S&P Syndicate Public Company Limited

Management Discussion & Analysis

MD&A 4Q24&FY24

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

Overview of the Food Industry

In 2024-2026, the restaurant and beverage industry is expected to grow by 4.0-5.0% annually, with total revenue projected to reach 275-300 billion baht. Key demand drivers include 1) the gradual recovery of domestic GDP, 2) a steady increase in foreign tourists, and 3) changing consumer behavior with a preference for dining out, particularly following the easing of the COVID-19 pandemic. On the supply side, growth is supported by 1) improved logistics systems, such as temperature-controlled shipping (Cold Chain Logistics), which help maintain food quality for longer, 2) the increasing number of food delivery application providers, making it easier for restaurants to reach consumers, and 3) the expansion of retail business branches, both large and small, across Bangkok and other provinces, providing channels for restaurants to grow alongside retail businesses. *- Data from Krungsri Research*

Business Operations & Strategies

- **Domestic Stores :** Following the easing of the COVID-19 pandemic, revenue from delivery channel has been shifted to eat-in channel. Overall traffic in Shopping Mall and Hypermarket were declined resulting in the drop in take-away revenue. Key 2024 strategies have been focused more on 1) uplifting the overall **customer dine-in experience**, 2) driving **eat-in revenue** via single dishes with the offer of more variety of appetizer and beverage to complete meals, resulting the higher spending per bill, 3) boosting up **take-away revenue** thru Fresh Bake (formerly called as Bakery Studio), festive products, NPDs and upselling offer to increase averaged spending per bill, and promoting **delivery revenue** from single dishes and pound cake thru Food Aggregators / set menu, pound cake, and snack boxes thru 1344 ordering platform. In October 2024, the Company launched a new fine-dining restaurant brand, MOTOï.
- **Retail and Food Service :** FY24 revenue was +6% YoY mainly driven by 1) food service and OEM revenue from airline and food chain existing and new accounts, and 2) retail revenue from cash and carry and modern trade accounts thru exclusive merchandises.

2 Summary of 4Q24 Key Events and Developments

Fresh Bake (Formerly called as Bakery Studio)

There are 40 stores equipped with Fresh Bake. The Company had evaluated the business results of the first phase and concluded the key success factors to escalate the second phase expansion in 1H25.

MOTOï Bangkok

The company launched "MOTOï" on October 12, 2024, a French restaurant crafted by a renowned Japanese chef. This expansion enhances the company's fine dining portfolio, targeting high-income customers, expatriates in Thailand, and tourists seeking premium dining experiences. MOTOï brings an exquisite blend of French cuisine with a touch of Japanese elegance to Bangkok, Thailand.

3 Summary of Operating Results

Executive Summary

Unit : Million Baht

Highlight	3M		Better or (Worse)	FY		Better or (Worse)
	4Q23	4Q24		FY23	FY24	
Revenue	1,662	1,627	(35)	6,224	6,139	(85)
Cost of Sales	(735)	(705)	30	(2,729)	(2,684)	45
Gross Profit	927	922	(5)	3,495	3,455	(40)
Gross Profit Margin (%)	*55.8%*	*56.7%*	*0.9%*	*56.2%*	*56.3%*	*0.1%*
Selling and Admin. Expenses	(786)	(792)	(6)	(2,951)	(3,006)	(55)
Selling and Admin. Expenses (%)	*47.3%*	*48.7%*	*(1.4%)*	*47.4%*	*49.0%*	*(1.6%)*
Net Profit – Owners of the parent	127	127	0	485	427	(58)
Net Profit Margin (%)	*7.6%*	*7.8%*	*0.2%*	*7.8%*	*7.0%*	*(0.8%)*

3M

Revenue:

4Q24 Revenue was 1,627mb, -35mb or -2.1% YoY mainly due to the decrease in Domestic Stores revenue, -73mb or -5% YoY, and partially offset by 1) the increase from Retail and Food Service revenue, +34mb or +15%, and 2) the increase from International Stores revenue, +4mb or +5% YoY

%Gross profit:

4Q24 %Gross Profit was 56.7%, +0.9% better than LY, mainly driven by 1) the higher mix of dine-in revenue despite of the overall decline in domestic stores revenue, and 2) the leverage on fixed costs at factories from the higher Retail and Food Service revenue mix.

