S&P Syndicate Public Company Limited

Management Discussion & Analysis

MD&A 3Q25

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

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

The restaurant business is currently facing a challenging situation, driven by the following factors :

1. Economic Slump and Reduced Purchasing Power
2. Continuously Rising Costs including key raw materials
3. Massive Competition

However, with the Government's Economic stimulus measures, we assumed that the 4Q25's consumption should be improved.

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) and more line extension products, which has gained tremendous popularity and achieved sales of over 2,000,000 pieces. More exciting new products are lining up.
- **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 (QSR) 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 such as frozen cake), 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 3Q25 Key Events and Developments

Shio Pan
(Salted Bread)

Over 2,000,000 pieces sold and counting!

re-targeting 3,000,000 pieces by the end of 2025

New Products

The Fresh Bake business expanded its market share through innovation, new product launches, and store growth. New hero items like Egg Tart, Shio Pan, and Pork Floss Cake boosted excitement and repeat purchases. Launched POP Cake 0.5 lb range featuring cute character designs at an accessible price point to attract younger and value-seeking consumers.

Festive Products

Launched festive products including Mother's Day cakes, Chinese Ghost Festival treats, and Mooncakes. This year's mooncake collection featured three distinctive designs — Traditional, Contemporary, and Character-themed — all were well-marketed and obtained positive feedbacks.

3 Summary of Operating Results

Executive Summary

Unit : Million Baht

Highlight	3M		Better or (Worse)	9M		Better or (Worse)
	3Q24	3Q25		9M24	9M25	
Revenue	**1,622**	**1,422**	(200)	**4,512**	**4,123**	(389)
Cost of Sales	**(711)**	**(623)**	88	**(1,978)**	**(1,833)**	145
Gross Profit	**911**	**799**	(112)	**2,534**	**2,290**	(244)
Gross Profit Margin (%)	*56.1%*	*56.2%*	*0.1%*	*56.2%*	*55.5%*	*(0.7%)*
Selling and Admin. Expenses	**(775)**	**(720)**	55	**(2,214)**	**(2,135)**	79
Selling and Admin. Expenses (%)	*47.8%*	*50.6%*	*(2.8%)*	*49.1%*	*51.8%*	*(2.7%)*
Net Profit – Owners of the parent	**118**	**80**	(38)	**300**	**164**	(136)
Net Profit Margin (%)	*7.3%*	*5.6%*	*(1.7%)*	*6.7%*	*4.0%*	*(2.7%)*

3M

- **3Q25 Revenue was 1,422mb, -200mb or -12% YoY** mainly due to the decrease in 1) Domestic stores revenue, -204mb due to traffic slow down from stores in all business channels and 2) International Stores revenue, -19mb, due to stores in Cambodia, 3) partially offset by Retail and Foodservice revenue, +23mb, mainly from Mooncake and New OEM Customer for Snack & Drink
- **3Q25 %Gross Profit was 56.2% or +0.1% better than LY** mainly came from Moon Cake festival.
- **3Q25 %Selling and Administrative Expenses was 50.6% or +2.8% YoY** mainly came from the increase in rental expenses due to minimum rent guarantee conditions, and higher depreciation from opening new branches and renovation.
- **3Q25 Net Profit was 80mb, -38MB or -33% YoY** mainly due to the decrease in revenue and higher Selling and Administrative expenses.

9M

- **9M25 Revenue was 4,123mb, -389mb or -9% YoY** mainly due to the decrease in revenue across all business channels. The decrease was mainly from the lower traffic in stores located in Shopping mall, Hypermarket and Airport, stores in Cambodia and the closure of four Maisen stores from the rent contracts due However, this was partially offset by revenue growth from Hospital and Standalone stores.
- **9M25 %Gross Profit was 55.5% or -0.7% worse than last year** mainly driven by the promotion campaigns designed to draw traffic during both weekdays and weekends, and thru delivery channel.
- **%Selling and Administrative Expenses was 51.8% or +2.7% YoY** mainly due to higher rental and depreciation expenses..
- **9M25 Net Profit was 164mb, -136MB or -46% YoY** mainly impacted from flow-thru profit of lower sales and low leveraged of Selling and Administrative Expenses.

