Management Discussion and Analysis

May 13, 2022 — Minor International Public Company Limited

Overview

1Q22 Performance

Summary: Minor International Public Company Limited ("MINT") reported 1Q22 core revenue of Baht 20,701 million, a surge of 66% compared to the same period last year. Excluding the impact of internal business restructuring to relocate contract manufacturing unit to under Minor Food from Minor Lifestyle, all three business units posted a y-y revenue performance recovery given the relaxation of COVID-19 restrictions in most of the key regions which resulted in higher travel activities, increasing dining traffic and improving operating environment of retail trading.

Core EBITDA in 1Q22 grew at a much faster rate than revenue, particularly at Minor Hotels and Minor Lifestyle, surging more than five-fold y-y to Baht 2,737 million. This was driven by higher flow-through from revenue increase and MINT's increasingly productive and efficient operating platform. Notably, core EBITDA of hotel operations bounced back to positive territory, while those of restaurant and lifestyle businesses continued to be in the black and improved, compared to the same quarter prior year.

As a result of the above, core loss narrowed down from Baht 5,211 million in 1Q21 to core loss of Baht 3,582 million in 1Q22, attributable to notable recovery of Minor Hotels and profit turnaround of Minor Lifestyle while Minor Food extended its streak to seven consecutive quarters of profit. The bottom-line recovery would have been greater if excluding adverse impact from lockdowns in China and foreign exchange loss from revaluation of Sri Lanka hotels' loans amidst the economic crisis in the country.

Including non-core items as detailed in the appendix, MINT posted a 64% y-y increase in revenue to Baht 20,727 million in 1Q22 while EBITDA was positive at Baht 2,605 million, compared to EBITDA loss of Baht 1,515 million in the same period of last year. Reported bottom line was at a loss of Baht 3,794 million in 1Q22, an immense improvement from a net loss of Baht 7,250 million in 1Q21.

Financial Performance

Bt million	**1Q22**	**1Q21**	**%Chg**
As Reported			
Total Revenue*	20,727	12,618	64
Total EBITDA	2,605	-1,515	-272
EBITDA Margin (%)	**12.6**	**-12.0**	
Total Net Profit	-3,794	-7,250	-48
Net Profit Margin (%)	**-18.3**	**-57.5**	
Core**			
Total Revenue*	20,701	12,499	66
Total EBITDA	2,737	521	425
EBITDA Margin (%)	**13.2**	**4.2**	
Total Net Profit	-3,582	-5,211	-31
Net Profit Margin (%)	**-17.3**	**-41.7**	

* Includes share of profit and other income
** Exclude non-core items as detailed in the appendix

Performance Breakdown by Business*

1Q22	**% Core Revenue Contribution**	**% Core EBITDA Contribution**
Hotel & Mixed-use	66	53
Restaurant Services	31	43
Retail trading	3	4
Total	**100**	**100**

* Exclude non-core items as detailed in the appendix

Major Developments in 1Q22

	Developments
Restaurant	• Added 21 outlets, net q-q, majority of which were a result of store opening of Swensen's, Dairy Queen, Burger King and Coffee Journey in Thailand, as well as Riverside in China, which offset the outlet closure of other brands during the quarter

Hotel & Mixed-Use	• Opened a total of four hotels q-q - Avani: One managed hotel in Oman - Avani+: One owned hotel in Thailand - Tivoli: One managed hotel in China - NH: One managed hotel in Argentina • Closed four hotels q-q - NH: Four leased hotels in Germany, Italy and Spain
Corporate	• Issued Baht 7 billion unsubordinated and unsecured debentures • Increased stakes in Corbin & King from 74% to 100%

Segment Performance

Restaurant & Contract Manufacturing Businesses

At the end of 1Q22, MINT's total restaurants reached 2,410 outlets, comprising of 1,206 equity-owned outlets (50% of total) and 1,204 franchised outlets (50% of total). 1,622 outlets (67% of total) are in Thailand, while the remaining 788 outlets (33% of total) are in 23 other countries in Asia, Oceania, Middle East, Europe, Mexico and Canada.

