S&P Syndicate Public Company Limited

Management Discussion & Analysis

MD&A 2Q25

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

Overview of the Food and Beverage Industry *Data from Kasikorn Research*

The restaurant and beverage business in 2025 is expected to experience slower growth, The total market value is projected to be THB 646 billion, representing a 2.8% growth from 2024 (revised down from the previous forecast of 4.6%, or THB 657 billion as of December 2024).

The downward revision in the growth forecast for the restaurant and beverage industry is attributed to two key factors:

1. Thailand's economic slowdown, which is impacting consumers' purchasing power and spending on dining. The economic outlook for 2025 remains highly uncertain, posing risks to employment and consumer income—both critical factors for the growth of the restaurant and beverage sector.
2. The tourism sector, where the number of international tourists throughout the year is at risk of not growing.

Business Operations & Strategies

2025 key strategies have been focused more on

- **New Store concepts :** To enhance the overall customer experience through updated S&P store concepts and designs, store models will be tailored to fit the target customer segments. The store atmosphere will also be refreshed to elevate the brand, making it more vibrant and appealing.
- **New in trend products :** Introducing new products that follow current trends while also setting new ones in the market — products that resonate with consumers, offering delicious and satisfying flavors. One successful example is the launch of Shio Pan (salted bread), which has gained tremendous popularity and achieved sales of over 900,000 pieces. More exciting new products are planned for the future.
- **New Business expansion :** 1) Expand S&P Franchise Business to Laos – Partnering with capable business allies to support branch expansion in the Lao market. 2) New Brand – Introducing a new brand and product line to expand the company's portfolio, increase sales, and create new business opportunities.
- **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 2Q25 Key Events and Developments

New Brand Launched "Platapian" in London, UK. (Launched 17 June 2025)
Platapian : From reginal recipes to new creations, every dish reflects family heritage - bold flavours, layered spice, and the use of authentic Thai ingredients alongside local British produce.

Fresh Bake Units
There are 101 stores equipped with Fresh Bake vs 40 stores at end of 2024.

Shio Pan 塩パン:

S&P's Iconic Salted Bread – The Talk of the Town!
Crispy on the outside, soft and fluffy inside, with just the right touch of salt — one bite is all it takes to fall in love.

Our goal: 1 million people must try it!

We're almost there — over 900,000 pieces sold and counting!

S&P x nutella :
S&P, in collaboration with Nutella, presents an exciting new product line packed with intense indulgence — featuring a variety of menus infused with the delicious taste of Nutella in every bite.

3 Summary of Operating Results

Executive Summary

Unit : Million Baht

Highlight	3M		Better or (Worse)	6M		Better or (Worse)
	2Q24	2Q25		1H24	1H25	
Revenue	**1,453**	**1,323**	(130)	**2,890**	**2,701**	(189)
Cost of Sales	**(638)**	**(596)**	42	**(1,267)**	**(1,211)**	56
Gross Profit *Gross Profit Margin (%)*	**815** *56.1%*	**727** *55.0%*	(88) *(1.1%)*	**1,623** *56.2%*	**1,490** *55.2%*	(133) *(1.0%)*
Selling and Admin. Expenses *Selling and Admin. Expenses (%)*	**(730)** *50.3%*	**(693)** *52.4%*	37 *(2.1%)*	**(1,439)** *49.8%*	**(1,415)** *52.4%*	24 *(2.6%)*
Net Profit – Owners of the parent *Net Profit Margin (%)*	**89** *6.1%*	**36** *2.7%*	(53) *(3.4%)*	**182** *6.3%*	**84** *3.1%*	(98) *(3.2%)*

3M

- **2Q25 Revenue was 1,323mb, -130mb or -9% YoY** mainly due to the decrease in 1) Domestic stores revenue, -87mb 2) Retail and Food Service revenue, -22mb from the mooncake sales period was shifted from June to July and 3) International stores revenue, -21mb, due to store renovations in preparation for the launch of the new brand "Platapian" in the UK.
- **2Q25 %Gross Profit was 55.0% or -1.1% worse than LY** mainly came from price increases in key raw materials for both dairy and non-dairy products.
- **2Q25 %Selling and Administrative Expenses were 52.4%, +2.1% higher than LY** mainly came from the increase in rental expenses due to minimum rent guarantee conditions, and higher depreciation from opening new branches and renovation.
- **2Q25 Net Profit was 36mb, -53MB or -59% YoY** 2Q25 mainly due to the decline in revenue and higher Selling and Administrative expenses.

