S&P Syndicate Public Company Limited

Management Discussion & Analysis

MD&A 1Q25

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

Overview of the Food and Beverage Industry

The food, bakery, and beverage business in 2025 is expected to have a total market value of 657 billion Baht, growing by 4.6% from 2024. This growth is driven by the ongoing development of domestic tourism, the expansion of businesses into regional areas, and consumer lifestyles that demand new food and beverage products. However, the industry faces high competition, requiring careful investment, especially with the influx of foreign investors. Street food businesses are growing at a faster rate compared to other sectors, as they are popular among both Thai people and foreign tourists. Meanwhile, the beverage industry (including bakeries and ice cream) is expected to have a market value of 85.32 billion Baht in 2025, growing by 3.2% from 2024. *- Data from Kasikorn Research*

Business Operations & Strategies

- **Domestic Stores :** 2025 key strategies have been focused more on **1) uplifting the overall customer dine-in experience via new store concept and design**, **2) driving eat-in revenue** via single dishes with the offer of more variety of appetizer and beverage of which NPDs have been launched on a regular basis to complete meals, resulting the higher spending per bill, multiple windows of signature menus promotion campaign to draw traffic, and newly launched single dish NPDs eg. **Kaprow Series** in Apr 2025, **3) boosting up take-away revenue** thru **Fresh Bake** which boosted up Pastry and Pie Top Line, newly launched **Pop Cake Series (0.5 lbs)** with variety of design in late Mar 2025, festive products (Khao Chae launched 1 Mar 2025), and **4) promoting delivery revenue** from single dishes including newly launched **Kaprow Series**, pound cake and newly launched **Pop Cake**, festive products thru Food Aggregators / family set menu, pound cake, newly launched **Pop Cake**, festive products, and snack boxes thru 1344 ordering platform.
- **Retail and Food Service:** 2025 key strategies focused more on NPDs (including new flavors), and exclusive product line items in Retail segment while OEM food service has been grown through both existing and new food chain and airline accounts.

2 Summary of 1Q25 Key Events and Developments

Fresh Bake (Formerly called as Bakery Studio)
There are 64 stores equipped with Fresh Bake vs 40 stores at end of 2024. Stores with Fresh Bake boosted up Pastry and Pie +11% YoY.

Festive Product : Khaochae Festival (Launched 1 Mar 2025)
2025 Khaochae Festival (including Mango & Sticky Rice) was +6% YoY, mainly from Delivery Channel.

0.5lbs Pop Cake (launched in late Mar 2025)
0.5lbs Pop Cake with variety of design has been newly launched in late Mar 2025 with limited number of stores and fully launched nationwide in Apr 2025. Pound Cake overall top line (after fully launched) has been increased about 5% as compared to the pre-launched period.

3 Summary of Operating Results

Executive Summary

Unit : Million Baht

Highlight	1Q24	1Q25	Better or (Worse)
Revenue	1,438	1,378	(60)
Cost of Sales	(629)	(615)	14
Gross Profit *Gross Profit Margin (%)*	808 *56.3%*	763 *55.4%*	(45) *(0.9%)*
Selling and Admin. Expenses *Selling and Admin. Expenses (%)*	(709) *49.3%*	(722) *52.4%*	(13) *(3.1%)*
Net Profit – Owners of the parent *Net Profit Margin (%)*	93 *6.5%*	48 *3.5%*	(45) *(3.0%)*

Revenue:
1Q25 Revenue was 1,378mb, -60mb or -4.1% YoY mainly due to the decrease in Domestic Stores revenue, -58mb or -5% YoY, and partially offset by 1) the increase from Retail and Food Service revenue, +8mb or +5%, and 2) the decrease from International Stores revenue, -10mb or -13% YoY

%Gross profit:
1Q25 %Gross Profit was 55.4%, -0.9 % worse than LY, mainly driven by 1) the GP mix between Domestic Stores Business and Retail & Food Service Business, and 2) slight impact from raw materials price increase eg. eggs, dairy butter, coconut milk etc.

Selling and Administrative Expenses:
1Q25 Selling and Admin expenses were 13mb worse than LY primarily due to 1) higher depreciation from the new stores opened in LY, 2) higher rental due to minimum guarantee condition, 3) sustainability projects consulting fees, and 4) IT infrastructure service fees. %Selling and Admin expenses were 3.1% worse than LY due to 1) the higher expenses as mentioned, and 2) fixed costs leverage from the lower top line.