3Q25 KEY ACHIEVEMENTS

1. "Fresh Bake" has expanded to 111 units, exceeding its target of 100 for the year. This marks an increase of 71 units since the end of last year, is one of the key strategies to drive sales for Take-away channel.

2. "Shio Pan," the wildly popular salted bread, has surpassed expectations — originally targeting 1,000,000 pieces in 2025, it has already achieved over 2,000,000 pieces sold.

3. Mooncake Sold Out Ahead of Festival! We achieved an exceptional milestone with 1.3 million pieces sold before the festival period ends.

4. Continuous growth on Retail and Food Service revenue from cash & carry, modern trade, airline, and food chain accounts.

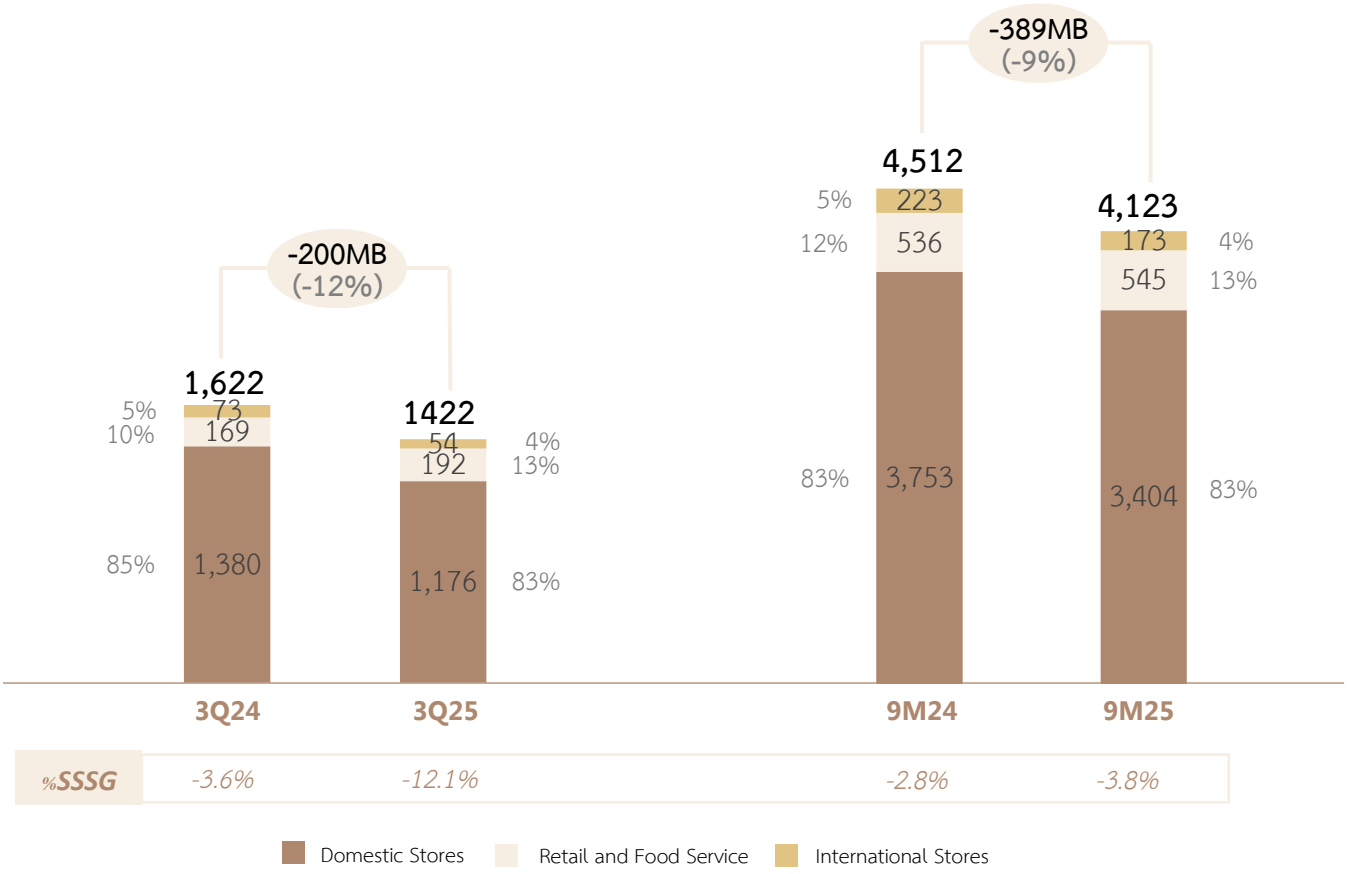
5. Continuous improvement on cost saving and productivity via LEAN projects and internal collaboration.

