



S&P Syndicate Public Company Limited

Management Discussion & Analysis (MD&A)

3Q2021





Executive Summary

3Q2021 Highlight	3M		Better or (Worse)	9M		Better or (Worse)
	3Q20	3Q21		9M20	9M21	
Revenue	1,388	1,186	(202)	3,822	3,401	(421)
Cost of Sales	(649)	(590)	59	(1,836)	(1,643)	193
Gross Profit	739	596	(143)	1,985	1,758	(227)
Gross Margin (%)	53.2%	50.2%	(3.0%)	51.9%	51.7%	(0.2%)
Distribution costs and Administrative Expenses	(572)	(502)	70	(1,900)	(1,558)	(342)
Net Profit - Owners of the parent	154	95	(59)	76	218	142
Net Profit Margin (%)	11.1%	8.0%	(3.1%)	2.0%	6.4%	4.4%

- 3Q21 Net profit was 95mb**, decreased by (59)mb from 3Q20, mainly due to the impact of the 2021 April Covid-19 Wave which has been intensified. The Government announced **the lockdown measures in the last week of June. The measures were uplifted to the highly strict lockdowns for 13 provinces in late July and 29 provinces in early August. The highly strict lockdown measures prohibited the in-store dine-in and take-aways and allowed only "Delivery Service", resulting the temporary closure of almost 200 stores.** However, the company focused on "building sales through delivery channel" through those stores that were open and expanded the trade zone to cover the service areas, "upselling to increase average sales per bill" through Combo Value Packs and Ready-to-Eat Meal Boxes which were distributed to those stores that were open, and continuously "focusing the cost control and management", resulting in the 3Q21 Net Profit despite of the temporary closure of almost 200 stores.
- Revenue in 3Q21 decreased from the previous year**, due to the highly strict lockdown measures. However, since 3Q21 was **the festive quarter of Mooncake and Mother's Day**, the Company had boosted sales of festive products through digital media and delivery channels with **the campaign "You order, We deliver"**. This year Mooncake still generated sales equal to the last year, despite of the highly strict lockdowns. The Company also focused on **generating sales through Retail and Food Service business.**

Number of Branches as at 30 September 2021

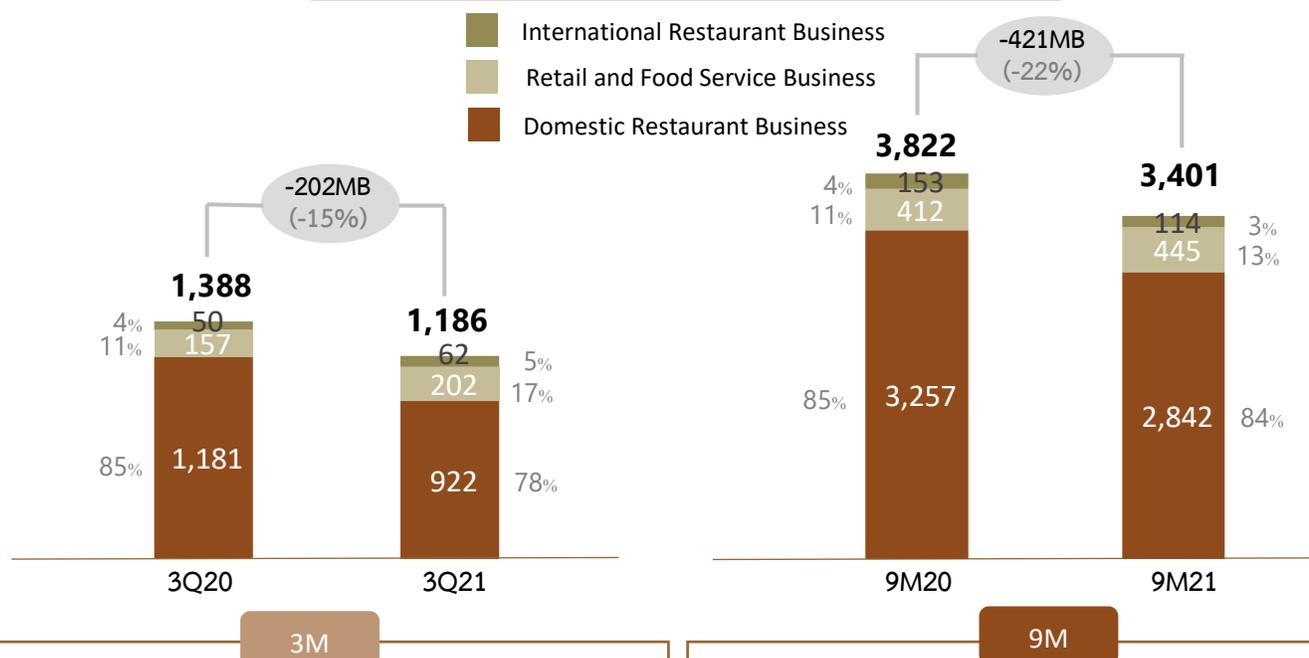
Brand	Total Number of Stores	Thailand		International		
		Equity	Franchise	Equity	Franchise	Equity
S&P Restaurant	142	136	1	5	-	-
S&P Bakery Shop	306	304	2	-	-	-
S&P DelTA	17	11	-	-	-	-
BlueCup	-	-	-	-	-	-
Patio	2	2	-	-	-	-
Patara	10	1	-	4	1	4
SNP	1	1	-	-	-	-
Grand Seaside	1	1	-	-	-	-
Maisen	11	11	-	-	-	-
Umenohana	2	2	-	-	-	-
Total	492	475	3	9	1	4