Net Profit:

4Q24 Net Profit was 127mb, on par with LY despite of the revenue drop YoY, mainly driven by the higher gross profit from the higher dine-in revenue mix.

FY

Revenue:

FY24 Revenue was 6,139mb, -85mb or -1.4% YoY mainly due to the decrease in Domestic Stores revenue, -137mb or -3% YoY, and partially offset by 1) the increase from Retail and Food Service revenue, +45mb or +6%, and 2) the increase from International Stores revenue, +7mb or +2% YoY

%Gross profit:

FY24 %Gross Profit was 56.3%, +0.1% YoY mainly driven by 1) the higher mix of dine-in revenue, 2) the leverage on fixed costs at factories from the higher Retail and Food Service revenue mix, and 3) %GP was controlled via end-to-end processes, starting from NPDs, materials & packaging sourcing, quality and efficient production, promotion & discounts, and in-store waste controls.

Net Profit:

FY24 Net Profit was 427mb, -58MB or -12% YoY mainly due to 1) the take-away revenue decrease from stores in Shopping Mall and Hypermarket, 2) rental increase, and 3) depreciation from the LY renovated stores and new stores in LY and this year.

FY24 KEY ACHIEVEMENTS

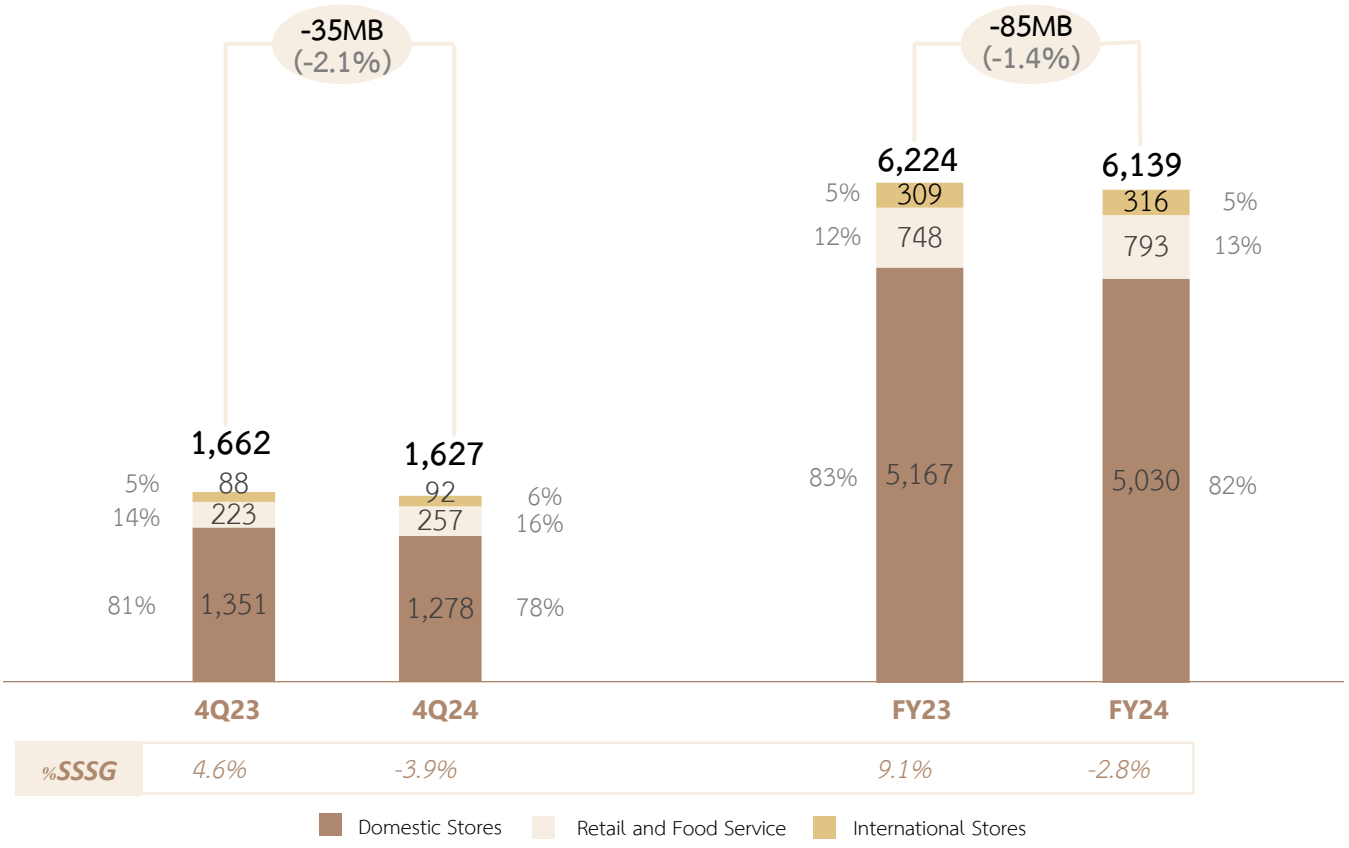
1. Dine-in revenue +7% YoY from both existing and new single dish, appetizer, and beverage menus.
2. 40 units of "Fresh Bake" of the first phase were launched to promote take-away sales and contribute +10% same store sales growth.
3. Strong growth on Beverage category from all year round promotions and NPDs. Key growth contributors are coffee, smoothie, and fruit juice.
4. Strong growth on Retail and Food Service revenue from cash & carry, modern trade, airline, and food chain accounts.
5. Continuous improvement on cost saving and productivity controls.