NUMBER OF STORES

BRAND	3Q25 TOTAL	Thailand	International	3Q24 TOTAL	Thailand	International
S&P Restaurant	130	126	4	132	127	5
S&P Bakery Shop	279	279	-	278	278	-
S&P DelTA	22	22	-	29	29	-
Baan Suriyon	1	1	-	1	1	-
Patio	1	1	-	1	1	-
Patara	7	1	6	7	1	6
Nais & SNP Cake Studio	1	1	-	1	1	-
Maisen	5	5	-	10	10	-
Umenohana	1	1	-	1	1	-
Kizuki	1	1	-	-	-	-
TOTAL	448	438	10	460	449	11

REVENUE
Unit : Million Baht

Total Group



3M

3Q25 Revenue was 1,422mb, -200mb or -12% YoY mainly came from:

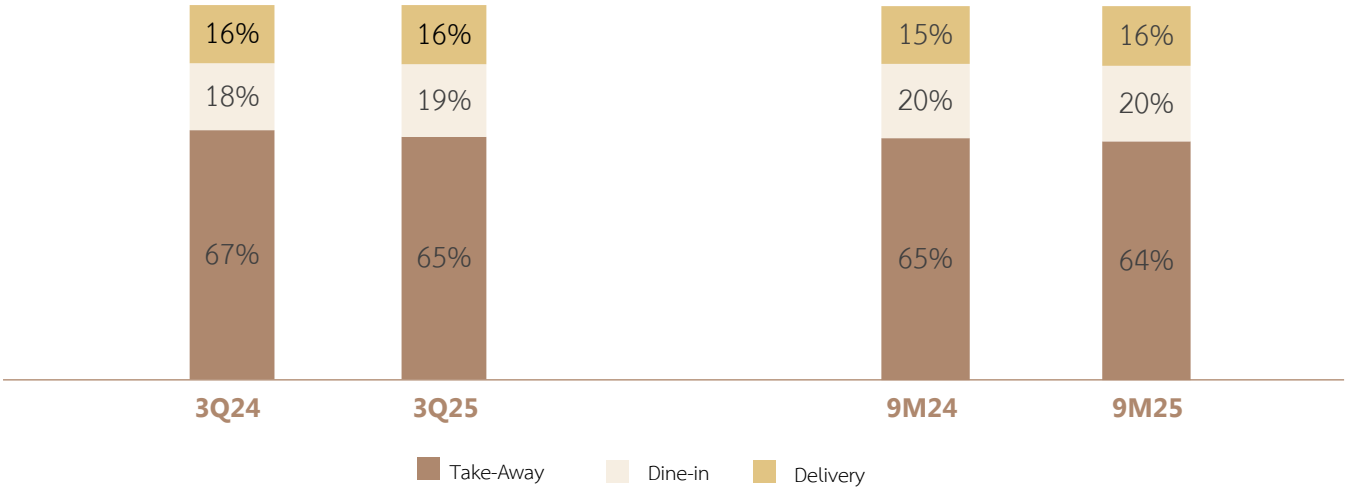
- **Domestic Stores:** -204mb or -15% YoY mainly came from sales decreased in Take-away (-15%), Dine-in (-6%) and Delivery (-11%) especially from stores in Shopping mall and Hypermarket, affected by the overall lower traffic and purchasing power and intensified business competition.
- **Retail and Food Service:** +23mb or +14% YoY mainly came from Mooncake and New OEM Customer for Snack & Drink
- **International Stores:** -19mb or -26% YoY, Due to a more than 70% decline in restaurant sales in Cambodia. However, restaurant sales in the UK improved.