Net Profit:
1Q25 Net Profit was 48mb, -45mb or -49% YoY, mainly driven by the revenue decline from the Domestic Stores Business and higher Selling and Admin Expenses.

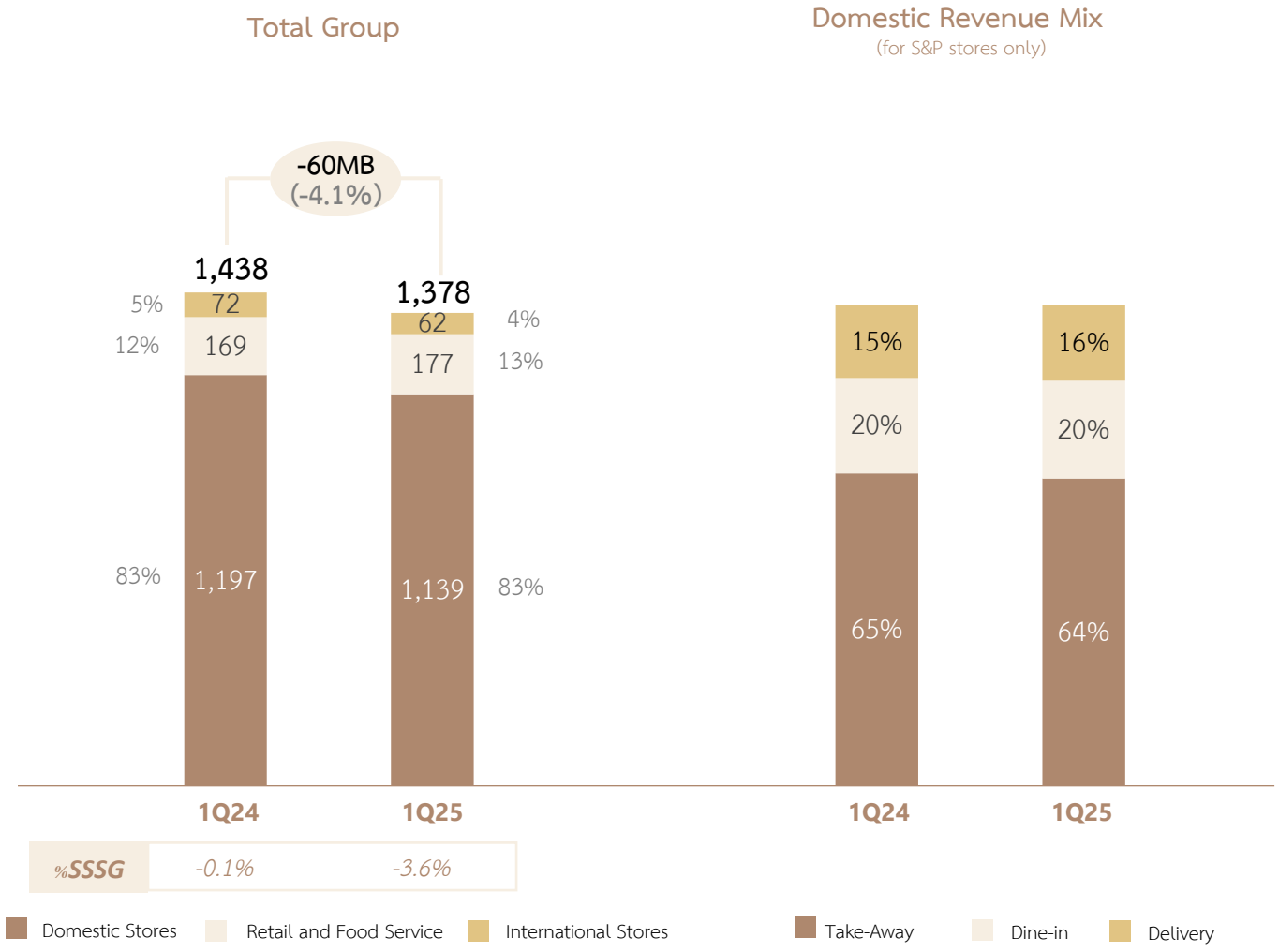
1Q25 KEY ACHIEVEMENTS

1. 64 units of "Fresh Bake", +24 units from end of 2024. Fresh Bake is one of the key vehicles to drive take-away sales.
2. Pop Cake Series (0.5lbs) was newly launched in late Mar 2025 and fully launched in Apr. 2025, boosting Pound Cake top line +5% as compared to the pre-launched period.
3. Strong growth on festive product, Khao Chae, +6% YoY
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 via LEAN projects and internal collaboration.