NUMBER OF STORES

BRAND	31 DEC 24 TOTAL	Thailand	International	31 DEC 23 TOTAL	Thailand	International
S&P Restaurant	133	128	5	132	127	5
S&P Bakery Shop	275	275	-	275	275	-
S&P DelTA	29	29	-	33	33	-
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	9	9	-	11	11	-
Umenohana	1	1	-	1	1	-
MOTOï	1	1	-	0	0	-
TOTAL	458	447	11	463	451	12

REVENUE
Unit : Million Baht

TOTAL GROUP



3M

FY

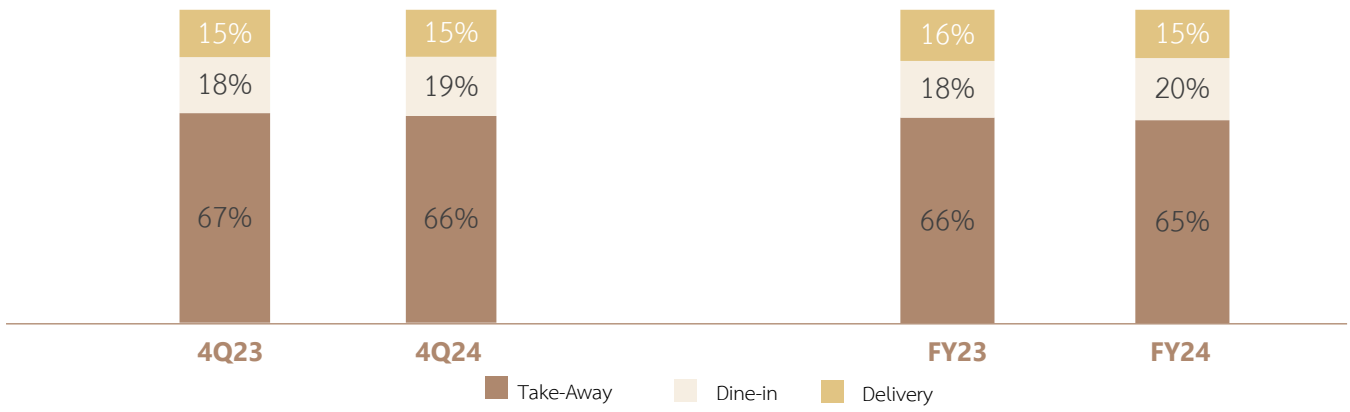
4Q24 Revenue was 1,627mb, -35mb or -2.1% YoY mainly came from:

- **Domestic Stores:** -73mb or -5% YoY The revenue decrease was mainly driven by the declining take-away revenue from stores in Shopping Mall and Hypermarket.
- **Retail and Food Service:** +34mb or +15% YoY mainly driven by the Cash & Carry, Modern Trade and food chain accounts
- **International Stores:** +4mb or +5% YoY, mainly from S&P Cambodia.