9M

9M25 Revenue was 4,123mb, -389mb or -9% YoY mainly came from:

- **Domestic Stores:** -349mb or -9% YoY, primarily due to a decline in Take-away (-6%), Dine-in (-6%), and Delivery (-2%) sales. The decrease was mainly from the impact of the lower traffic and purchasing power, the decline in tourists and business competition, including the closure of four Maisen stores due to the rent contract due.
- **Retail and Food Service:** +9mb or +2% YoY mainly came from Mooncake and Frozen cake in Retail channel and OEM food service from key chain and airline/transportation accounts.
- **International Stores:** -50mb or -22% 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. In addition, the unrest between Thailand and Cambodia led to a sharp decline in restaurant sales.

Domestic Revenue Mix
(Only S&P stores)



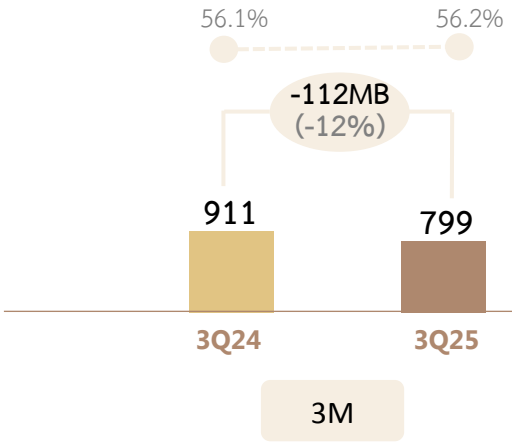
3M

- **Take- Away: -15% 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 Airport due to the lower number of tourists especially from China and lower traffic from stores in Shopping mall
- **Delivery: -11% YoY** mainly due to the lower number of dockets for big orders.

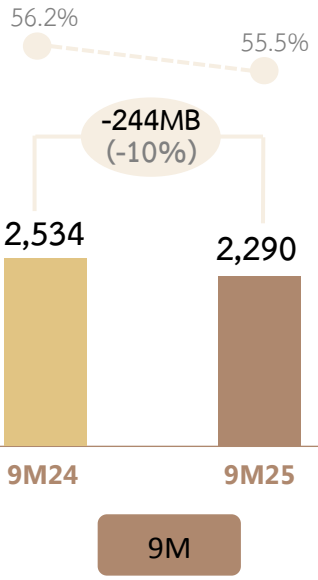
9M

- **Take- Away: -10% 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.
- **Delivery: -6% 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