Analysis of Statement of Income

1. Revenue

Revenue by Business Segment



3Q21 Revenue decreased -202 mb YoY due to the highly strict lock downs resulting the temporary closure of almost 200 stores during the quarter. The Revenue was partially compensated by the Delivery sales, upselling, and sales from the Retail and Food Service business.

Domestic:

- ❖ **Restaurant Business** Despite of the highly strict lockdowns, the Company focused on building sales during the festive quarter of Mooncake and Mother’s Day through delivery channel through those stores that were open and expanded the trade zone to cover the service area, upselling to increase average sales per bill through Combo Value Pack and ready-to-eat Meal Boxes which were distributed to those still-open stores.
- ❖ **Retail and Food Service Business** Revenue grew +29% YoY and +63% QoQ from Frozen Food through the Retail channel especially in Convenience Stores and Supermarket

Overseas:

- ❖ Restaurants in England, Switzerland and Austria have resumed the operation with full service with more customers to come

9M21 Revenue decreased -421 mb YoY, mainly due to the 2021 April Covid-19 Wave. The Government Measures allowed the “in-store dine-in” at no more than 25% in mid-May, 50% in mid-June and then “no in-store dine-in” since end of June. The measures were uplifted to the highly strict lockdowns during the 3Q21.

Domestic:

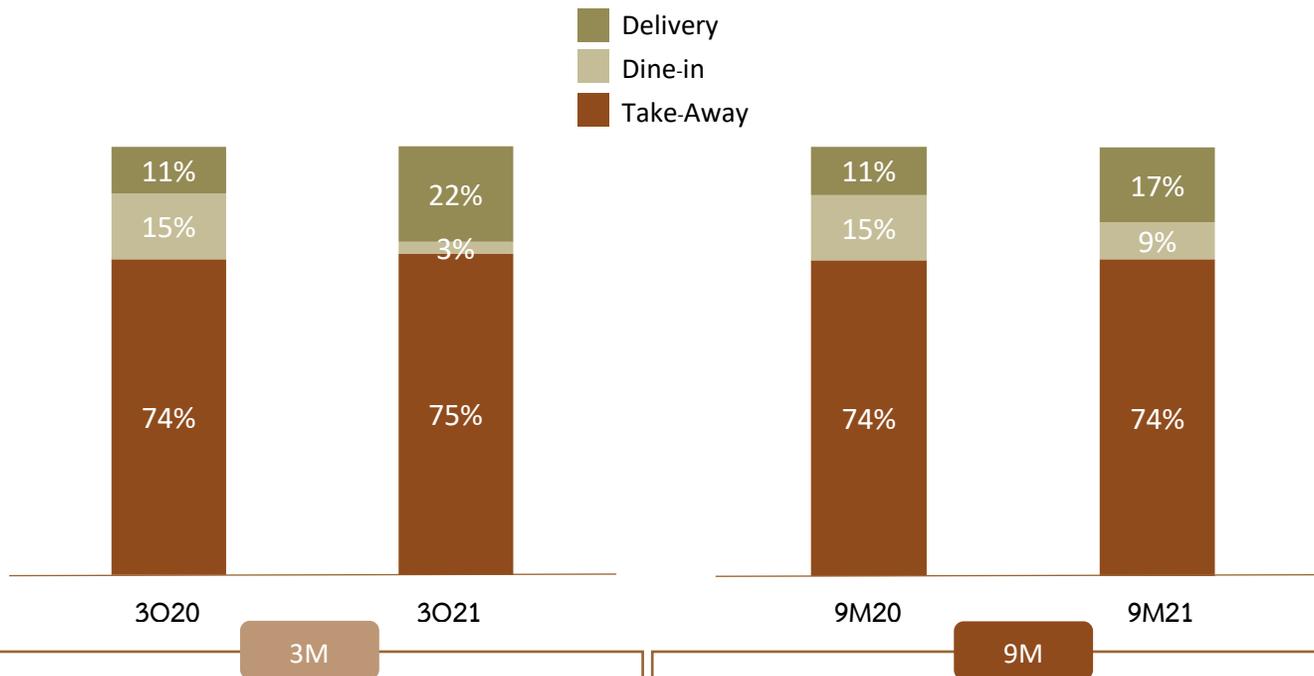
- ❖ **Restaurant Business** was severely affected. In-store dine-in sales has been affected since the 2021 April Covid-19 Wave while the take-away sales were prohibited by the highly strict lockdowns during the 3Q21. The Company focused on building sales through delivery channel, adjusting marketing campaigns to upsell the average per bill to partially compensate the affected Revenue
- ❖ **Retail and Food Service Business** Revenue grew 8% YoY, mainly from the Frozen Foods through Retail channels especially in Convenience Stores and Supermarket and OEM for food chain customers.

Overseas:

- ❖ 9M21 Revenue dropped YoY as a result of several lockdowns during the 1H21. However, 3Q21 Revenue has been improved with better trend after the lockdown relaxation



Revenue by Channel



For the 3Q21 Revenue Mix by Channel, the dine-in and take-away channels was severely affected by the highly strict lockdowns during the quarter. However, the company focused on generating sales through delivery channel to partially compensate the sales

Take-away Revenue decreased -18% YoY, but increased +6% QoQ, while the %mix remained closed to the previous year. The highly strict lockdown measures during the 3Q21 caused the temporary closure of almost 200 stores. The measures allowed only Delivery channel and prohibited in-store dine-in and take-away channels. The Company focused on building sales through festive products (Mooncake and Mother's Day cakes) and upselling average sales per bill through Combo Value Pack and Meal Boxes to compensate the affected Revenue.

Dine-in Revenue decreased -85% YoY causing the Revenue mix to only 3% in 3Q21 due to the lockdown measures that prohibited the in-store dine-in since the last week of June through end of August and just relaxed to allow the 50%-75% in-store dine-in in September.

Delivery Revenue + 66% YoY and +32% QoQ. 3Q21 Delivery Sales was the New High, resulting 22% Revenue Mix. The Company focused on promoting sales through key festive products (Mooncake and Mother's Day cakes) and single dishes through Food Aggregators and 1344

For the 9M21 Revenue Mix by Channel, "in-store dine-in" has been severely affected from the Covid-19 measures, permission at 25 % in-store dine-in in mid-May and up to 50 % in mid-June and then by the highly strict lockdowns during the 3Q21 which prohibited the take-away channel as well. The Company focused on building sales through delivery channel to compensate for the affected Revenue