Restaurant Outlets by Owned Equity and Franchise

	1Q22	Chg q-q	Chg y-y
Owned Equity	1,206	1	19
- Thailand	941	4	-1
- Overseas	265	-3	20
Franchise	1,204	20	26
- Thailand	681	17	41
- Overseas	523	3	-15
Total Outlets	**2,410**	**21**	**45**

Restaurant Outlets by Brand

	1Q22	Chg q-q	Chg y-y
The Pizza Company	561	-1	-1
Swensen's	330	7	6
Sizzler	64	-1	0
Dairy Queen	493	3	-2
Burger King	121	2	2
The Coffee Club	414	-1	-20
Thai Express	85	0	6
Riverside	143	3	26
Benihana	17	0	-2
Bonchon	102	-1	13
Coffee Journey	39	10	25
Others*	41	0	-8
Total Outlets	**2,410**	**21**	**45**

* Others include restaurants at the airport under MINT's 51% JV, "Select Service Partner" and restaurants in the UK under "Patara" brand

Hub Performance Analysis

In 1Q22, total-system-sales (including sales from franchised outlets) increased by 11.5% y-y. Strong total-system-sales growth in Thailand which was attributable to the improvement in sales activities and store expansion, over-compensated for the challenging operating environments in China and Australia amidst governments' COVID-19 restrictions due to new wave of Omicron variant. Similar reasons as mentioned above, overall same-store-sales rose 4.2% y-y in 1Q22, mainly driven by positive same-store-sales growth of Thailand hub.

Thailand hub in 1Q22 reported total-system-sales growth of 19.8% y-y, fueled by 12.4% stronger same-store-sales, outlet expansion and the reopening of some stores that were temporary closed last year. Same-store-sales grew strongly y-y due to increasing traffic in all sales channels, especially dine-in business, following the removal of government's restrictions on operating hours and seat distancing at the restaurants. In the quarter, all brands achieved positive same-store-sales growth and put efforts in improving customer satisfaction, dine-in experience and service quality through staff training program. Burger King reported continuous momentum of sales recovery in both local and tourist stores following the resumption of domestic tourism and Thailand's reopening to international tourist arrivals. Sizzler's loyalty program, renovated stores and operational excellence led to higher spending per ticket and an increase in number of customers. Swensen's brand revitalisation initiatives that took place since prior year has proven to be successful with stronger brand equity and expanded customer base. The new brand identity, revamped menu and new craft premium ice cream concept have conformed with changing lifestyle of customers, created excitement in the market and drawn more traffic to the stores. Given the successful story of Swensen's 'Craft Bar', more outlets under this concept will be added.

Total-system-sales growth in China was still in positive territory in the first two months of 2022 but turned negative in March as strict lockdowns in the main cities started to be imposed later in the quarter. Given store expansion of Riverside brand which could partially mitigate a decline in same-store-sales, total-system-sales of China hub fell slightly by 2.2% y-y. In tandem with total-system-sales, China started the year on a positive note with solid same-store-sales growth in January but same-store-sales in the quarter decreased by 14.9%, compared to the same period last year. COVID-19 outbreaks in several cities including Beijing, Shanghai, Hangzhou, Chengdu and Suzhou led to dine-in restrictions, decline in customer traffic and temporary closure of some stores.

Australia hub saw sequential improvement of sales performance throughout quarter as lower number of infections prompted COVID-19 restrictions to be eased and lifted, together with Minor Food's sales and marketing campaigns with new products. Nevertheless, total-system-sales of Australia hub decreased by 5.1% y-y in 1Q22, as a result of 7.8% decrease in same-store-sales amidst rising Omicron cases at the beginning of the year and the flooding, particularly in the states of Queensland and New South Wales. Despite higher average transaction values of take-away and delivery sales, dine-in business in key regions saw reduced traffic due to social distancing and operational trading restrictions. During the quarter, Australia hub continued to enhance labor efficiency through utilizing technology and uplifting customer experience and satisfaction via exceptional customer service.

Restaurant Business Performance

%	1Q22	1Q21
Average Same-Store-Sales Growth	4.2	(15.3)
Average Total-System-Sales Growth	11.5	(12.4)

Note: Calculation based on local currency to exclude the impact of foreign exchange

Financial Performance Analysis

1Q22 total core restaurant revenue grew by 25% y-y, driven by all hubs, together with lower share of loss from joint ventures. Robust top-line growth of operations in Thailand was attributable to increasing traffic, store expansion and internal business restructuring to move contract manufacturing unit from Minor Lifestyle to Minor Food. Meanwhile, positive impact of foreign exchange translation and the termination of franchise fee waiver granted to franchisees resulted in revenue increase of China and Australia hubs, respectively. Excluding contract manufacturing sales due to reclassification, total core restaurant revenue grew 19%, compared to the same period last year. Franchise income increased by 14% y-y due to higher initial fee from new franchise contracts and business recovery of franchised outlets in both local and international stores of all brands, except for Thai Express.