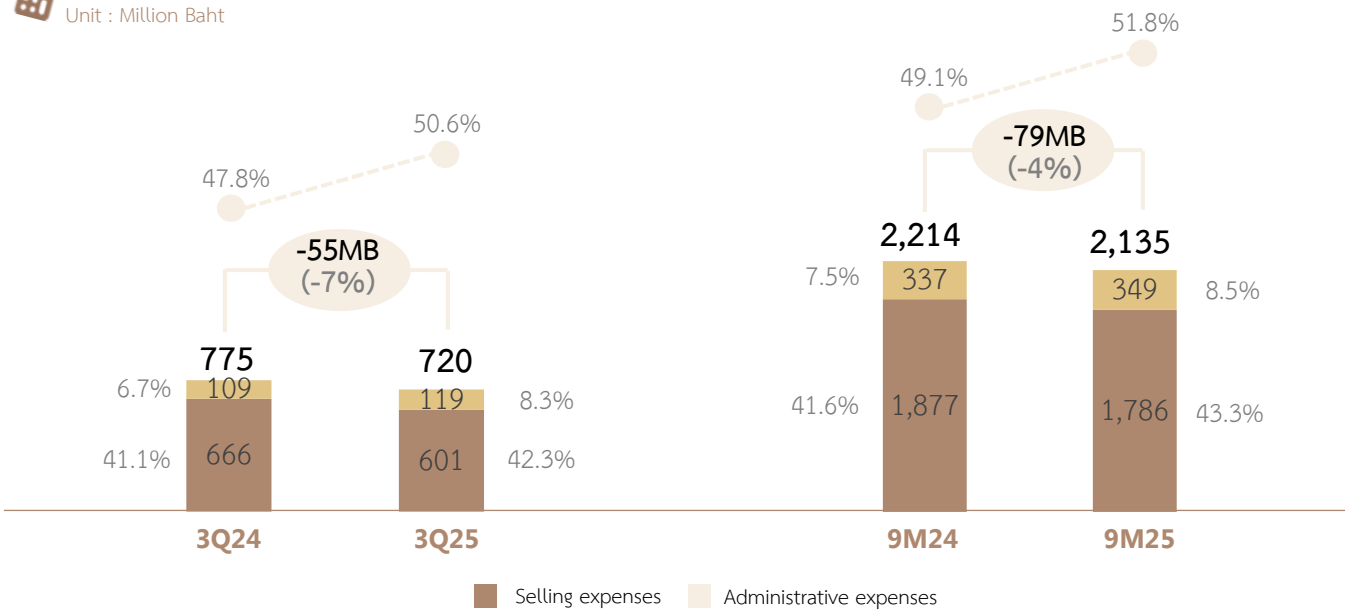
9M

3Q25 %Gross Profit was 56.2% or +0.1% slightly better than LY mainly came from Moon Cake festival.

9M25 %Gross Profit was 55.5% or -0.7% lower than last year mainly driven by the promotion campaigns designed to draw traffic during both weekdays and weekends, and thru delivery channel.

Selling expenses and Administrative expenses

Unit : Million Baht



3M

% Selling and Administrative Expenses was 50.6% or +2.8% YoY comprise of

- **% Selling Expenses was +1.2% YoY** mainly due to lower sales deleveraging fixed cost. The higher rental and depreciation from new stores and renovation and higher rental due to minimum guarantee condition.
- **Admin Expenses increased 10mb YoY and %Admin Expenses was +1.6% worse than LY** mainly came from the key new headcounts replacement in 4Q24 and 1Q25.