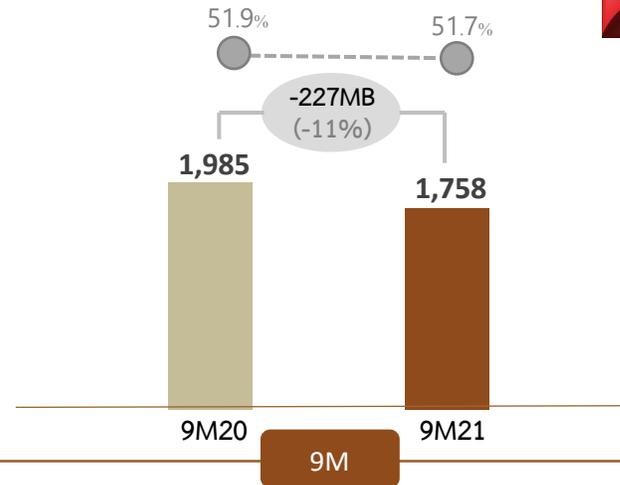
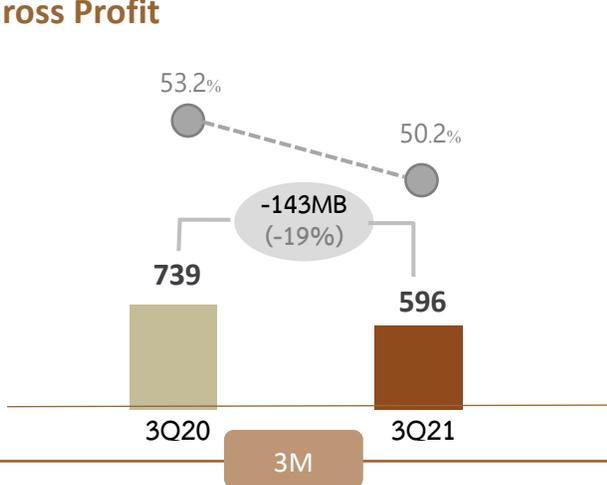
Take-away Revenue decreased -11% YoY due to the 2021 April Covid-19 Wave and the highly strict lockdowns during the 3Q21. The Company focused on generating sales through S&P Marketplace and festive products eg. Khao-Chae, Chinese New Year's Sets, Mooncake and Mother's Day cakes, etc., as well as upselling to increase average sales per bill through Combo Value Packs and Meal Boxes.

Dine-in Revenue dropped -50% YoY, mainly due to the in-store dine-in restriction measures, no more than 25% in May, 50% in June and No in-store dine-in during the lockdowns from the last week of June to end of August. 9M21 Dine-in has been affected for several months by the measures as compared to the only 2 months lockdown in last year.

Delivery Revenue increased +37% YoY due to the focus on Delivery channel, re-zoning of service areas, the newly opened 17 Delta stores (DelTA – Delivery and Take-away) and the launch of the new 1344 mobile and web application in May to improve customer experience



2. Gross Profit

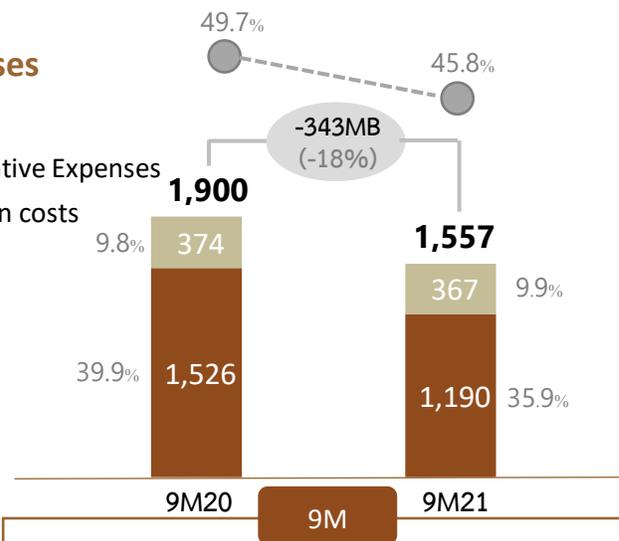
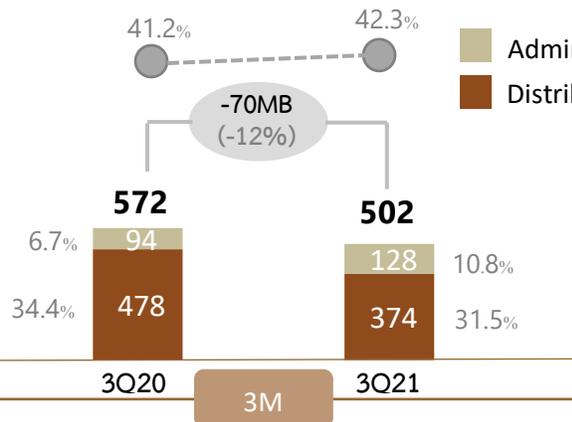