NUMBER OF STORES

BRAND	31 Mar 25 TOTAL	Thailand	International	31 Mar 24 TOTAL	Thailand	International
S&P Restaurant	132	127	5	129	124	5
S&P Bakery Shop	275	275	-	281	281	-
S&P DelTA	24	29	-	31	31	-
Grand Seaside	-	-	-	1	1	-
Patio	1	1	-	1	1	-
Patara	7	1	6	7	1	6
Nais & SNP Cake Studio	1	1	-	1	1	-
Maisen	7	7	-	11	11	-
Umenohana	1	1	-	1	1	-
MOTOï	1	1	-	0	0	-
TOTAL	449	438	11	463	452	11

REVENUE
Unit : Million Baht

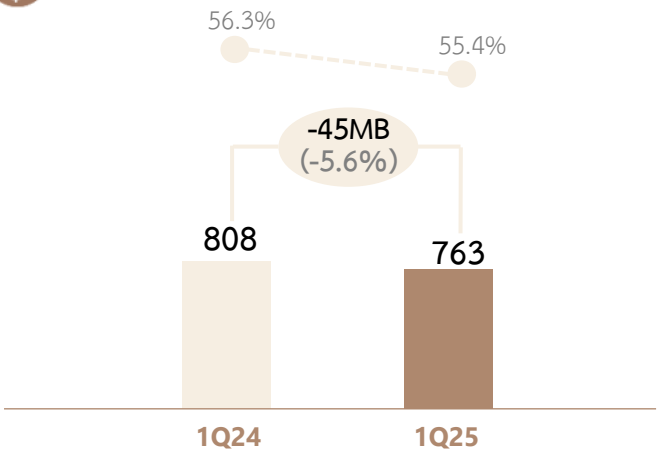


1Q25 Revenue was 1,378mb, -60mb or -4.1% YoY mainly came from:

- **Domestic Stores:** -58mb or -5% YoY, primarily due to the lower overall traffic, %SSSG -3.6% YoY, especially for the stores in Shopping Mall and Hypermaket, -6% YoY while stores in Hospital and Standalone still had revenue growth, +2% YoY.
  - **Dine-in Revenue : -2% YoY** mainly came from Stores in Shopping Mall and Airports.
  - **Take-Away Revenue : -6% YoY** mainly due to stores in Shopping Mall and Hypermarket.
  - **Delivery Revenue : -1% YoY** mainly due to the lower number of dockets for big orders in 1344 ordering platform while number of dockets from food aggregators (lower docket size) have been increased.
- **Retail and Food Service:** +8mb or +5% YoY mainly driven by the new flavor of frozen cake, exclusive NPDs in Hypermarket and Supermarket (+19% YoY), and OEM food service from key food chain and airline accounts.
- **International Stores:** -10mb or -13% YoY, mainly from one store closer in UK (Hampstead).

GROSS PROFIT

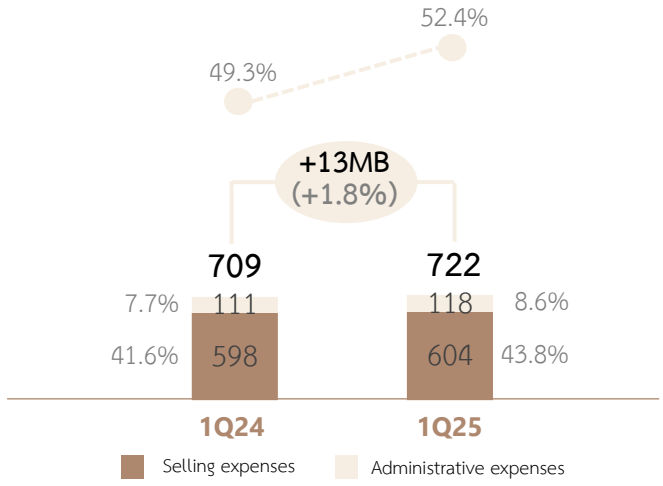
Unit : Million Baht



1Q25 %Gross Profit was 55.4%, -0.9% worse than LY, mainly driven by 1) the GP mix between Domestic Stores Business and Retail & Food Service Business, and 2) slight impact from raw materials price increase eg. eggs, dairy butter, coconut milk etc.

