q24		1H23	1H24	
Revenue	**1,457**	**1,453**	(4)	**2,892**	**2,890**	(2)
Cost of Sales	(**640**)	(**638**)	2	(**1,265**)	(**1,267**)	(2)
Gross Profit	**816**	**815**	(1)	**1,627**	**1,623**	(4)
Gross Profit Margin (%)	*56.0%*	*56.1%*	*0.1%*	*56.2%*	*56.2%*	*0%*
Selling and Admin. Expenses	(**713**)	(**730**)	(17)	(**1,412**)	(**1,439**)	(27)
Selling and Admin. Expenses (%)	*49.0%*	*50.3%*	*(1.3%)*	*48.8%*	*49.8%*	*(1.0%)*
Net Profit – Owners of the parent	**89**	**89**	(0)	**194**	**182**	(11)
Net Profit Margin (%)	*6.1%*	*6.1%*	*(0%)*	*6.7%*	*6.3%*	*(0.4%)*

3M

- **2Q24 Net Profit was 89mb, on par with last year** mainly due to the increased profit sharing from JV, and decreased of loan interest from loan repayment

- **2Q24 %Gross Profit was 56.1%, +0.1% slightly better than LY** driven by the higher mix from dine-in especially from the Airport stores.

- **2Q24 Revenue was 1,453mb, -4mb or -0.3% YoY** Domestic stores revenue declined by -18mb or -1% YoY mainly from Take-away sales in Shopping mall and Hypermarket (-3%) and Delivery sales (-8%) offset with the increase in Food Service revenue (+3%) from Airline customer and International stores revenue (+7mb or +10%).

6M

- **1H24 Net Profit was 182mb, -11mb or -6% YoY** mainly driven by the increased rental expenses which were totally back to the contract rates and assets write-off from 7 stores closed in 1Q24.

- **1H24 %Gross Profit was 56.2%, on par with last year** despite of the raw materials cost increase mainly driven by
  1. the higher %GP mix from the higher dine-in sales (+10%).
  2. the LEAN production and fixed costs leverage at the factories.
  3. A procurement system that effectively manages and maintain the cost of raw materials.

- **1H24 Revenue was 2,890mb, -2mb or -0.1% YoY** Domestic stores revenue declined by -40mb or -2% YoY mainly came from sales decreased in Take-away and Delivery offset with the increase in Food Service revenue (+9%) and International stores revenue (+6mb or +4%).

2Q24 KEY ACHIEVEMENTS

1. Dine-in revenue increased +7% despite of the decline in both take-away (-3%) and delivery (-8%) channels mainly came from single dishes, appetizer, dessert and seasonal menu.
2. Growth in Retail and Food Service Business Segment (+3%) especially from Food Service (Airline accounts and NPDs for OEM customers).
3. Successfully launched “Seasonal menu” especially from “Khoa Soi” (+210%) and “Khoa Chae” (+9%).
4. Continuously improvement on Lean Six Sigma production and factories productivity increase, including energy costs saving.
5. Continuously manage and successfully control raw materials and packaging costs.