FY24 Revenue was 6,139mb, -85mb or -1.4% YoY mainly came from:

- **Domestic Stores:** -137mb or -3% YoY mainly due to take-away revenue (-4%) and delivery revenue (-7%), partially offset with the dine-in revenue growth (+7%).
- **Retail and Food Service:** +45mb or +6% YoY primarily driven by 1) strong sales growth in Retail channel especially for cash & carry from Frozen cake, Cookies and Mooncake, and 2) Food Service and OEM for Airlines and food chain accounts.
- **International Stores:** +7mb or +2% YoY, mainly came from S&P Cambodia

Domestic Revenue Mix



3M

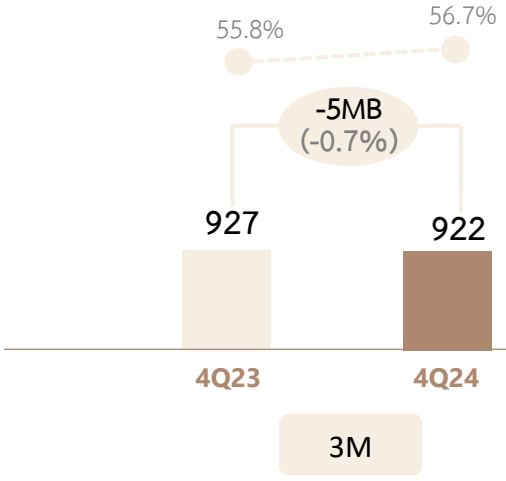
- **Dine-in: +2% YoY** mainly came from single dishes promotion with offer of appetizer and beverage to complete meals, resulting the higher spending per bill.
- **Take-Away: -5% YoY** mainly due to the declining traffic for stores in Hypermarket and Shopping Mall, partially offset by the growth from Fresh Bake (Bakery Studio).
- **Delivery: -5% YoY** mainly due to the lower number of dockets for big orders in 1344 ordering platform.

FY

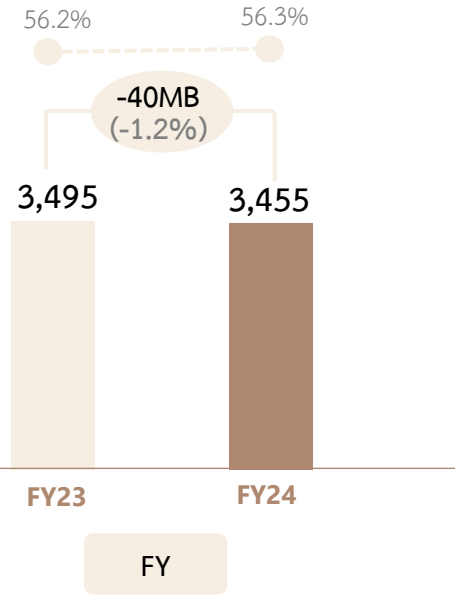
- **Dine-in: +7% YoY** mainly came from the continuous promotions of signature single dish with more variety of appetizer, beverage and Seasonal menu "Khao Soi", "Pad Thai", "Khao Chae" to draw more traffic and increase averaged spending per bill.
- **Take-Away: -4% YoY** mainly came from the declined traffic especially from the stores in Shopping Mall and Hypermarket. Key initiatives to draw more traffic and increase averaged spending per bill included Fresh Bake, NPDs including Blue Cup new beverage menus, and festive products.
- **Delivery: -7% YoY** mainly due to the consumer behaviors which were shifted more to dine-in. Overall traffic on food aggregator platforms has continued to grow.