6M

- **1H25 Revenue was 2,701mb, -189mb or -7% YoY** mainly due to the decrease in revenue across all business channels. The decline was mainly from the lower traffic in stores located in Shopping mall and Airport, as well as the closure of four Maisen stores. However, this was partially offset by revenue growth from Hospital and Standalone stores.
- **1H25 %Gross Profit was 55.2% or -1.0% worse than last year** despite of key raw materials cost increase mainly driven by 1) the LEAN production and fixed costs leverage at the factories 2) A procurement system that effectively manages and maintain the cost of raw materials.
- **1H25 %Selling and Administrative Expenses were 52.4%, +2.1% higher than LY** mainly due to higher rental and depreciation expenses, increased salaries, and the replacement of staff.
- **1H25 Net Profit was 84mb, -98MB or -54% YoY** primarily due to increased costs in key raw materials, rental, depreciation, and administrative expenses, along with a decline in revenue.

2Q25 KEY ACHIEVEMENTS

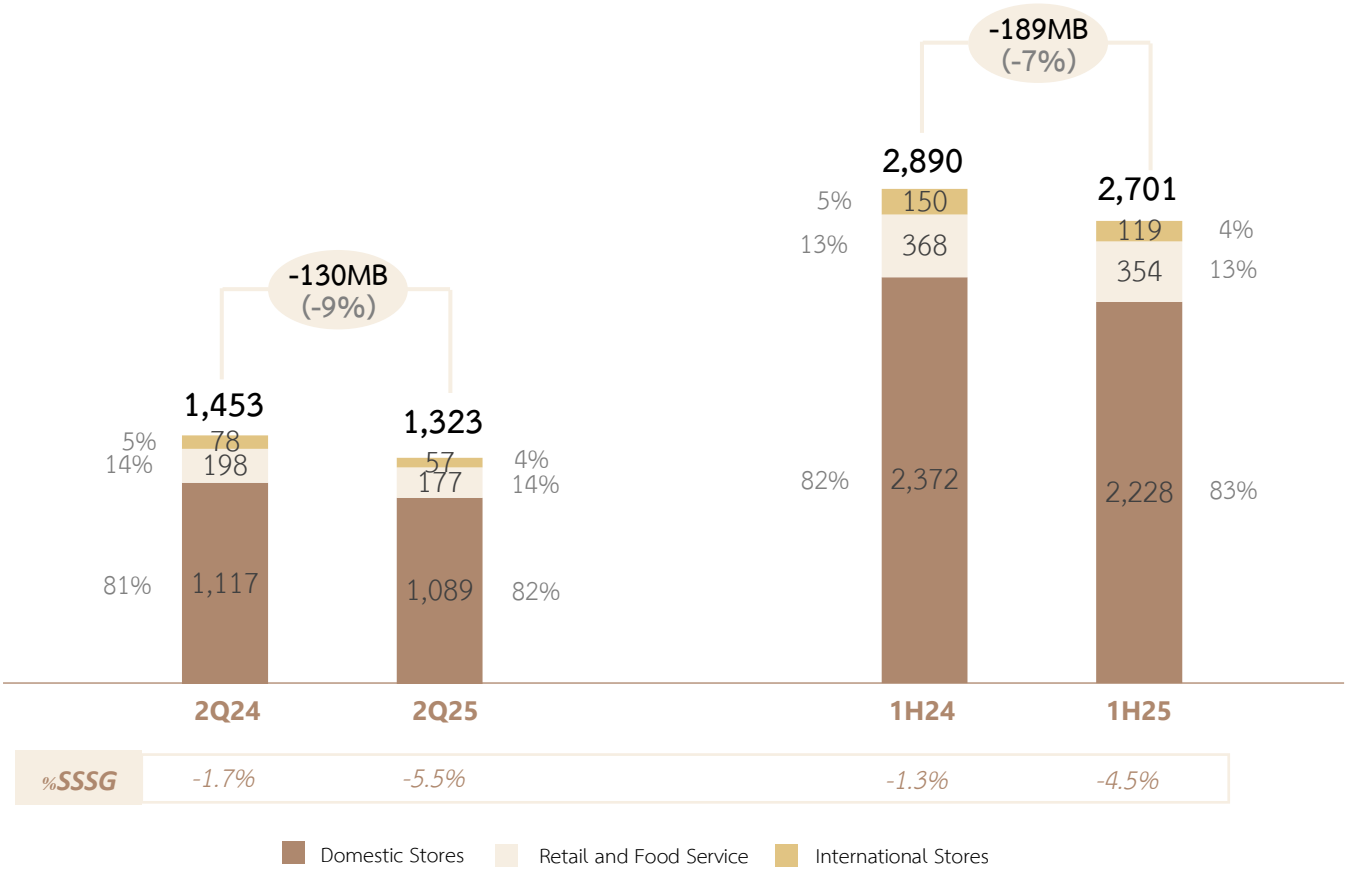
1. "Fresh Bake" has expanded to 101 units, exceeding its target of 100 for the year. This marks an increase of 61 units since the end of last year, is one of the key strategies to drive sales from Take-away channel.
2. "Shio-Pan", the wildly popular salted bread, has set a goal of 1,000,000 pieces in 2025 — We're almost there — over 900,000 pieces sold and counting!
3. Bakery Studio's sales in the second quarter tripled compared to the first quarter, driven by product innovation.
4. Continuous 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	2Q25 TOTAL	Thailand	International	2Q24 TOTAL	Thailand	International
S&P Restaurant	130	125	5	123	118	5
S&P Bakery Shop	282	282	-	290	290	-
S&P DelTA	22	22	-	29	29	-
Grand Seaside	-	-	-	1	1	-
Patio	1	1	-	1	1	-
Patara	6	1	5	7	1	6
Nais & SNP Cake Studio	1	1	-	1	1	-
Maisen	6	6	-	10	10	-
Umenohana	1	1	-	1	1	-
TOTAL	449	439	11	463	452	11