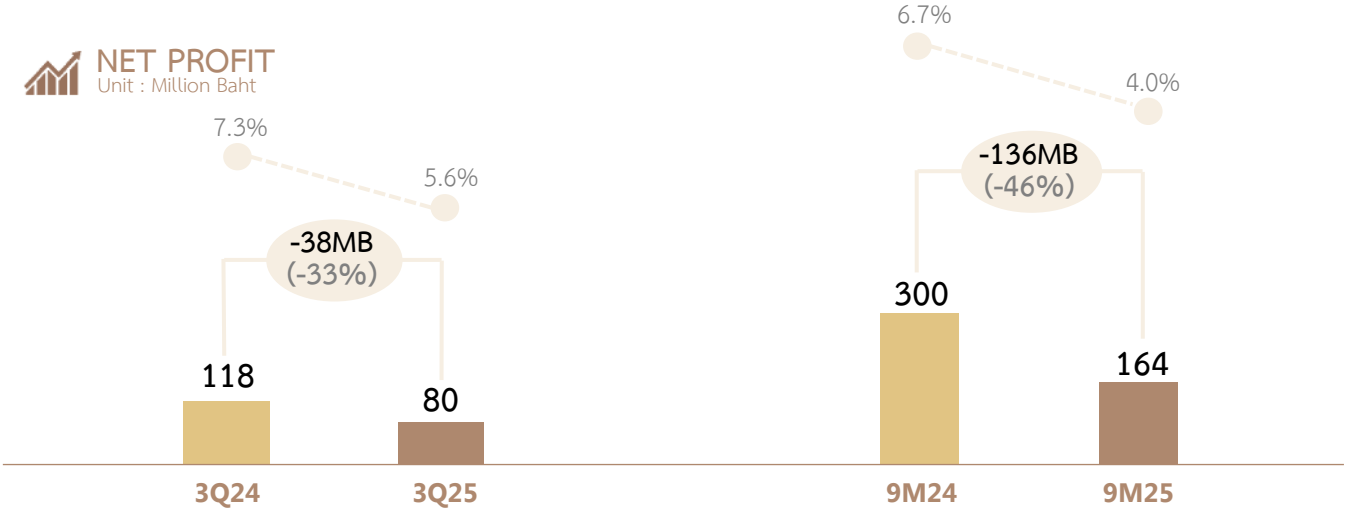
9M

% Selling and Administrative Expenses was 51.8% or +2.7% YoY comprise of

- **% Selling Expenses was +1.7% YoY** mainly due to higher rental and depreciation costs from new store openings and renovations, revenue deleveraging fixed cost.
- **Admin Expenses increased 12mb YoY and %Admin Expenses was +1.0% worse than LY** mainly came from the key new headcounts replacement in 4Q24 and 1Q25.

NET PROFIT

Unit : Million Baht



3M

3Q25 Net Profit was 80mb, -38MB or -33% YoY

9M

9M25 Net Profit was 164mb, -136MB or -46% YoY

4 Summary of Financial Position

Statements of Financial Position				
Key Metrics (MB)	As at Sep25		As at Dec24	
	MB	%	MB	%
Cash and cash equivalents	516	13%	879	19%
Financial assets at fair value	166	4%	162	3%
Other current assets	597	15%	633	13%
Total Current assets	**1,279**	**31%**	**1,674**	**35%**
Investment in associate	-	0%	140	3%
Investment in joint ventures	314	8%	158	3%
Property, plant and equipment	1,601	39%	1,621	34%
Right-of-use asset	773	19%	1,078	23%
Other non-current assets	115	3%	75	2%
Total non-current assets	**2,803**	**69%**	**3,072**	**65%**
TOTAL ASSETS	**4,082**	**100%**	**4,746**	**100%**
Short-term borrowings from financial institutions	-	0%	11	0%
Current portion of long-term borrowings	8	0%	11	0%
Current portion of lease liabilities	360	9%	407	9%
Trade and other payables	770	19%	824	17%
Other current liabilities	66	2%	84	2%
Total Current Liabilities	**1,204**	**29%**	**1,337**	**28%**
Long-term borrowings from financial institutions	-	0%	5	0%
Lease liabilities	177	4%	455	10%
Non-current provision for employee benefits	157	4%	142	3%
Other non-current liabilities	69	2%	71	1%
Total non-current liabilities	**403**	**10%**	**673**	**14%**
TOTAL LIABILITIES	**1,607**	**39%**	**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	1,136	28%	1,357	29%
Other components of shareholders' equity	12	0%	12	0%
Non-controlling interests	34	1%	35	1%
TOTAL EQUITY	**2,475**	**61%**	**2,736**	**58%**
TOTAL LIABILITIES & EQUITY	**4,082**	**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 516mb, -363mb vs. Dec24, was primarily due to Dividend Payment -384 mb, Cash paid for lease liability -363 mb, Cash Paid from Treasury Stock -39 mb and Trade & Other current receivables +51 mb.

Property, Plant and Equipment amount of 1,601mb, -20mb vs. Dec24, was primarily due to amortization.

Right-of-use asset and lease liabilities : Decreased -305 mb due to the depreciation on right of use asset and maturity of lease liabilities.

Trade and Other Payables : Decreased 54mb due to the payment settlement to the suppliers.

5 Factors That May Affect Operations or Future Growth

In 2026, this industry will face many "tests" that Thai restaurants and bakeries must overcome.
There are various factors to consider, along with opportunities and trends that businesses must adapt to, as follows:

Key Challenges Expected in 2025–2026

• **Sluggish consumer spending (and possibly slowing further):**
- **Slow Thai economic growth:** The Thai economy in 2026 is forecast to grow at a slower rate (some estimates as low as 2.0%), driven by weak exports and political uncertainty.
- **High household debt:** Excessive household debt forces consumers to tighten their belts and spend more cautiously. Dining out or purchasing premium bakery products will likely be limited or replaced by more value-driven options.

• **Persistently rising costs:**
- **Higher rent:** Rental costs have increased by around 20% from pre-COVID levels
- **Volatile raw material prices:** Key ingredient prices continue to fluctuate and are trending upward — especially imported bakery materials such as milk powder, butter, cheese, cocoa, and wheat flour — putting heavy pressure on profit margins.
- **Other expenses:** Electricity, gas, transportation, and labor costs remain ongoing burdens for operators.