GROSS PROFIT

Unit : Million Baht



3M



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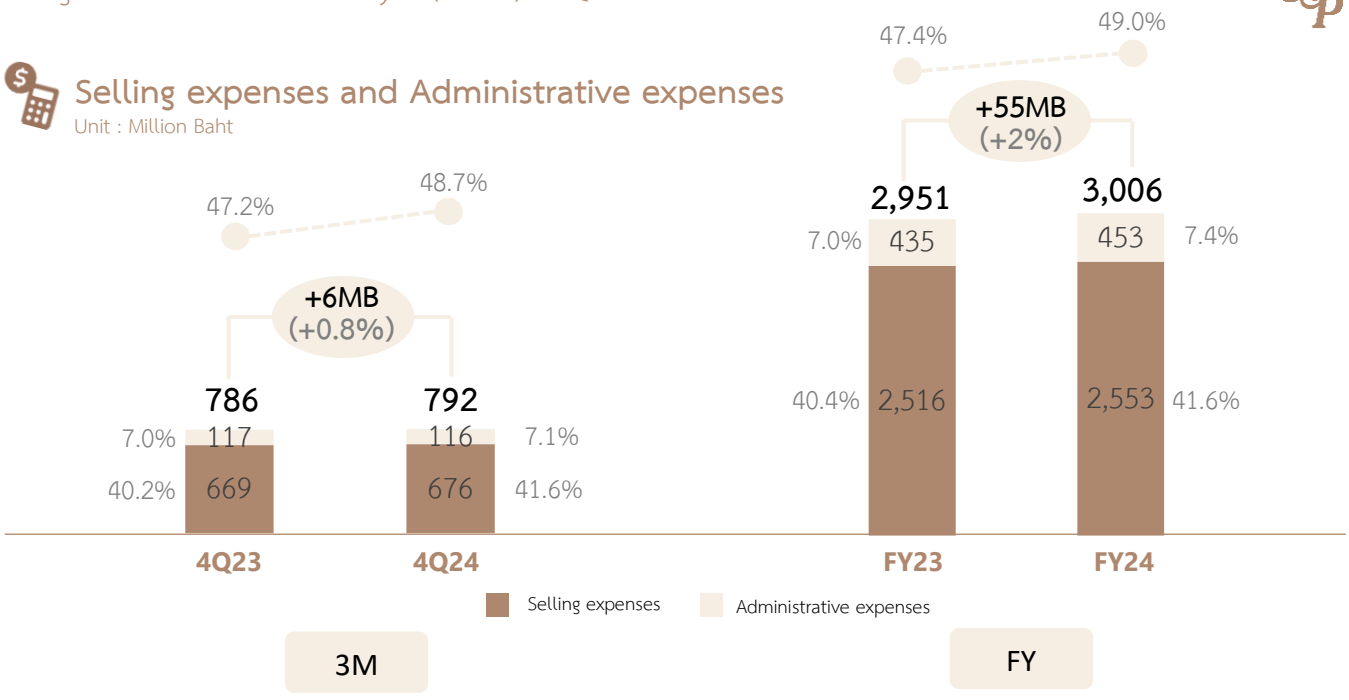
Selling expenses and Administrative expenses

Unit : Million Baht



3M

FY

Selling Expenses was 676mb, +7mb YoY mainly due to rental expenses of which the fixed portion was higher than LY and depreciation from the LY renovated stores and new stores opened in LY and this year. **%Selling Expenses was +1.4% worse than LY,** mainly driven by the top line decrease and expenses increase.

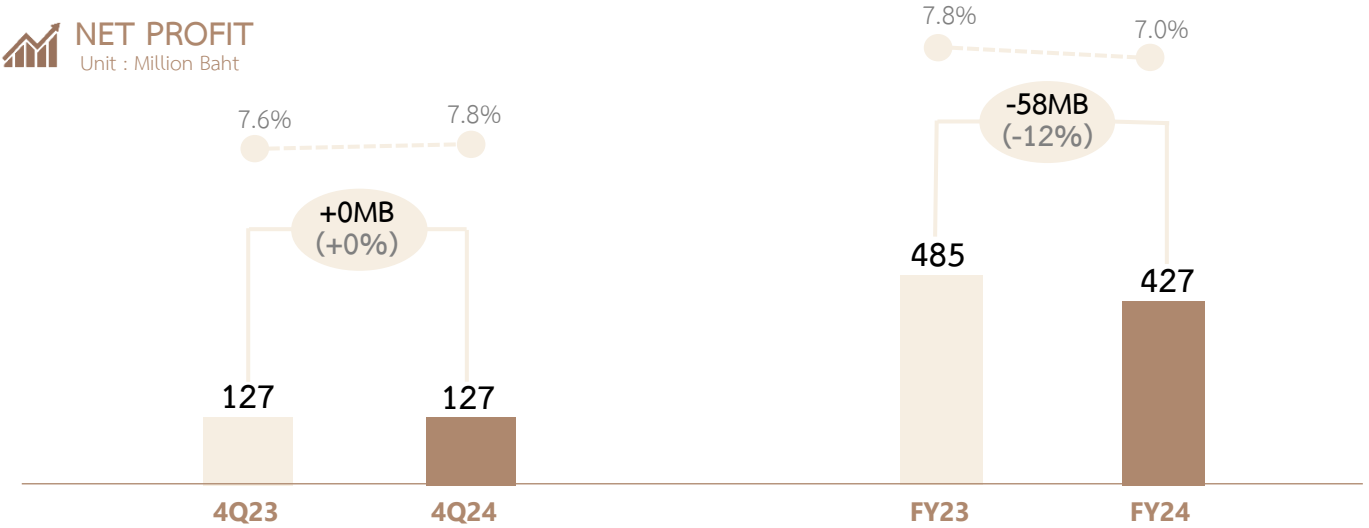
Admin Expenses was quite on par with LY while %Admin Expenses was slightly lower than LY mainly due to the fixed cost low leverage from the lower top line.