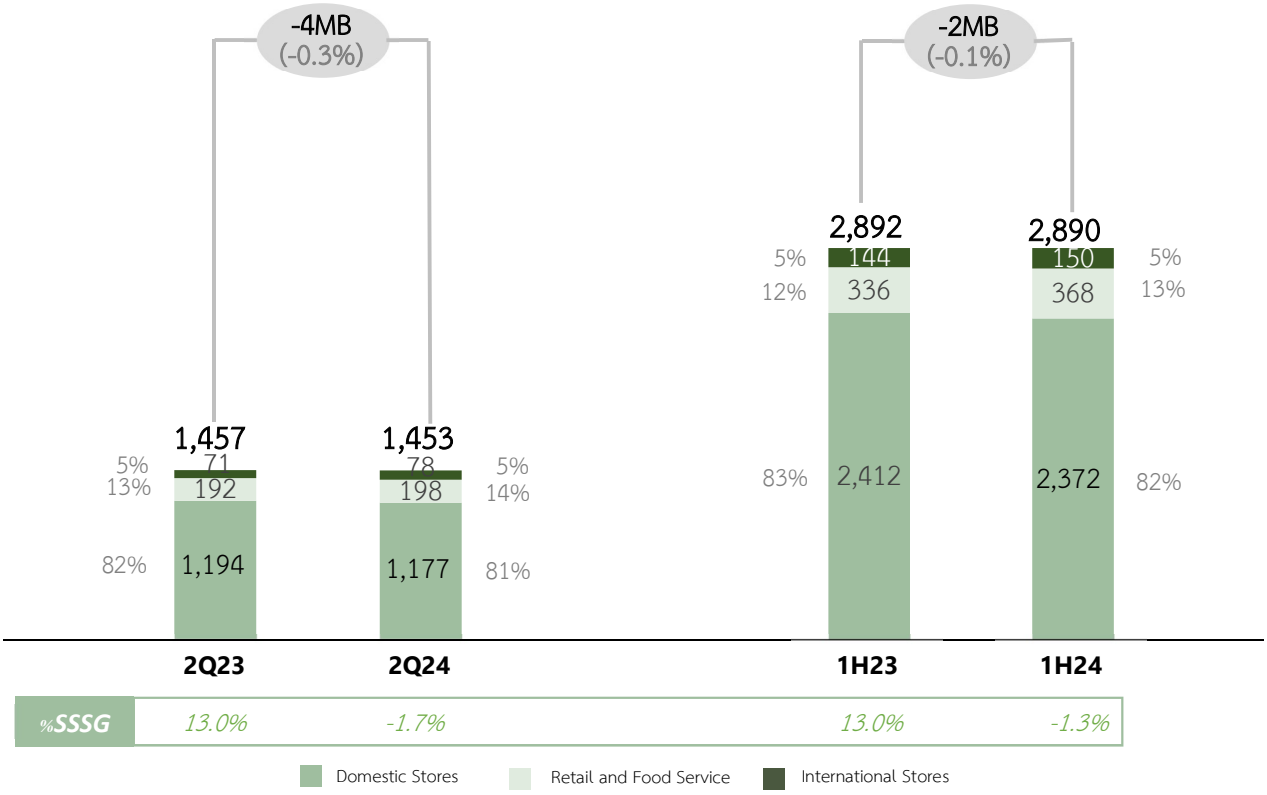
NUMBER OF STORES

BRAND	30 Jun 24 TOTAL	Thailand	International	30 Jun 23 TOTAL	Thailand	International
S&P Restaurant	123	118	5	137	132	5
S&P Bakery Shop	279	279	-	274	274	-
S&P DelTA	29	29	-	33	33	-
S&P Food & Bakery	11	11	-	-	-	-
Grand Seaside	1	1	-	1	1	-
Patio	1	1	-	1	1	-
Patara	7	1	6	8	1	7
Nais & SNP Cake Studio	1	1	-	1	1	-
Maisen	10	10	-	11	11	-
Umenohana	1	1	-	2	2	-
TOTAL	463	452	11	468	456	12

REVENUE

Unit : Million Baht

TOTAL GROUP



3M

2Q24 Revenue was 1,453mb, -4mb or -0.3% YoY mainly came from:

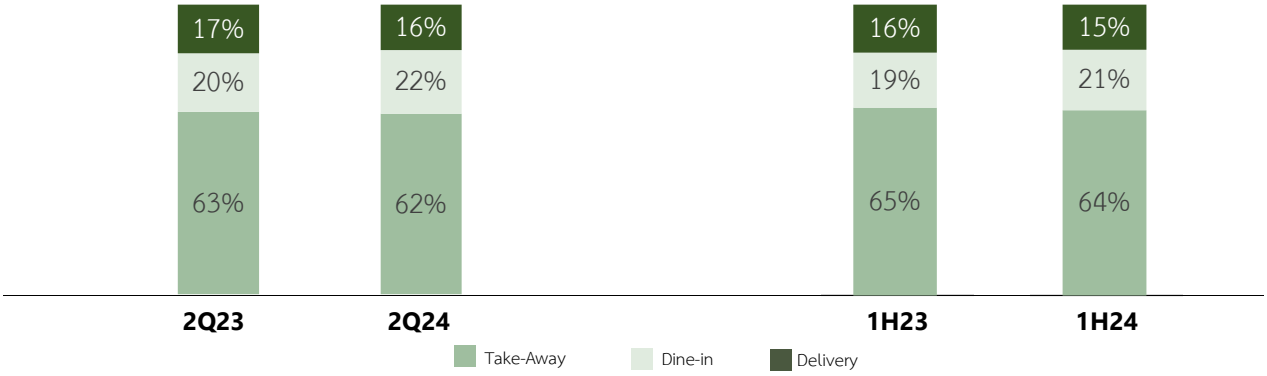
- **Domestic Stores:** -18mb or -1% YoY mainly came from sales decreased in Take-away (-3%) and Delivery (-8%) especially from stores in Shopping mall and Hypermarket but offset partially with the revenue growth in Dine-in (+7%) from stores in Hospital and Airport.
- **Retail and Food Service:** +6mb or +3% YoY mainly driven by sales growth in Food Service from Airlines customer, Food chain accounts and NPDs for OEM customers.
- **International Stores:** +7mb or +10% YoY, mainly came from restaurants in Austria and Cambodia.