Core EBITDA in 1Q22 grew by 8% y-y to Baht 1,160 million. Solid performance of restaurants in Thailand, together with corporate administrative cost savings, helped mitigate the softer operations of China hub which faced COVID-19 restrictions in the quarter. Profitability would have been more potent but the reclassification of lower-margin contract manufacturing unit and lower profitability of China hub from higher fish purchasing price and discounts led core EBITDA to grow at a slower pace than the revenue. Consequently, core EBITDA margin decreased to 18.2% in 1Q22, compared to 1Q21 EBITDA margin of 21.1%.

Financial Performance*

Bt million	1Q22	1Q21	%Chg
Revenue from Operation**	6,022	4,798	25
Franchise Fee	370	325	14
Total Revenue	**6,391**	**5,123**	25
EBITDA	**1,160**	**1,079**	8
EBITDA Margin (%)	**18.2**	**21.1**	

* Exclude non-core items as detailed in the appendix
** Includes share of profit and other income

Hotel & Mixed-use Business

Hotel Business

At the end of 1Q22, MINT owns 369 hotels and manages 158 hotels and serviced suites in 56 countries. Altogether, these properties have 75,805 hotel rooms and serviced suites, including 56,402 rooms that are equity-owned and leased and 19,403 rooms that are purely-managed under the Company's brands including Anantara, Avani, Oaks, Tivoli, NH Collection, NH, nhow and Elewana Collection. Of the total, 5,220 rooms in Thailand accounted for 7%, while the remaining 70,585 rooms or 93% are located in 55 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	1Q22	Chg q-q	Chg y-y
Owned Equity*	56,402	-273	34
- Thailand	3,516	328	328
- Overseas	52,886	-601	-294

Management	19,403	457	603
- Thailand	1,704	0	83
- Overseas	17,699	457	520
Total Hotel Rooms	**75,805**	**184**	**637**

* Owned equity includes all hotels which are majority-owned, leased and joint-venture.

Hotel Rooms by Ownership

	1Q22	Chg q-q	Chg y-y
Owned Hotels	19,433	321	368
Leased Hotels	1,829	-33,905	-33,645
Joint-venture Hotels	13,005	11,176	11,176
Managed Hotels	6,398	-6,097	-5,994
MLRs*	35,140	28,689	28,732
Total Hotel Rooms	**75,805**	**184**	**637**

* Properties under management letting rights in Australia and New Zealand

Hotel Performance Analysis

Owned & Leased Hotels

MINT's owned and leased hotels portfolio (including NH Hotel Group), which accounted for 80% of core hotel & mixed-use revenues in 1Q22, reported y-y system-wide revenue per available room ("RevPar") increase of more than three folds. Strong business recovery was witnessed across all regions, fueled by easing and termination of travel restrictions globally and Minor Hotels' effort to increase average room rate, as well as the reopening of hotels that were temporarily closed in previous year.

1Q22 system-wide RevPar of owned and leased hotel portfolio in Europe and Latin America nearly quadrupled y-y. The y-y increase was driven by improved performance of both leisure and corporate segments and successful solid pricing strategy, as well as reopening of temporary closed hotels in Europe. Operating activities in January were impacted by the Omicron variant and the low seasonality but as COVID-19 cases subsided later in the quarter, hotel performance in the quarter posted m-m recovery. Average occupancy climbed up from 28% in January to 41% in February and 52% in March. Meanwhile, average room rate in Euro term surged by 32% y-y to EUR 92 in the quarter, reaching 2019 pre-COVID level of EUR 95. Particularly in March, average room rate was already on par with the pre-pandemic level.

In the Maldives, robust operational performance continued to be seen in 1Q22. System-wide RevPar jumped by 78%, compared to the same period previous year. Strong demand drove average occupancy rate to 72%, coupled with soaring average room rate, resulting in RevPar surpassing the pre-pandemic level for three consecutive quarters by 25% in USD currency in 1Q22.

1Q22 system-wide RevPar of owned hotels in Thailand improved immensely by 147% y-y, attributable to stronger demand from both domestic and international markets, together with Minor Hotels' ability to ramp up average room rates. Thailand reopened its border to international tourists since 1 November 2021 and international arrivals accelerated in March as the Test & Go scheme was further relaxed, where the second RT-PCR test for overseas arrivals was no longer required. Hotels in the upcountry saw relatively stronger rebound than Bangkok hotels.

Management Letting Rights

The management letting rights portfolio (MLRs), contributing 11% of 1Q22 core hotel & mixed-use revenues, recorded an increase in RevPar of 25% y-y in AUD term. Hotel performance of MLRs continued to be resilient and had positive development in the quarter with RevPar soaring above pre-pandemic level by 5% despite flooding in the states of Queensland and New South Wales. Strong demand was supported by both leisure and corporate segments, together with higher travel activities from school holidays and sport events. Notably, as most hotels of Minor Hotels in those two affected states remained open despite the flooding, overflow demand from other closed hotels was migrated to Minor Hotels' properties.