Gross profit margin decreased -3% YoY, mainly due to

- 1) The affected sales from “no in-store dine-in” causing declining in food and beverage sales which basically contributed higher gross profit margin
- 2) Upselling the average sales per bill through Combo Value Pack via S&P Market Place, causing the higher average sales per bill +13% to partially compensate the over 30% lower traffic

Gross profit margin decreased -0.2% YoY, mainly due to the gross profit of the food and beverage category which basically contributed higher gross margin. Resulted by the lockdown to the highly strict lockdowns during the 3Q21, almost 200 stores in Shopping malls and Hypermarkets were temporarily closed. The Company have emphasized on cost and expenses control management to compensate the loss in food category gross margin.

3. Distribution costs and Administrative Expenses



Distribution costs decreased 104mb YoY, or 22% as a result of the temporary closure of almost 200 stores during the 3Q21

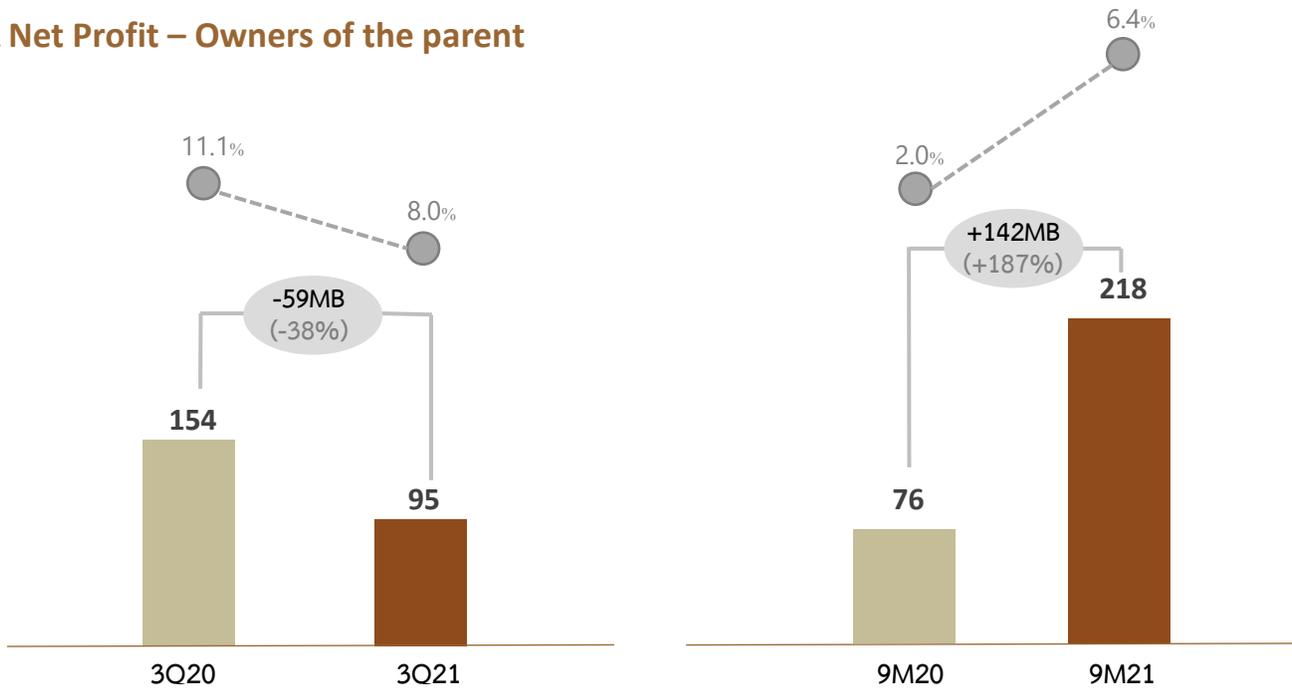
Administrative expenses, increased 34mb YoY, mainly from the people expenses. In 3Q20, there were voluntary salary and welfare cut, bonus including the waives on provident fund and social security according to the Government’s announcement. The Company resumed the salary and relative welfare in 4Q20. In 3Q21, there was disposal expenses of fixed assets of closed stores about 7mb.