6M

1H24 Revenue was 2,890mb, -2mb or -0.1% YoY mainly came from:

- **Domestic Stores:** -40mb or -2% YoY mainly due to sales decreased in Take-away (-3%) and Delivery (-8%) especially from stores in Shopping mall, Hypermarket and Stand alone but offset partially with the revenue growth in Dine-in (+10%) from stores in Hospital and Airport.
- **Retail and Food Service:** +31mb or +9% YoY primarily driven by strong sales growth in Food Service and OEM for Airlines and food chain accounts, surplus with frozen cake promotion in Retail channel.
- **International Stores:** +6mb or +4% YoY, mainly came from restaurants in Austria and Cambodia.

Domestic Revenue Mix



3M

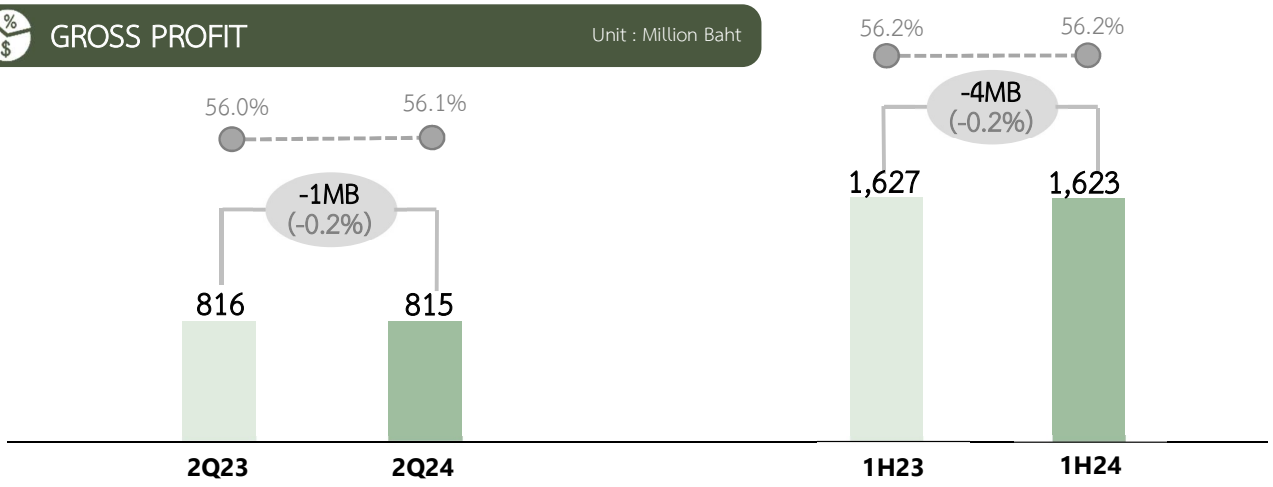
- **Dine-in: +7% YoY** mainly came from stores in Airport and Hospital from single dishes, appetizer and dessert that drove the higher spending per bill. Key seasonal menus are Khao Chae +9% YoY and Khao Soi +210% YoY which was highly successful and did the remarkable new high.
- **Take-Away: -3% YoY** mainly came from stores in Shopping mall and Hypermarket of which the overall traffic were declined, offset with the higher spending per bill (+3% YoY) from big pack and combo sets. New initiative of Bakery Studio was introduced in mid-May24 to increase traffic and spending per bill. There were 12 stores with Bakery Studio as of 30 Jun 24.
- **Delivery: -8% YoY** mainly due to the decline in 1344 channel from Corporate Big Orders.

6M

- **Dine-in: +10% YoY** mainly came from stores in stores in Airport and Hospital. Key drivers were the single dish menu reinvention especially from signature and seasonal menus.
- **Take-Away: -3% YoY** mainly came from stores in Shopping mall and Hypermarket of which the overall traffic were declined. Marketing and promotions aimed to increase spending per bill and drew more traffic via NPDs especially for Cake lines (Coconut, Rainbow, Ovaltine, Baby Pink, Tripple Flavors, Kids Cake etc.), festive menus (Khoa Chae & Khao Soi), beverage menu (Cheese Tea), and Bakery Studio (+20% YoY).
- **Delivery: -8% YoY** mainly from 1344 channel. Menus and promotions were segmented and redesigned between 1344 channel and food aggregators in 3Q24.