Selling expenses and Administrative expenses

Unit : Million Baht



Selling Expenses was 604mb, +6mb YoY mainly due to 1) higher depreciation from the new stores opened in LY, and 2) higher rental due to minimum guarantee condition.

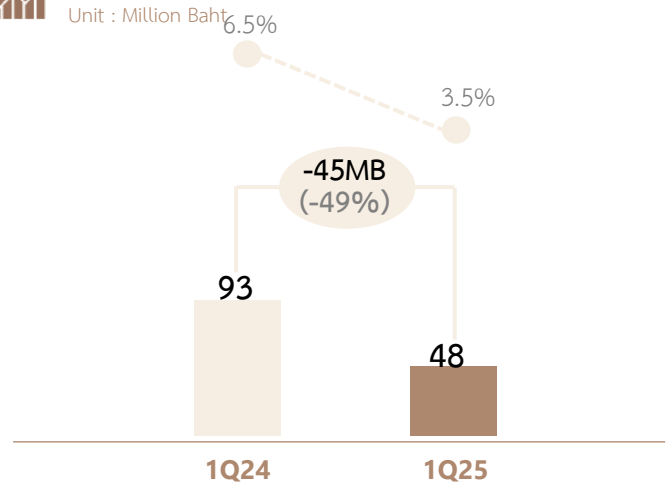
%Selling Expenses was 43.8%, 2.2% worse than LY, mainly due to the higher expenses as mentioned, and lower fixed costs leverage from lower top line.

Admin Expenses was 118mb, +7mb YoY mainly came from 1) salary increase and head counts replacement, 2) sustainability projects consulting fees, and 3) IT infrastructure service fees.

%Admin Expenses was 8.6%, 0.9% worse than LY, mainly due to the higher expenses as mentioned, and lower fixed costs leverage from lower top line.

NET PROFIT

Unit : Million Baht



1Q25 Net Profit was 48 mb, -45mb or -49% YoY mainly due to the decline in revenue and higher Selling expenses and Administrative expenses.

4 Summary of Financial Position

Statements of Financial Position				
Key Metrics (MB)	As at Mar 25		As at Dec24	
	MB	%	MB	%
Cash and cash equivalents	829	18%	879	19%
Financial assets at fair value	163	4%	162	3%
Other current assets	564	12%	633	13%
Total Current assets	**1,556**	**34%**	**1,674**	**35%**
Investment in associate	153	3%	140	3%
Investment in joint ventures	153	3%	158	3%
Property, plant and equipment	1,609	35%	1,621	34%
Right-of-use asset	975	21%	1,078	23%
Other non-current assets	105	2%	75	2%
Total non-current assets	**2,995**	**66%**	**3,072**	**65%**
TOTAL ASSETS	**4,551**	**100%**	**4,746**	**100%**
Short-term borrowings from financial institutions	1	0%	11	0%
Current portion of long-term borrowings	11	0%	11	0%
Current portion of lease liabilities	398	9%	407	9%
Trade and other payables	723	16%	824	17%
Other current liabilities	80	2%	84	2%
Total Current Liabilities	**1,213**	**27%**	**1,337**	**28%**
Long-term borrowings from financial institutions	2	0%	5	0%
Non-current provision for employee benefits	147	3%	142	3%
Lease liabilities	358	8%	455	10%
Other non-current liabilities	70	2%	71	1%
Total non-current liabilities	**577**	**13%**	**673**	**14%**
TOTAL LIABILITIES	**1,790**	**39%**	**2,010**	**42%**
Paid-up Capital	515	11%	515	11%
Premium on ordinary shares	690	15%	690	15%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Treasury Stock	-30	-1%	-5	0%
Legal reserve	52	1%	52	1%
Unappropriated	1,405	31%	1,357	29%
Other components of shareholders' equity	13	0%	12	0%
Non-controlling interests	36	1%	35	1%
TOTAL EQUITY	**2,761**	**61%**	**2,736**	**58%**
TOTAL LIABILITIES & EQUITY	**4,551**	**100%**	**4,746**	**100%**
Authorised share capital	*515*		*515*	
Par Value (Baht/Sh.)	*1.00*		*1.00*	
No. of share (millions)	*515*		*515*	