REVENUE
Unit : Million Baht

Total Group



3M

2Q25 Revenue was 1,323mb, -130mb or -9% YoY mainly came from:

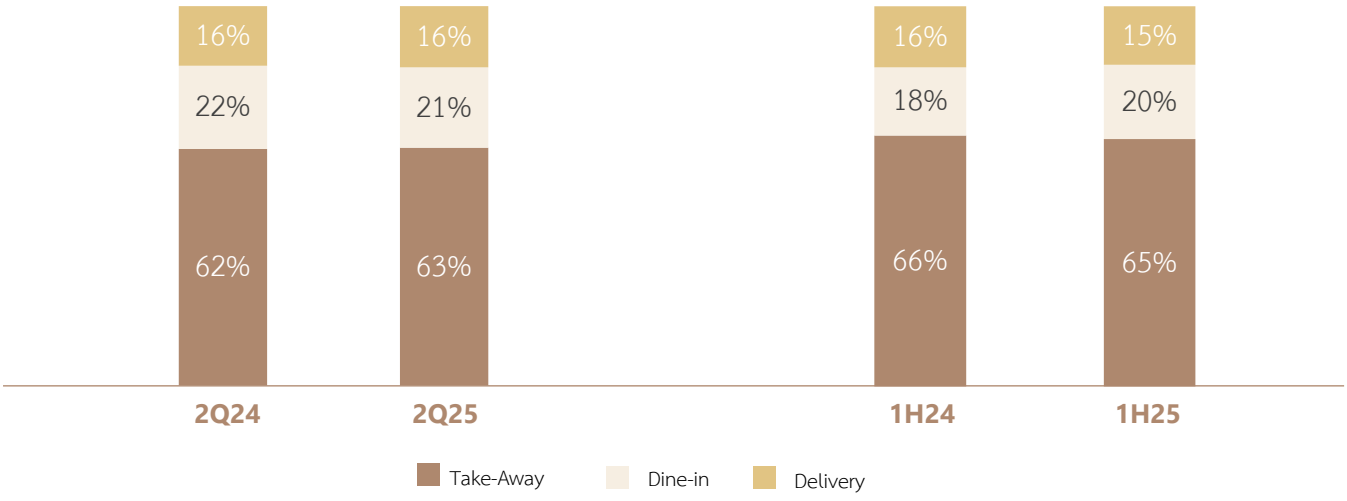
- **Domestic Stores:** -88mb or -7% YoY mainly came from sales decreased in Take-away (-6%), Dine-in (-10%) and Delivery (-4%) especially from stores in Shopping mall and Airport due to the impact of the economic situation and the decline in tourists.
- **Retail and Food Service:** -21mb or -11% YoY mainly came from Mooncake sales period was shifted from June to July. If excluded Mooncake, revenue increased +16 MB YOY (+10%) from Frozen Cake, Airline customer and OEM.
- **International Stores:** -21mb or -27% YoY, mainly came from store closure for renovation and rebranding from "Patara" to "Platapian" at Greek Street in the UK.