GROSS PROFIT

Unit : Million Baht



3M

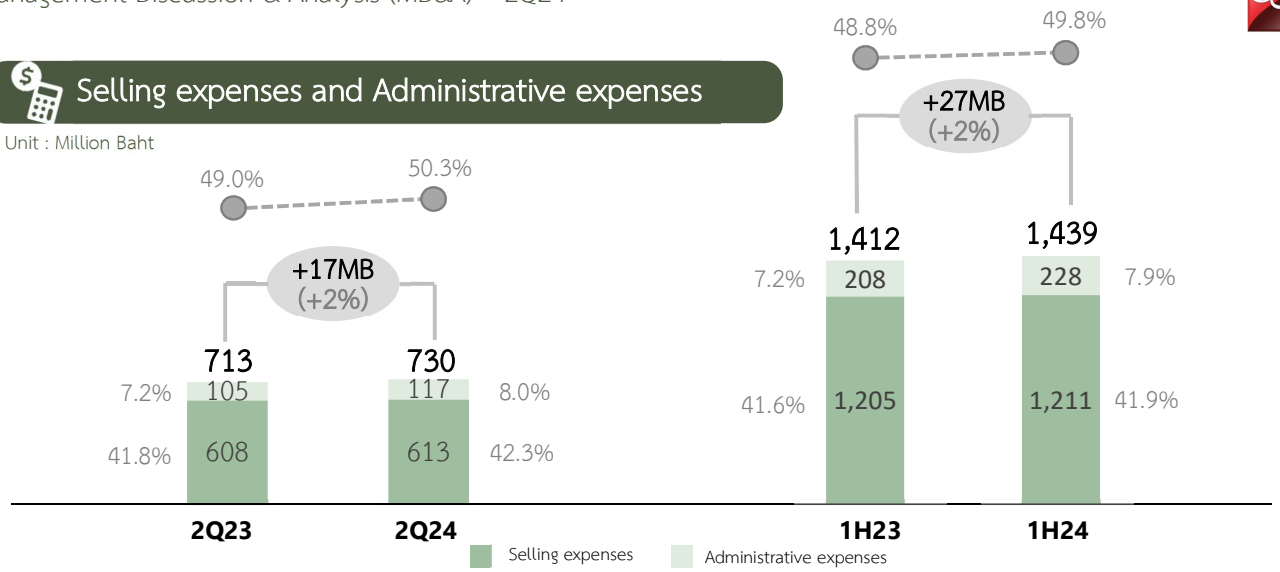
2Q24 %Gross Profit was 56.1%, +0.1% slightly better than LY driven by the higher mix from dine-in especially from the Airport stores.

6M

1H24 %Gross Profit was 56.2%, on par with last year despite of the raw materials cost increase mainly driven by 1) the higher %GP mix from the higher dine-in sales (+10%) 2) the LEAN production and fixed costs leverage at the factories 3) A procurement system that effectively manages and maintain the cost of raw materials.