Cash & Cash equivalent of 829 mb, -50 mb vs. Dec24, mainly came from Cash Received from AR settlement 70 mb, Lend to joint ventures (29) mb, Investment in subsidiaries amount of (11) mb, Exim Bank Loan Repayment (13) mb and Buying Treasury Stock (36) mb

Property, Plant and Equipment amount of 1,609 mb, -12mb vs. Dec24, was primarily due to amortization (10) mb and write off impairment for closed store (2) mb

Right-of-use asset and lease liabilities : Decreased -209 mb due to the depreciation on right of use asset and maturity of lease liabilities

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 in the food and bakery business with a strong commitment to corporate governance, along with social and environmental care. This aligns with the United Nations' Sustainable Development Goals (SDGs) across 7 key areas, which serve as a framework for formulating the company's main strategies to achieve these goals. The operational framework is based on three key pillars under the 3P strategy: P-Planet, which focuses on 'creating balance' in ecosystems; P-People, which aims to 'enhance the potential' of people and communities; and P-Prosperity, which 'supports' organizational strength. In Q1 2025, the company's sustainability efforts span across stakeholders throughout the value chain, ensuring consumers, partners, and allies enjoy good health and happiness alongside the company's growth.

Environmental Achievements

1. S&P participated in the "Industry Greenhouse Gas Emission Reduction Target Promotion Program to Achieve Net Zero through Science-Based Targets (Phase 2)," organized by the Greenhouse Gas Management Organization (Public Organization) and the Center of Excellence for Ecological Energy Economics (ECEE), Department of Chemical Engineering, Faculty of Engineering, Thammasat University.
2. The company has been conducting a Carbon Footprint Organization and Carbon Footprint for Product initiative, continuously collecting greenhouse gas emissions data across the organization and developing products with Carbon Footprint labels and the "Cool Earth" label from the Greenhouse Gas Management Organization (TGO). In 2024, the company received certification for two types of carbon footprint labels:
    - 2.1 Carbon Footprint for Organization (CFO) labels for 7 locations, including the headquarters, 410 S&P stores, Sukhumvit 62 factory, Bangna-Trad Km. 23.5 factory, Lamphun factory, Ladkrabang factory, and S&P distribution center.
    - 2.2 Carbon Footprint for Product (CFP) labels for 8 products, including Butter Chicken Leg, Almond Cake, Dried Banana Cake, Cold Brew Coffee, and Sugar-Low Jelly in 4 flavors.
3. S&P received the G-Green Award for the year 2024 under the Green Restaurant project, with 12 locations awarded, organized by the Department of Climate Change and Environment.

Social Contributions

1. A customer satisfaction survey program to gather feedback and expectations from customers, aiming to improve product and service quality for the best customer experience. From January to March 2025, the average satisfaction rating was 86%, with 5,783 respondents..

Corporate Governance

1. The company has received the third consecutive renewal of membership in the Thai Private Sector Anti-Corruption Coalition (CAC) by the Thai Institute of Directors (IOD).
2. The company has announced the policy "Call for... We Report," promoting the whistleblowing campaign against corruption in collaboration with the Thai Private Sector Anti-Corruption Coalition (CAC).

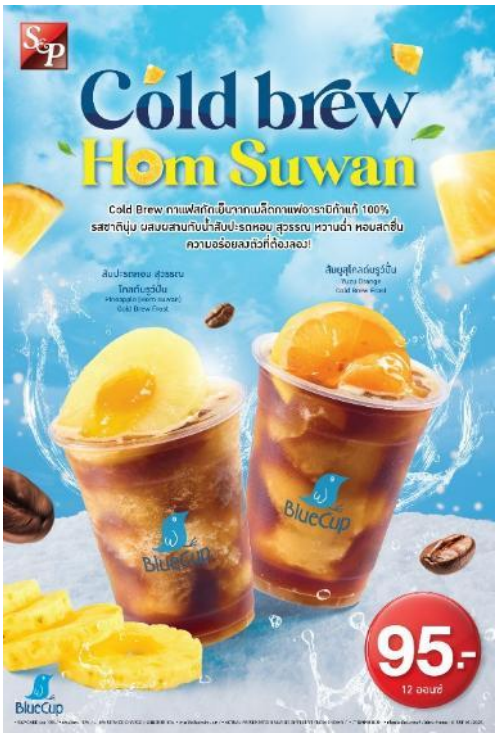
7 2Q25 Key Campaign and Promotion

Seasonal Menu

Value Set

Pinto

Beverage



Cake and Bakery

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