6M

1H25 Revenue was 2,701mb, -189mb or -7% YoY mainly came from:

- **Domestic Stores:** -144 MB or -6% YoY, primarily due to a decline in Take-away (-6%), Dine-in (-6%), and Delivery (-2%) sales. The decrease was mainly from due to the impact of the economic situation and the decline in tourists, as well as the closure of four Maisen stores. However, this was partially offset by revenue growth from Hospital and Standalone stores.
- **Retail and Food Service: -**14mb or -4% YoY mainly came from Mooncake sales period was shifted from June to July. If excluded Mooncake, revenue increased +25 MB YOY (+8%) from Frozen Cake and OEM
- **International Stores:** -31mb or -20% YoY, mainly due to the temporary closure of the Greek Street store for renovation and the permanent closure of the Hampstead store in the UK.

Domestic Revenue Mix
(Only S&P stores)



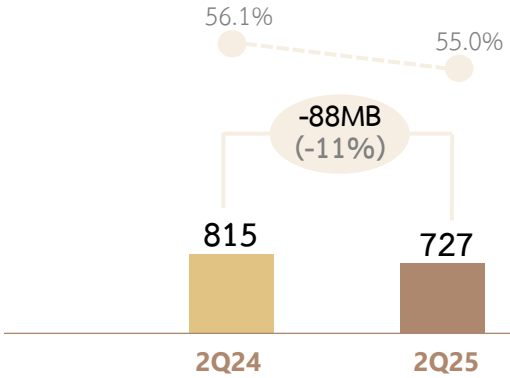
3M

- **Take- Away: -6% YoY** mainly came from stores in Shopping mall and Hypermarket of which the overall traffic were declined
- **Dine-in: -10% YoY** mainly came from stores in Airport due to the lower number of tourists especially from China and lower traffic from stores in Shopping mall while sales increasing in Standalone.
- **Delivery: -4% YoY** mainly due to lower sales from stores in Offices and University, while sales increasing in Hypermarkets.

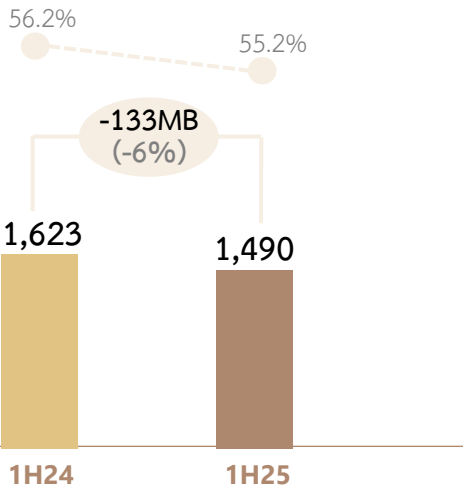
6M

- **Take-Away: -6% YoY** mainly came from stores in Shopping mall and Hypermarket of which the overall traffic were declined.
- **Dine-in: -6% YoY** mainly came from stores in Airports and Shopping malls with lower traffic, while stores in Hospitals and Standalone locations experienced higher traffic.
- **Delivery: -2% 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.