Management Contracts

Revenue contribution of management contract to MINT's core hotel & mixed-use revenues was 3% in 1Q22. System-wide RevPar of management contract portfolio doubled y-y, driven by improving trend of hotels in all geographies including Europe, the Maldives, the Middle East and Thailand.

Overall Hotel Portfolio

In summary, in 1Q22, MINT's system-wide RevPar of the entire portfolio increased immensely by 138% y-y, reflecting operational recovery across all business models and regions given higher travel demand as many nations have lifted international travel bans.

Hotel Business Performance by Ownership

(System-wide)	Occupancy (%)	
	1Q22	**1Q21**
Owned Hotels*	39	14
Joint Ventures	39	28
Managed Hotels*	43	25
MLRs**	75	70
Average	**43**	**21**
MINT's Portfolio in Thailand	29	17
Industry Average in Thailand***	36	17

(System-wide)	ADR (Bt/night))	
	1Q22	**1Q21**
Owned Hotels*	3,700	2,880
Joint Ventures	10,838	7,904
Managed Hotels*	5,708	5,028
MLRs**	4,745	3,932
Average	**4,290**	**3,693**
MINT's Portfolio in Thailand	4,730	3,242
Industry Average in Thailand***	900	1,066

(System-wide)	RevPar (Bt/night)	
	1Q22	**1Q21**
Owned Hotels*	1,460	415
Joint Ventures	4,242	2,174
Managed Hotels*	2,482	1,236
MLRs**	3,549	2,768
Average	**1,844**	**774**
MINT's Portfolio in Thailand	1,387	562
Industry Average in Thailand***	328	178

* These numbers include NH Hotel Group
** Properties under Management Letting Rights in Australia & New Zealand
*** Source for Industry Average: Bank of Thailand

Hotel Performance Analysis

In 1Q22, core revenue from hotel and related services operation more than doubled, compared to the same period last year, contributing from improved hotel performance in all regions. The relaxation of COVID-19 restrictions globally resulted in higher travel activities of both leisure and corporate segments and the reopening of hotels that temporarily shut their doors in prior year. Given the strong rebound of demand, pricing strategy to lift up average room rate was also successful. Meanwhile, 1Q22 management income reported an increase of 91% y-y due to the same reasons mentioned above, despite the exit of some hotel management contracts during the year.

Mixed-Use Business & Performance Analysis

One of MINT's mixed-use businesses is plaza and entertainment business. The Company owns and operates three shopping plazas in Bangkok, Phuket and Pattaya. In addition, MINT is the operator of seven entertainment outlets in Pattaya, which include the famous Ripley's Believe It or Not Museum and The Louis Tussaud's Waxworks.

MINT's residential development business develops and sells properties in conjunction with the development of some of its hotels. MINT has completed the sales of the first two projects, The Estates Samui and St. Regis Residences in Bangkok. The projects that are currently available for sale include Layan Residences by Anantara in Phuket, Anantara Chiang Mai Serviced Suites, Avadina Hills by Anantara in Phuket, Torres Rani in Maputo and Anantara Desaru in Malaysia. In addition, two new residential development project, Anantara Ubud Bali in Indonesia and Avadina Hills Phase 3, are currently under construction and are expected to be launched in 2022, to ensure continuous pipeline of MINT's real estate business in the coming years.

Another real estate business of MINT is the point-based vacation club under its own brand, Anantara Vacation Club (AVC). At the end of 1Q22, AVC had a total inventory of 269 units in Samui, Phuket, Bangkok and Chiang Mai in Thailand, Queenstown in New Zealand, Bali in Indonesia, and Sanya in China. The number of members increased by 7% y-y to 16,664 members at the end of 1Q22.

Revenue from mixed-use business declined by 51% y-y in 1Q22. The revenue improvement of plaza and entertainment, spa and world-class restaurants, particularly in the UK partially compensated for the softer performance of residential and AVC businesses. There was a timing mismatch of real estate sales activities compared to last year while lower total points sold from stringent lockdowns in China led to a slight decline in AVC performance despite an increase in average price per point.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 1Q22, hotel & mixed-use business posted total core revenue growth of 108% y-y, attributable to operational recovery across all portfolio, except for residential development business and AVC unit.