Selling Expenses was 2,553mb, +37mb YoY mainly due to the higher rental expense and depreciation from the LY renovated stores and new stores opened in LY and this year plus the new investment on Fresh Bake project. **%Selling Expenses was +1.2% worse than LY** mainly due to the low leverage of fixed selling expenses from the lower top line.

Admin Expenses increased +18mb YoY and %Admin Expenses +0.4% worse than LY mainly due to the overall increase of 1H24 vs 1H23, from 1) assets write-off from 7 stores closed in 1Q24 and 2) bad debts reserve in 2Q24.

NET PROFIT

Unit : Million Baht



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4 Summary of Financial Position

Statements of Financial Position				
Key Metrics (MB)	As at Dec24		As at Dec23	
	MB	%	MB	%
Cash and cash equivalents	879	19%	718	14%
Financial assets at fair value	162	3%	367	7%
Other current assets	633	13%	580	12%
Total Current assets	**1,674**	**35%**	**1,665**	**33%**
Investment in associate	140	3%	111	2%
Investment in joint ventures	158	3%	186	4%
Property, plant and equipment	1,621	34%	1,642	33%
Right-of-use asset	1,078	23%	1,353	27%
Other non-current assets	75	2%	88	2%
Total non-current assets	**3,071**	**65%**	**3,380**	**67%**
TOTAL ASSETS	**4,746**	**100%**	**5,045**	**100%**
Short-term borrowings from financial institutions	11	0%	1	0%
Current portion of long-term borrowings	11	0%	11	0%
Current portion of lease liabilities	407	9%	395	8%
Trade and other payables	824	17%	804	16%
Other current liabilities	84	2%	104	2%
Total Current Liabilities	**1,337**	**28%**	**1,315**	**26%**
Long-term borrowings from financial institutions	5	0%	16	0%
Non-current provision for employee benefits	142	3%	154	3%
Lease liabilities	455	10%	731	14%
Other non-current liabilities	71	1%	69	1%
Total non-current liabilities	**672**	**14%**	**970**	**19%**
TOTAL LIABILITIES	**2,009**	**42%**	**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%
Treasury Stock	-5	0%	0	0%
Legal reserve	52	1%	52	1%
Unappropriated	1,357	29%	1,368	27%
Other components of shareholders' equity	13	0%	18	0%
Non-controlling interests	35	1%	37	1%
TOTAL EQUITY	**2,737**	**58%**	**2,760**	**55%**
TOTAL LIABILITIES & EQUITY	**4,746**	**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 879 mb, +161 mb vs. Dec23, mainly came from the net operating cash flow of 1,098mb, offset with the financing activities mainly from lease liability and dividend payments of (914) mb and the net investing activities mainly from Fixed Income fund redemption net with capex investment of (23) mb

Financial Asset at Fair Value of 162 mb, -205mb vs. Dec23, was primarily attributable from selling Fixed Income funds

Right-of-use asset and lease liabilities: Decreased -275 mb due to the depreciation on right of use asset and maturity of lease liabilities

Other Current Liabilities: Decreased of -19 mb mainly decreasing of accrued corporate income tax

5 Factors That May Affect Operations or Future Growth

External Factors :

Positive : Rising demand for health-conscious and sustainable food options, and strong tourism boosting the hospitality sector. Government support for agriculture and food innovation, along with technological advancements in food-tech and e-commerce, are also driving growth. Additionally, the increasing global popularity of Thai cuisine and access to high-quality local ingredients further

Negative : In 2025, factors affecting the food business include rising inflation and living costs, which may reduce consumer spending. The fluctuation in raw material prices, driven by climate change, war, and demand shifts, increases operational costs. Additionally, intensified competition is seen as large companies expand food chains while smaller businesses grow rapidly and expand

Internal Factors :

Discipline to drive execution is the key. FY25 Strategy Plan has been focused on uplifting the overall customer experience via 1) Revitalizing the Core thru the existing product categories and platforms, 2) Driving New Wave of Growth thru new store concepts and design, and 3) Building new frontiers thru new brands and concepts.