• **Intensifying competition:**
- **More new entrants:** The low barriers to entry mean more newcomers — from small vendors and large chains to online-only stores. Even famous street food brands are expanding into shopping malls, offering more alternatives than traditional large restaurants.
- **Faster business turnover:** The restaurant business cycle is getting shorter, with an alarming increase in closures due to fierce competition and weaker purchasing power.

Opportunities and Trends Businesses Must Embrace

Despite these challenges, there are still **opportunities** emerging from changing consumer trends:

1. **Business Model Adaptation:** Restaurants that rely mainly on dine-in customers face higher risks as consumers cut spending. Adapting to new formats is essential.
    - **S&P's approach:** The company has adjusted store sizes and product formats to suit each location — for example, converting large, high-rent mall restaurants into smaller bakery shops. S&P is also renovating stores across all platforms to create a more modern and appealing look.
2. **Value & Experience:** Customers now seek *value for money*, not just low prices. Premium restaurants focusing on unique experiences, high-quality ingredients, and novelty can still attract higher-income consumers.
    - **S&P's approach:** The company has introduced *Value Set Menus* and new products with appropriate portion sizes, pricing, and packaging — helping customers feel they get good value and fresh experiences.
3. **Expanding New Business Lines to Stay Competitive:** With many new brands and products entering the market — and brand loyalty declining — consumers are eager to try new things.
    - **S&P's approach:** The company has expanded its business portfolio by launching new brands in the *QSR (Quick Service Restaurant)* segment to appeal to younger consumers and broaden its customer base.

"In 2026, restaurants must be smarter than ever."
Success will depend on tight **cost control**, clear **differentiation**, delivering **true value and memorable experiences**, and adopting **technologies** to meet changing consumer demands. With smaller wallets, consumers will choose to spend only at restaurants that are genuinely "worth it" to them.

6 Sustainability Development

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 Q3 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. Received a Certificate of Recognition as a pilot organization participating in the "Industry Greenhouse Gas Reduction Target Project toward Net Zero using Science-Based Target Methodology (Phase 2)", organized by the Thailand Greenhouse Gas Management Organization (Public Organization) in collaboration with the Center of Excellence for Ecological and Energy Engineering (ECEE), Department of Chemical Engineering, Faculty of Engineering, Thammasat University, held at Pullman King Power Bangkok (Rangnam) on August 28, 2025.
2. Participated as a sustainability partner in the SX Food Festival, part of the Sustainability Expo 2025, held at Queen Sirikit National Convention Center from September 26 – October 5, 2025.
3. The Lamphun Bakery Factory received ISO 14001:2015 Environmental Management Certification, reaffirming its commitment to sustainable operations in September 2025.
4. Conducted a supplier training session under the topic "S&P Enhancing Partner Potential Toward Net Zero" to strengthen environmental awareness and collaboration across the value chain, held at S&P Hall on August 8, 2025.
5. Under the Carbon Footprint Organization Project, the company is collecting greenhouse gas emission data across seven operational units — Head Office, S&P stores, Sukhumvit 62 Factory, Bangna-Trad Km. 23.5 Factory, Lamphun Factory, Lat Krabang Factory, and S&P Distribution Center. The company is also developing plans to reduce energy consumption and emissions, alongside the Carbon Footprint Product Project, which is currently underway.

Social Contributions

1. Conducted a Customer Satisfaction Survey Project to understand customer opinions and expectations for improving product and service quality. From January–September 2025, the company achieved an average satisfaction score of 88% from 19,007 respondents.
2. Organized a Cake Decorating Activity for Mother's Day 2025 for members of the Wat Boonrodthammararam community, located near the Sukhumvit 62 Bakery Factory, under the "S&P Giving for Community" project to strengthen relationships and goodwill within society, held on August 3, 2025.
3. Hosted Knowledge Sharing sessions for executives and employees to stay updated with current trends, including:
    - "AI Transformation in Practice 2025" by Dr. Thanakorn Wangpipatwong, Executive Vice President – Information & Digital Division, Bangkok Commercial Asset Management Public Company Limited (BAM), on June 26, 2025.
    - "Marketing Trends" by Asst. Prof. Dr. Ake Pattaratanakun, Head of the Marketing Department, Faculty of Commerce and Accountancy, Chulalongkorn University, at S&P Hall on July 1, 2025.