Core EBITDA of hotel & mixed-use business in 1Q22 turned positive at Baht 1,460 million from core loss of Baht 602 million in 1Q21, given higher revenue flow-through, operating efficiency enhancement program and successful pricing strategy. Notably, core EBITDA of hotel operations bounced back to positive territory while both mixed-use and MLR businesses remained in the black during the quarter. Consequently, core EBITDA margin turned positive to 10.6% in 1Q22. The recovery would have been stronger but Minor Hotels was compelled to account for the foreign exchange movement of USD against Sri Lankan Rupee based on loans of Minor Hotels' Sri Lanka hotels amidst the economic crisis in the country. Nevertheless, this foreign exchange loss from revaluation of Sri Lanka hotels' loans are unrealized. On a positive note in terms of hotel operations, hotels in Sri Lanka continued to trade with minimal impact on the demand in the quarter. Occupancy rates held up well at 39% in January, 46% in February and 44% in March. Notably, Minor Hotels has six hotels in Sri Lanka, two owned and the remaining are joint ventured, contributing less than 0.5% of total hotel revenue.

Financial Performance*

Bt million	**1Q22**	**1Q21**	**%Chg**
Hotel & related services **	12,478	4,734	164
Management fee	469	246	91
Mixed-use	814	1,645	-51
Total Revenue	**13,760**	**6,624**	108
EBITDA	**1,460**	**-602**	-342
EBITDA Margin (%)	**10.6**	**-9.1**	

* Exclude non-core items as detailed in the appendix
** Include share of profit and other income

Retail Trading Business

At the end of 1Q22, MINT had 339 retail trading points of sales, a decrease of 89 points of sales from 428 points at the end of 1Q21, from the store closure of Esprit, Anello, Radley and Bodum in order to focus on efficiency, netted off with the launch of new kitchenware brand from Belgium 'BergHOFF' in May 2021. Of total 339 retail trading outlets, 73% are operated under fashion brands including Anello, Bossini, Charles & Keith, Esprit and Radley, while 27% are operated under home & kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels, Bodum and BergHOFF.

Retail Trading's Outlet Breakdown

	1Q22	**Chg q-q**	**Chg y-y**
Fashion	249	-53	-80
Home & Kitchenware	90	6	-9
Total Outlets	**339**	**-47**	**-89**

In 1Q22, total revenue of Minor Lifestyle decreased by 27%, compared to the same period of last year, solely due to the reclassification of contract manufacturing business to Minor Food as a result of internal business restructuring. Excluding the reclassification impact, the overall revenue rose by 14% y-y, driven by all business units from improving operating environment and reopening of temporary closed stores. Despite lower number of retail trading stores due to store rationalization strategy, revenue of fashion increased y-y, supported by all brands, especially Charles & Keith, while strong sales growth of Zwilling J.A. Henckels and Joseph Joseph drove the overall home and kitchenware sales from successful marketing events. Furthermore, Charles & Keith standalone website continued to drive e-commerce top line.

1Q22 overall core EBITDA of Minor Lifestyle more than doubled to Baht 117 million from Baht 45 million in the same quarter last year despite the absence of contract manufacturing contribution from the reporting adjustment. Higher sales flow-through of retail trading, fewer discount campaigns and cost savings in personnel, rental and marketing expenses drove the recovery. As a result, EBITDA improved to 21.3% in 1Q22, compared to 6.0% in the same quarter of 2021.

Financial Performance*

Bt million	**1Q22**	**1Q21**	**%Chg**
Retail Trading	550	476	15
Manufacturing**	0	275	-100
Total Revenues* **	**550**	**751**	**-27**
EBITDA	**117**	**45**	**160**
EBITDA Margin	**21.3**	**6.0**	

* Exclude non-core items as detailed in the appendix
** Manufacturing was reclassified to Minor Food from 1Q22 due to internal restructuring
*** Include share of profit and other income

Balance Sheet & Cash Flows

At the end of 1Q22, MINT reported total assets of Baht 363,431 million, a decrease of Baht 6,202 million from Baht 369,633 million at the end of 2021. The decrease was primarily attributable to (1) Baht 7,244 million decrease in cash due to repayment of some borrowings and debentures and (2) Baht 2,468 million, Baht 2,075 million decrease in property, plant and equipment, as well as right-of-use assets, respectively, mainly from the regular depreciation and amortization schedule and translation adjustment, netted off with (1) Baht 4,252 million increase in trade and other receivables, mainly due to advanced deposit for Corbin & King bidding.

MINT reported total liabilities of Baht 287,768 million at the end of 1Q22, a decrease of Baht 2,373 million from Baht 290,140 million at the end of 2021. The decrease was mainly due to (1) Baht 3,203 million decrease in net financing from the repayment of long-term borrowings and debentures and (2) a decrease in lease liabilities of Baht 2,653 million mainly as a result of lease payment schedule.