6 Sustainability Development

S&P Syndicate Public Company Limited operates a strong food and bakery business based on governance principles, with a focus on social and environmental care. This aligns with the United Nations' Sustainable Development Goals (SDGs), emphasizing a comprehensive strategy centered on the 3Ps: People, Planet, and Prosperity. In 2024, the company's sustainability initiatives aim to cover all stakeholders throughout the value chain, ensuring that consumers, partners, and allies enjoy good health and happiness alongside the company's growth.

Environmental Achievements

The company is committed to environmental practices, demonstrated through various awards and recognitions:

1. **Climate Action Leading Organization Award (2024):** Recognized for excellence in managing greenhouse gas emissions and committing to carbon neutrality and net-zero emissions.
2. **National Green Restaurant Award:** All 12 participating restaurants achieved Gold (Excellent) G-Green status, highlighting their sustainable resource use.
3. **Thailand Net Zero 2065 Commitment:** S&P announced its commitment to this goal in collaboration with climate agencies, participating in a network of environmentally friendly coffee shops.
4. **MEA ENERGY AWARDS:** Three S&P locations were recognized for efficient energy use and air quality.
5. **MAKRO HORECA Food Business Awards:** Awarded for the three-color rice dumpling product, emphasizing responsible business practices.
6. **Prime Minister's Export Award 2024:** Recognized as an outstanding exporter for sustainability.
7. **ISO 14001:2015 Certification:** Acknowledged for maintaining environmental management standards at its bakery factory.
8. **Carbon Footprint Organization Project:** Continuously collecting data on greenhouse gas emissions and achieving carbon footprint certification for eight products.
9. **S&P EV Truck Project:** Aiming to reduce environmental impact through electric transportation, with plans for expansion.
10. **Waste Separation Initiative:** Educating employees on proper waste sorting to promote recycling at the individual, family, and organizational levels.

Social Contributions

The company engages in various social initiatives:

1. **Annual Employee Engagement Survey:** Aimed at improving workplace well-being and strengthening the organization.
2. **S&P Growing Together:** Visits to partner farms to ensure food safety and sustainable community income.
3. **S&P Kitchen for Kids:** Promoting nutrition and hygiene in underserved schools, collaborating with two schools in 2024.
4. **Knowledge Sharing Project:** Ongoing research and development of nutritious products communicated through infographics.
5. **Customer Satisfaction Surveys:** Gathering feedback to improve product quality and service.
6. **Human Rights Due Diligence:** Ensuring operations do not negatively impact human rights across the value chain.

Corporate Governance

1. **Corporate Governance Assessment: Received a 5-star rating** in the Corporate Governance Report for Thai Listed Companies, reflecting commitment to sustainable practices.
2. **SET ESG Rating:** Achieved an **AA rating** in the sustainable stock assessment by the Stock Exchange of Thailand.
3. **CAC Membership Renewal:** Recognized for continued membership in the Thai Private Sector Collective Action Coalition Against Corruption.
4. **The company received an honorary pin at the 22nd Thai Chamber of Commerce Business Ethics Awards Ceremony for the year 2024**. This recognition honors organizations that conduct business with transparency and uphold good governance principles, contributing to sustainable organizational development.
5. **Announcement of the No Gift Policy :** The company, as a member of the Thai Private Sector Collective Action Against Corruption (CAC), has announced the No Gift Policy. This policy is communicated to employees and business partners to seek cooperation from all stakeholders in refraining from giving or receiving gifts on all occasions. This initiative aims to promote, prevent, and continuously combat corruption.

7 1Q25 Key Campaign and Promotion

Festive Menu

Value Set

CHINESE NEW YEAR

NPD and SNACK BOX

Beverage BOGO

VALENTINE'S DAY

NPD – Fresh Bake

NPD – Mango Cheese Pie

DELIVERY

COMMINCATIONS & PROMOTION VIA AGGREGATORS

DRIVE AWARENESS & CONVERSION (in-app & social media reach > 5M fols)

S&P Syndicate Public Company Limited

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