9M21, the **Distribution costs and Administrative Expenses** decreased by 343mb YoY, or 3.9% on sales This was mainly due to:

1. In-store labor productivity and roster management
2. Manufacturing labor productivity
3. Rental negotiation
4. Organization restructuring
5. Cost effectiveness controls and cut
6. System and workflows efficiency improvement thru automation and processes re-engineering



4. Net Profit – Owners of the parent



- 3Q21 Net Profit was 95mb despite of the highly strict lockdowns during the quarter that caused the temporary closure of almost 200 stores in the Shopping malls and Hypermarket which affected the in-store dine-in and take-away sales which was the key revenue channel of the Company. However, the Company focused on generating sales via festive products eg. Mooncake and Mother’s Day cakes etc. through delivery channel and upselling the spending per bill through S&P Marketplace and Combo Value Packs to partially compensate the affected Revenue, together with the continuous controls and management over costs and expenses, resulting in the Net Profit in this quarter.
- 9M21 Net Profit increased 142mb YoY despite of the lower Revenue of 421mb, mainly due to the driving mindset towards collaboration, agility and resilience to work under the new normal to compensate the affected Revenue together with the effective cost and expenses management and control.





5. Assets / Liabilities and Equity

BALANCE SHEET				
Key Metrics (MB)	30 September 2021		31 December 2020	
	MB	%	MB	%
Cash and cash equivalents	830	17%	577	11%
Financial assets at fair value	360	7%	479	9%
Other current assets	529	11%	492	10%
Total current assets	1,719	34%	1,548	30%
Investment in associate	85	2%	67	1%
Investment in joint ventures	200	4%	200	4%
Property, plant and equipment	1,485	30%	1,410	28%
Right-of-use asset	1,435	29%	1,814	35%
Other non-current assets	94	2%	80	2%
Total non-current assets	3,299	66%	3,571	70%
TOTAL ASSETS	5,018	100%	5,119	100%
Short-term borrowings from financial institution	63	1%	57	1%
Current portion of lease liabilities	451	9%	472	9%
Trade and other payables	680	14%	647	13%
Other current liabilities	111	2%	110	2%
Total Current Liabilities	1,305	26%	1,286	25%
Long-term borrowings from financial institutions	209	4%	91	2%
Non-current provision for employee benefits	170	3%	152	3%
Lease liabilities	780	16%	1,115	22%
Other non-current liabilities	77	2%	80	2%
Total non-current liabilities	1,236	25%	1,438	28%
TOTAL LIABILITIES	2,541	51%	2,724	53%
Paid-up Capital	490	10%	490	10%
Premium on ordinary shares	690	14%	690	13%
Surplus on gain from transfer of business to JV	80	2%	80	2%
Legal reserve	52	1%	52	1%
Unappropriated	1,136	23%	1,065	21%
Other components of shareholders' equity	-13	0%	-18	0%
Non-controlling interests	42	1%	36	1%
TOTAL EQUITY	2,477	49%	2,395	47%
TOTAL LIABILITIES & EQUITY	5,018	100%	5,119	100%
Authorised share capital	515		490	
Par Value (Baht/Sh.)	1.0		1.0	
No. of share (millions)	515		490	

Cash & cash equivalent of 830 mb, +253 mb vs. Dec 2020, mainly driven by the net operating cash inflow.
Financial assets at fair value: Total 360 mb, -119 mb vs. Dec 2020 was attributed to dividend paid in May.

Other current assets: mainly consisted of receivable and inventory, which was lower in relation to sales and inventory management. Receivable included Thai Airways 9.4 MB and Provision has been recorded at 3.7 mb in 1Q21, 40% of total amount

Right-of-use asset & Lease Liabilities: The Group has adopted the TFRS16 Lease Accounting Standard, effective 1 Jan 2020.

Provision of employee benefits mainly was for employee benefit obligation (retirement)

Retained earnings +70 mb vs. Dec 2020, owing mainly to net profit for the period 217.5 MB, offset with dividend paid (147.1) MB



“Strengthen The Core, Create The Next”

For inquiries related to the Investor Relations, please contact us by:

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