Shareholders' equity decreased by Baht 3,829 million, from Baht 79,492 million at the end of 2021 to Baht 75,663 million at the end of 1Q22, owing mainly to (1) reported 1Q22 net loss of Baht 3,794 million and (2) interest paid on perpetual bonds of Baht 567 million, netted with (1) Baht 713 million increase in other components of equity mainly as a result of translation adjustment and (2) the proceeds from the exercise of warrants amounting to Baht 98 million.

For the first three months of 2022, MINT and its subsidiaries reported positive cash flows from operations of Baht 3,908 million, an increase of Baht 1,741 million y-y, supported by improved operations and partly from the working capital management.

Cash flow used in investing activities was Baht 4,387 million in 1Q22, primarily due to 1) Baht 4,839 million advanced deposit for Corbin & King bidding and 2) Baht 1,111 million regular capital expenditures of hotel, restaurant and other businesses, netted off with Baht 1,517 million decrease in loans to other companies.

The Company reported net cash used for financing activities of Baht 6,628 million in 1Q22, primarily due to (1) repayment of lease liabilities of Baht 2,037 million, (2) cash paid for interest expenses of Baht 2,364 million, (3) interest paid on perpetual debentures of Baht 567 million, (4) net repayment of long term borrowings and debentures of Baht 1,744 million, netted off with Baht 98 million proceeds received from the exercise of warrants.

In summary, cash flows from operating, investing and financing activities resulted in a net decrease of MINT's net cash and cash equivalents of Baht 7,106 million in 1Q22.

Free cash flow, which is defined as operating cash flow, netted with repayment of lease liabilities, interest payment including to perpetual bond holders and net CAPEX, was negative at Baht 5.4 billion in 1Q22. This was mainly due to advanced deposit for Corbin & King bidding. Excluding this advanced deposit, negative free cash outflow was reduced to Baht 608 million, much lower than negative free cash flow of Baht 3.6 billion in 1Q21, mainly supported by improving operating cash flow and decrease in net CAPEX.

Financial Ratio Analysis

MINT's gross profit margin rose strongly from 16.5% in 1Q21 to 31.0% in 1Q22, mainly supported by improving operations of Minor Hotels and Minor Lifestyle. Meanwhile, MINT's core loss also improved from business recovery in hotel and retail trading business units.

Return on equity was negative at 18.5% in 1Q22, improved from negative return on equity of 28.6% in 1Q21, as a result of lower core net loss compared to last year. Correspondingly, MINT recorded negative return on assets of 3.9% in 1Q22.

Collection days decreased from 74 days in 1Q21 to 62 days in 1Q22, supported by MINT's efforts to collect payment faster. The provision for impairment as a percentage of gross trade receivables decreased from 23.7% in 1Q21 to 15.0% in 1Q22 from hotel and restaurant businesses due to higher quality of sales.

MINT's inventory comprises primarily raw materials, work-in-process and finished products of the restaurant and retail trading & contract manufacturing businesses. Inventory days in 1Q22 was 33 days, compared to 61 days in 1Q21, as a result of lower inventory level and proactive inventory management. Account payable days decreased from 128 days in 1Q21 to 103 days in 1Q22 from all three business units.

Current ratio was at 0.9x at the end of 1Q22, on par with the end of 2021 due to the decrease in both current assets and current liabilities from lower cash level to repay borrowings and debentures. According to MINT's debt covenant definition which carves out lease liabilities from the calculation, interest-bearing debt to equity ratio increased slightly from 1.68x at the end of 2021 to 1.74x as at end 1Q22, attributable to lower equity base from net loss in the quarter despite lower interest-bearing debt. If cash reserve was released, net interest-bearing debt to equity ratio was at 1.51x, below MINT's debt covenant of 1.75x. Nevertheless, financial covenant testing is waived until the end of 2022. Interest coverage ratio increased from 1.8x in 1Q21 to 2.9x in 1Q22 due to improvement in cash flows from operations.