Corporate Governance

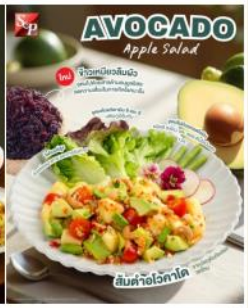
1. The company received renewal of its membership in the Thai Private Sector Collective Action Against Corruption (CAC) for the third consecutive term, certified by the Thai Institute of Directors (IOD).
2. Announced the policy "If You're Asked, You Can Report", reaffirming its zero-tolerance stance on corruption and encouraging whistleblowing in collaboration with the CAC.
3. Promoted to CAC Change Agent status by the Collective Action Coalition Against Corruption (CAC) — a recognition of the company's dedication to conducting business ethically, transparently, and sustainably, while encouraging suppliers within its value chain to follow corporate governance principles.
4. Conducted supplier training on "Promoting Anti-Corruption Collaboration Among Business Partners" as part of its role as a CAC Change Agent, held at S&P Hall on July 25, 2025.

7 4Q25 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

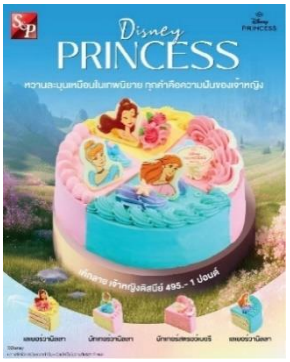
Thai Tea Creations

Cake and Bakery

1. Drive Fresh Bake Growth through Expansion and Innovation

Expand market share and strengthen the Fresh Bake business through continuous innovation, new product launches, and store expansion.

- Introduced new hero products such as Egg Tart, Shio Pan, and Pork Floss Cake, driving excitement and repeat purchase.
- Expanded Fresh Bake counters and optimized product mix in high-performing stores and new strategic locations.
- Launched region-specific SKUs to meet local preferences and market dynamics.
- Enhanced in-store visibility through POS media, sampling programs, and cross-promotions with leading global brands such as Nutella, Oreo, and Ovaltine.



2. Strengthen Market Leadership in Cakes

Reinforce S&P's leadership position in the cake segment through innovation, brand storytelling, and strong retail execution.

- Launched POP Cake 0.5 lb range featuring cute character designs at an accessible price point to attract younger and value-seeking consumers.
- Continuously refreshed hero cake SKUs supported by powerful marketing and social media engagement.
- Realigned the cake portfolio to match emerging lifestyle and celebration trends.
- Elevated brand perception through emotional storytelling, digital content, and premium in-store experiences.

3. Maximize Mooncake Business Performance (Q3–Q4)

Achieved record-breaking success with early sell-out (OOS) before Mooncake Festival, reinforcing market leadership.

- Executed a 360° campaign covering retail, e-commerce, gifting, and corporate channels.
- Expanded digital reach through E-Commerce partnerships and Live Selling events, boosting accessibility and online sales conversion.
- Introduced premium and limited-edition mooncakes with collectible packaging.
- Strengthened B2B relationships through pre-order programs and personalized corporate gifting.
- Elevated consumer experience with distinctive packaging and premium unboxing design.

4. Drive Festive Momentum with New Cookie Innovations

Build excitement and drive year-end sales through innovative cookie launches and festive campaigns.

- Introduced **new cookie recipes and seasonal packaging** to enhance gifting appeal.
- Expanded online reach through **E-Commerce platforms and Live Selling activities**, increasing festive visibility and real-time engagement.
- Implemented integrated festive marketing campaigns across retail, digital, and social media.
- Curated **holiday gift sets and premium assortments** to capture both personal and corporate gifting segments.
- Collaborated with **influencers and KOLs** to drive awareness and amplify brand warmth during the festive season.

S&P Syndicate Public Company Limited

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