GROSS PROFIT
Unit : Million Baht



3M



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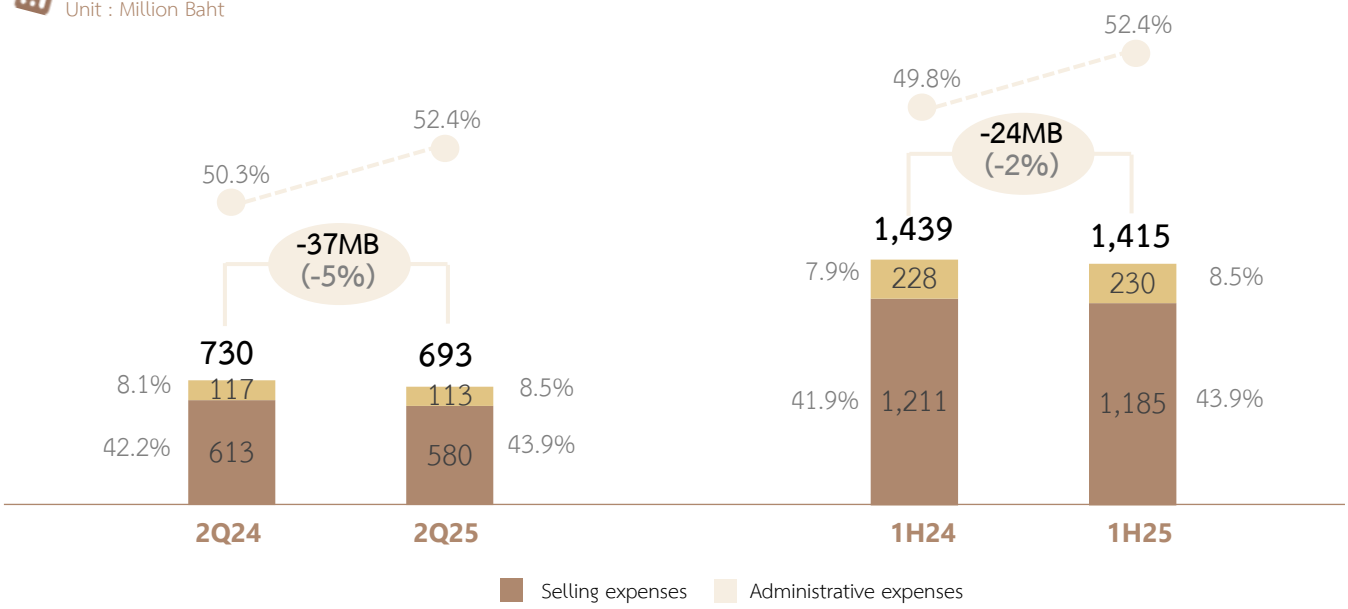
Selling expenses and Administrative expenses

Unit : Million Baht



3M

% Selling and Administrative Expenses was 52.4% or +2.1% YoY comprise of

- **% Selling Expenses was +1.7% YoY** mainly due to the higher rental and depreciation from new stores and renovation and higher rental due to minimum guarantee condition
- **Admin Expenses decreased 4mb YoY and %Admin Expenses +0.4% worse than LY** mainly came from the higher expenses and lower fixed costs leverage from lower top line.