Financial Ratio Analysis

Profitability Ratio	**31 Mar 22**	**31 Mar 21**
Gross Profit Margin (%)	31.0	16.5
Net Profit Margin (%)	-18.3	-57.5
Core Net Profit Margin* (%)	-17.3	-41.7
Efficiency Ratio	**31 Mar 22**	**31 Mar 21**
Return on Equity* (%)	-18.5	-28.6
Return on Assets* (%)	-3.9	-5.8
Collection Period (days)	62	74
Inventory (days)	33	61
Accounts Payable (days)	103	128
Liquidity Ratio	**31 Mar 22**	**31 Dec 2021**
Current Ratio (x)	0.9	0.9
Leverage & Financial Policy	**31 Mar 22**	**31 Dec 2021**
Interest Bearing Debt/Equity (x)	1.74	1.68
Net Interest Bearing Debt/Equity (x)	1.51	1.36
	31 Mar 22	**31 Mar 21**
Interest Coverage (x)	2.9	1.8

* Exclude non-core items as detailed in the appendix

Management's Outlook

Despite the emergence of Omicron variant and the re-introduction of travel restrictions in some countries at the beginning of 2022, COVID-19 restrictions broadly eased globally by the end of the first quarter. The world has embarked into a new phase of the pandemic with increased tolerance of COVID-19. And therefore, travel industry and consumers' consumption are on an upward trajectory.

<u>Minor Hotels</u>

Tourism sector is expected to turn around with significant rebound in the remainder of the year as border entry policies have been eased, allowing travelers to visit destinations without any quarantine requirement. Despite concerns on rising travel costs, the unleashing pent-up demand is far greater. International tourism demand has started to pick up, on top of domestic travels which have been the key drivers of the preceding recovery. In addition, there are positive signs of the return of corporate travel demand.

European travel sector has already overcome the Omicron variant as governments across Europe have carried out the right balance between managing health risks and facilitating mobility. As a result, travel restrictions have been loosened for intra-European and international travels. The Russian and Ukraine disputes have added pressures to overall travel and economic uncertainties but have not had an impact on demand for NH Hotel Group's operations and performance. Travel prospects for summer season in Europe are eminently optimistic. Strong domestic and intra-European bookings are evidenced by average occupancy rate climbing up over 60% in April with room rate of more than EUR 110 per night, affirming the sustained recovery. This level of room rate already achieved the pre-pandemic level while those of in Spain and Benelux in particular were above 2019. Average room rate continued to see an upward trend in May, allowing RevPar to almost reach pre-COVID-19 level. Business travels have made a comeback since September last year. Despite a small temporary hiccup due to the emergence of Omicron variant, corporate demand bounced back again in March 2022. In some months latter half of this year, the hotel operations are expected to rebound back to pre-COVID-19 level.

Further easing of COVID-19 travel prerequisites were enforced in Australia. Starting from 18 April 2022, Australia joined the list of countries in discarding pre-travel RT-PCR testing and quarantine requirements for fully vaccinated visitors. In addition, the travel bubble between Australia and New Zealand, which was suspended in July 2021 due to the new COVID-19 outbreaks, was also resumed in April 2022. Consequently, international travels started to help boost Minor Hotels' operations in the second quarter of 2022, in addition to solid demand from domestic market.

In Thailand, recovery of hotel industry is forecasted to be at a much faster pace as entry rules for foreign arrivals have been eased gradually. Pre-travel RT-PCR test for international arrivals was dropped since April. Recently, the Test & Go and Sandbox schemes were abolished on 1 May 2022 for vaccinated travelers. RT-PCR testing upon arrival and quarantine are no longer required while COVID-19 insurance coverage requirement was reduced by half. Furthermore, the cancellation of Thailand Pass registration is expected to take place on 1 June 2022 which will create more seamless travel experience and stimulate more travel demand to the country. Meanwhile, the government aims to continually boost domestic tourism, already approving phase 5 of 'We Travel Together' campaign with subsidies for hotel stays, airfares and local spending during the low season between June and September.

Hotel tourism in the Maldives is entering off-peak season in the second and third quarter of the year. Nevertheless, robust recovery in the Maldives will continue to be seen y-y, on the back of strong demand, increasing length of stay and Minor Hotels' pricing strategy. To mitigate the potential impact from the Russian-Ukraine disputes, Minor hotels has been proactively implementing marketing strategies to pursue and explore other tourist markets. The Maldives' Ministry of Tourism has also launched several marketing activities to promote the destination to reach new height of its tourism success story, celebrating the country's tourism golden jubilee year. The solid rebound is expected to be sustained as strong demand which will be supported further by the Maldives' infrastructure initiatives including international airport expansion will increase faster than the supply growth.

<u>Minor Food</u>

The strategy to drive revenue in all sales channels and profitability remains unchanged for the remainder of the year. Minor Food will put efforts to stay ahead of the curve and continue to proactively engage in supply chain management to mitigate raw material price increase and evade supply shortages.