Selling expenses and Administrative expenses

Unit : Million Baht



3M

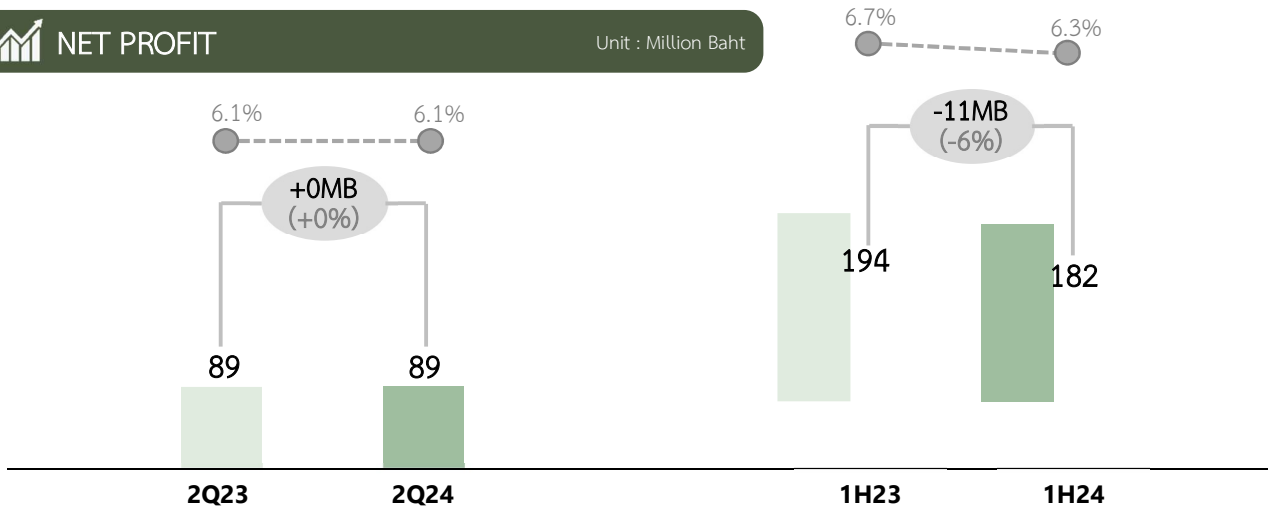
- **%Selling Expenses was +0.5% YoY** mainly due to the higher rental and depreciation from new stores and renovation and from the lower revenue mix of Domestic Stores.
- **Admin Expenses increased 12mb YoY and %Admin Expenses +0.8% worse than LY** mainly came from 1) the reversal of bad debts reserve in 2Q23, 2) Record bad debts in 2Q24, 3) Increase in labour cost and rental fee.

6M

- **% Selling Expenses was +0.3% YoY** mainly due to the higher rental and depreciation from new stores and renovation and from the lower revenue mix of Domestic Stores in 2Q24.
- **Admin Expenses increased 20mb YoY and % Admin Expenses +0.7% worse than LY** mainly due to 1) the reversal of bad debts reserve in 2Q23, 2) assets write-off from 7stores closed in 1Q24, 3) Record bad debts in 2Q24, 4) Increase in labour cost and rental fee.

NET PROFIT

Unit : Million Baht



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Assets / Liabilities and Equity

Unit : Million Baht

Statements of Financial Position				
Key Metrics (MB)	As at Jun24		As at Dec23	
	MB	%	MB	%
Cash and cash equivalents	678	15%	718	14%
Financial assets at fair value	111	2%	367	7%
Other current assets	580	13%	580	12%
Total Current assets	**1,369**	**30%**	**1,665**	**33%**
Investment in associate	131	3%	111	2%
Investment in joint ventures	160	4%	186	4%
Property, plant and equipment	1,639	36%	1,642	33%
Right-of-use asset	1,171	26%	1,353	27%
Other non-current assets	90	2%	88	2%
Total non-current assets	**3,191**	**70%**	**3,380**	**67%**
TOTAL ASSETS	**4,560**	**100%**	**5,045**	**100%**
Short-term borrowings from financial institutions	1	0%	1	0%
Current portion of long-term borrowings	11	0%	11	0%
Current portion of lease liabilities	373	8%	395	8%
Trade and other payables	722	16%	804	16%
Other current liabilities	83	2%	104	2%
Total Current Liabilities	**1,190**	**26%**	**1,315**	**26%**
Long-term borrowings from financial institutions	11	0%	16	0%
Non-current provision for employee benefits	165	4%	154	3%
Lease liabilities	569	12%	731	14%
Other non-current liabilities	71	2%	69	2%
Total non-current liabilities	**816**	**18%**	**970**	**19%**
TOTAL LIABILITIES	**2,006**	**44%**	**2,285**	**45%**
Paid-up Capital	515	11%	515	10%
Premium on ordinary shares	690	15%	690	14%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Legal reserve	52	1%	52	1%
Unappropriated	1,164	26%	1,368	27%
Other components of shareholders' equity	16	0%	18	0%
Non-controlling interests	37	1%	37	1%
TOTAL EQUITY	**2,554**	**56%**	**2,760**	**55%**
TOTAL LIABILITIES & EQUITY	**4,560**	**100%**	**5,045**	**100%**
Authorised share capital	*515*		*515*	
Par Value (Baht/Sh.)	*1.00*		*1.00*	
No. of share (millions)	*515*		*515*	

Cash & Cash equivalent of 678 mb, -40 mb vs. Dec23, was primarily attributable from Dividend payment 388 mb and Account Payable settlement

Right-of-use asset and lease liabilities: Decreased -182 mb due to the depreciation on right of use asset and maturity of lease liabilities

Trade and other Payables: Decreased of 82 mb mainly from trade payable settlement on raw material, stores expansion and DC management fee and employee bonus

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