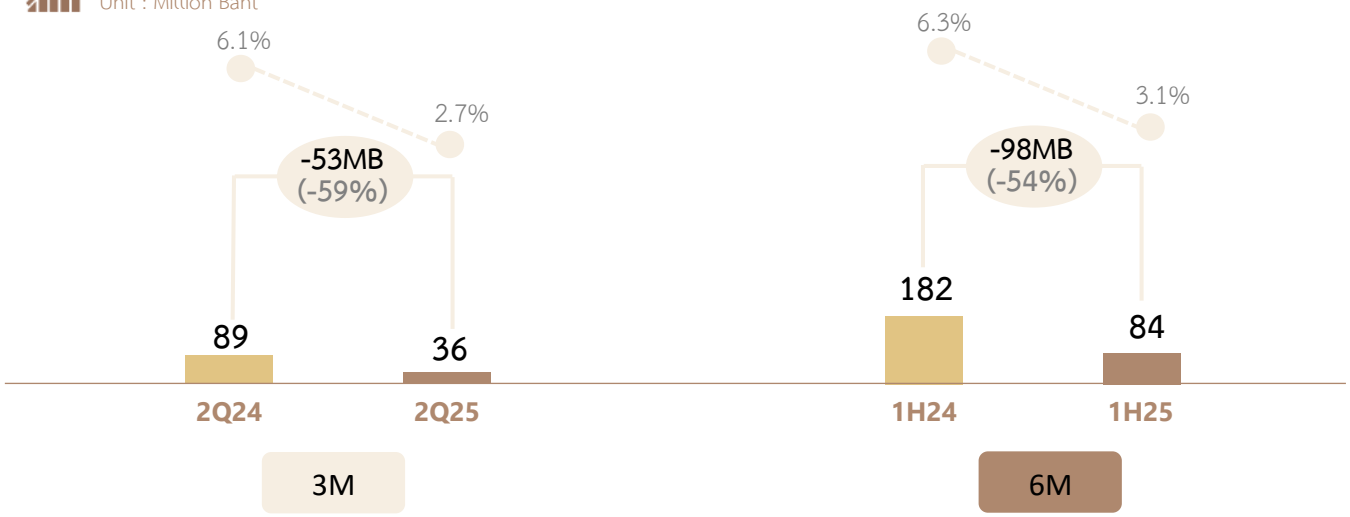
6M

% Selling and Administrative Expenses was 52.4% or +2.6% YoY comprise of

- **% Selling Expenses was +2.0% YoY** mainly due to higher rental and depreciation costs from new store openings and renovations, increased rental expenses driven by minimum guarantee conditions (particularly at Airport locations), and lower fixed-cost leverage resulting from a decline in revenue.
- **Admin Expenses increased 2mb YoY and %Admin Expenses +0.6% worse than LY** mainly came from the higher expenses, salary increase and head counts replacement.

NET PROFIT

Unit : Million Baht



3M

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6M

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4 Summary of Financial Position

Statements of Financial Position				
Key Metrics (MB)	As at Jun25		As at Dec24	
	MB	%	MB	%
Cash and cash equivalents	427	10%	879	19%
Financial assets at fair value	164	4%	162	3%
Other current assets	574	14%	633	13%
Total Current assets	**1,165**	**29%**	**1,674**	**35%**
Investment in associate	161	4%	140	3%
Investment in joint ventures	145	4%	158	3%
Property, plant and equipment	1,607	39%	1,621	34%
Right-of-use asset	878	22%	1,078	23%
Other non-current assets	120	3%	75	2%
Total non-current assets	**2,911**	**71%**	**3,072**	**65%**
TOTAL ASSETS	**4,076**	**100%**	**4,746**	**100%**
Short-term borrowings from financial institutions	1	0%	11	0%
Current portion of long-term borrowings	9	0%	11	0%
Current portion of lease liabilities	377	9%	407	9%
Trade and other payables	706	17%	824	17%
Other current liabilities	57	1%	84	2%
Total Current Liabilities	**1,150**	**28%**	**1,337**	**28%**
Long-term borrowings from financial institutions	1	0%	5	0%
Non-current provision for employee benefits	152	4%	142	3%
Lease liabilities	281	7%	455	10%
Other non-current liabilities	70	2%	71	1%
Total non-current liabilities	**504**	**12%**	**673**	**14%**
TOTAL LIABILITIES	**1,654**	**41%**	**2,010**	**42%**
Paid-up Capital	515	13%	515	11%
Premium on ordinary shares	690	17%	690	15%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Treasury Stock	-44	-1%	-5	0%
Legal reserve	52	1%	52	1%
Unappropriated	1,082	27%	1,357	29%
Other components of shareholders' equity	12	0%	12	0%
Non-controlling interests	35	1%	35	1%
TOTAL EQUITY	**2,422**	**59%**	**2,736**	**58%**
TOTAL LIABILITIES & EQUITY	**4,076**	**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 amount of 427mb, -451mb vs. Dec24, was primarily due to Dividend Payment -358 mb, Trade and other current liability settlement -243 mb, Cash Paid from Treasury Stock -39 mb and Trade & Other current receivables +58 mb

Property, Plant and Equipment amount of 1,607mb, -13mb vs. Dec24, was primarily due to amortization.

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

Trade and Other Payables : Decreased 118 mb due to the payment settlement to the suppliers

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 enhance opportunities for the industry.

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 into food chains themselves. Including the entry of foreign investors, particularly from China, who have established food and beverage businesses in Thailand.

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 Q2 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. **From Food Waste to Well-being :** The company participated in the seminar "From Food Waste to Well-being: Uniting Entrepreneurs to Create a Better Environment" as a representative of the food and bakery sector. The seminar, organized by the Pollution Control Department, the Department of Climate Change and Environment, and the Office of Natural Resources and Environmental Policy and Planning, emphasized the commitment to efficient food surplus management and highlighted the company's dedication to sustainable business practices..
2. **S&P received two types of carbon labels from the Thailand Greenhouse Gas Management Organization (TGO) in 2024 under its Carbon Footprint Organization :** S&P is one of 89 organizations to receive the Carbon Footprint for Organization (CFO) label for 2024. This was awarded by the Thailand Greenhouse Gas Management Organization (TGO) for S&P's project to calculate its organizational carbon footprint. The project included all seven of the company's locations: the head office, 410 S&P branches, the Sukhumvit 62 factory, the Bangna-Trad Km. 23.5 factory, the Lamphun factory, the Lat Krabang factory, and the S&P distribution center.
3. **S&P was honored with a plaque of recognition for being an organization that promotes the reduction and elimination of single-use plastics :** The award was presented on World Environment Day 2025. The company was one of 27 leading organizations in the Green Coffee Shop category, joining forces to drive operations toward the national goal of Thailand Net Zero 2065. The award ceremony was organized by the Department of Climate Change and Environment.