Following successful Swensen's revitalisation strategy, Thailand hub is aiming to reposition and revamp other key brands including The Pizza Company, Sizzler, The Coffee Club and 1112 Delivery. The goal is to improve brand awareness and loyalty, keep brand relevant and current, build long-term brand equity and increase engagement with existing customers, as well as reach new target groups. Minor Food will further drive digitalization in owned delivery application, website order and pick-up channels while utilizing data analytics for the improvement of portfolio profitability, menu rationalization, operational improvement and driving demand. Furthermore, Thailand hub targets to drive profitable new store growth by increasing trade zone penetration with new store formats for different types of locations to increase the nationwide coverage. For example, more economical and smaller formats will be executed for store expansion in the secondary provinces with lower population density.

Positive outlook in China is expected to gain momentum by end of the second quarter of 2022. Restrictions are likely to be lifted at the end of May as number of COVID-19 cases are declining, in time to reap the upcoming school holidays and high season in the third quarter of the year. With strong pent-up demand, business will get back to more normalized level in the latter half of the year. Despite current lockdowns in the country, some of Minor Food's restaurants are still operating for dine-in services and some in certain cities are opened for only delivery. China hub puts its effort to maximize sales despite the current fluid situation. In the meantime, it immediately puts mitigation plan in place which includes labor cost deduction, rental reduction from landlords, as well as supply chain and cash flow management. Minor Food will also ensure the readiness for strong and quick rebound once restrictions are relaxed in which China hub experienced in 2020, given its resiliency of operations and strong brand concept. In addition, Minor Food's initial phase of payment system upgrade was achieved in March while information technology infrastructure and new supply chain software improvement will be carried out in the remainder of the year to further enhance the overall efficiency of operations.

Restaurant operating activities in Australia are expected to improve as COVID-19 restrictions have started to fade and the return of tourists and business travelers has helped to positively contribute to the economic recovery. Australia hub will remain focused on building business growth via expanding delivery sales and delivering excellent customer experience with good service quality while profitability expansion will continue to be seen from preceding store rationalization strategy and ongoing brand, digital and culture transformation.

<u>Minor Lifestyle</u>

The business operating environment of retail trading started to improve with recovery of private sector consumption due to Thailand's better sentiment from the relaxation of COVID-19 measures both domestically and for international tourist arrivals. Minor Lifestyle will continue to grow business in both offline and online platforms to better meet consumers' changing lifestyles and simultaneously ensure positive profitability.

Cash Flow and Balance Sheet Management

Cost savings and CAPEX reduction remain intact for the remainder of the year while debt management initiatives including refinancing plan are in place to reinforce the balance sheet position.

In terms of liquidity, MINT had approximately Baht 20 billion of available cash and Baht 32 billion of unutilized credit facilities as at end of April 2022. Stronger liquidity position will be achieved given positive outlook on the strong rebound, especially in the second half of the year.

Recently, Fitch Ratings upgraded NH Hotel Group's rating from B- to B and revised the outlook from negative to stable while rating of its senior secured debentures was also upgraded from B+ to BB-. The rating reflects NH Hotel Group's ongoing business recovery from the expected improvement and higher predictability of global travel, as well as improved liquidity, supported by debt refinancing and asset disposals in 2021.

MINT has been strengthening its operating platform, together with balance sheet and liquidity position to gain an edge over competitors and MINT is now capitalizing on these as activity rebounds. Innovation and digital technology remain MINT's focus, garnering more opportunities for further business growth.

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Mr. Chaiyapat Paitoon

Chief Financial Officer

MINOR INTERNATIONAL

Appendix

Non-Recurring Items

Period	Amount (Bt million)	Business Unit	Non-recurring Items
1Q21	119 revenue -100 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	-2,349	Minor Hotels	Impairment of asset related to COVID-19 (SG&A expense)
	793	Minor Hotels	Foreign exchange gain on unmatched USD Cross-Currency Swap (SG&A expense)
	-135	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	-12	Minor Hotels / Minor Lifestyle	Redundancy costs from cost cutting measures (SG&A expense)
	-236	Minor Food	Provision expenses for store closure and lease receivable, and write-off of prepaid rent (SG&A expense)
1Q22	42 revenue 115 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	-7	Minor Hotels	Redundancy costs from cost cutting measures (SG&A expense)
	-74	Minor Hotels	Foreign exchange loss on unmatched USD Cross-Currency Swap (SG&A expense)
	-576	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	389	Minor Hotels	Ineffective hedge accounting (Other gain)
	-65	Minor Hotels	Deferred tax related to IFRS9 (Tax expense)
	-7	Minor Hotels	Deferred tax related to gain on sale of 40% MINT's interest in the five assets (Tax expense)
	-16 revenue 13 net profit	Minor Food	Disposal of fixed asset, provision expenses for asset impairment and amortization of deferred income related to IFRS15 (Revenue and SG&A expense)