Social Contributions

1. **Customer Satisfaction Assessment Project:** The company conducted a customer satisfaction survey to gather feedback and understand customer expectations. The goal is to use this information to improve product quality and services, ensuring the best possible customer experience. For the period of January-June 2025, the average satisfaction score was 85% from 9,721 respondents.
2. **Educational Cooperation Agreement:** A Memorandum of Understanding (MOU) was signed between the Office of the Vocational Education Commission, Ministry of Education, and S&P Syndicate Public Company Limited. This collaboration, formalized at the Ministry of Education, is to jointly develop the DVE Self-Learning Program, a new and innovative dual vocational education curriculum.
3. **Kamlangjai Project under the Royal Initiative of Her Royal Highness Princess Bajrakitiyabha:** In partnership with the Department of Corrections, S&P conducted vocational training courses. The company's team of experts in food, bakery, and beverages shared their knowledge with well-behaved inmates to help them build sustainable careers and income. The training was held at three locations: Kanchanaburi Provincial Prison, Thonburi Women's Correctional Institution, and Nan Provincial Prison.
4. **S&P Kitchen for Kids" 2025 Follow-Up and Evaluation Project:** This initiative involved monitoring and evaluating the maintenance of the kitchen and cooking equipment that S&P had renovated and donated in 2022. The school received a score of 97.3, which is classified as "Excellent" (Gold). In recognition of this achievement, the company awarded the school a prize of 20,000 Baht and presented certificates of honor to its personnel.
5. **S&P Growing Together Project:** This program was designed for an onsite visit to observe the harvesting and processing of pineapples from local farms in Pranburi district, Prachuap Khiri Khan province, a key ingredient for the company's "pineapple puffs." The project facilitated a knowledge exchange with partners and addressed their needs, working together to ensure the ingredients are fresh, clean, safe, and of standard quality, thereby building consumer confidence.

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 3Q25 Key Campaign and Promotion

Seasonal Menu

Jul Launch new menu, Cloud Kitchen and Food Take Away box

Aug Build Awareness New Menu and Launch New store concept

Sep NPD Menu 'Khoa Pad Series'

Beverage

NEW BLUECUP COFFEE & TEA KIOSKS

To deliver coffee, tea, and beverages that refresh your day

Location: Busy shopping centers and office buildings

Origin Creations

Specialty Coffee Creations

Refreshing Coffee

Premium Matcha

Refreshing Tea

Thai Tea Creations

Cake and Bakery

1. Increase Fresh Bake Product Market Share

Expand reach and boost sales of Fresh Bake products through key retail and foodservice channels

- Implement targeted promotions in high-sales stores
- Launch new products tailored to market needs in each region
- Invest in point-of-sale (POS) promotional media and product sampling activities
- Collaborate with global brands such as Nutella, Oreo, Ovaltine, etc.

2. Strengthen Market Leadership in Cakes

Enhance leadership in the cake market through innovation, branding, and in-store differentiation

- Launch hero SKU cake products with powerful marketing campaigns
- Adjust product mix to align with evolving consumer trends
- Increase brand value through storytelling via digital channels and in-store experiences
- Collaborate with global brands such as Nutella, Oreo, Ovaltine, etc.

3. Focus on Mooncake Products (Q3 – mid-Q4)

Build strong sales and brand presence during the Mooncake Festival season

- Develop a 360° marketing campaign for the Mooncake Festival (retail, e-commerce, gifting, corporate sales)
- Launch premium and limited-edition products
- Drive pre-orders and build partnerships with business clients (B2B)
- Enhance unboxing experience and create special packaging designs

4. New Cookie Products and Festive Cookies

Create excitement and increase sales through new cookie innovations and seasonal offerings

- Launch new cookie products with seasonal packaging
- Run festive campaigns across all major communication channels
- Leverage gifting opportunities and holiday product sets
- Collaborate with influencers for festive promotions

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