

May 8, 2023

Minor International Public Company Limited

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

### 1Q23 Performance

**Summary:** Minor International Public Company Limited (“MINT”) reported significantly improved financial results y-y in 1Q23 with promising 2023 strong growth outlook.

In 1Q23, all three business units demonstrated a stronger y-y top-line performance, resulting in an overall core revenue growth of 57% to Baht 32,478 million. The increase was attributed to continued surge in travel demand and an increase in store traffic at restaurants. MINT’s implementation of a dynamic pricing strategy and the expansion of portfolio with new hotels and restaurants also contributed further to the growth.

Core EBITDA in 1Q23 showed a significantly faster growth rate than revenue, particularly at Minor Hotels and Minor Food. It escalated more than two-fold y-y, reaching Baht 6,854 million. This was attributable to higher overall flow-through from revenue improvement, effective cost management and lower raw material costs.

MINT reported a core loss of Baht 647 million in 1Q23, primarily due to anticipated and budgeted seasonality of the European business. However, it still represented a significant improvement from a core loss of Baht 3,582 million in 1Q22. Minor Hotels reported significantly lower losses in the period, while Minor Food witnessed a profit more than quadrupled from previous year. This growth was largely driven by the lifting of local lockdowns in China and its leading market position in Thailand.

Including the non-core items as detailed in the appendix, MINT posted 57% and 149% y-y increases in reported revenue and EBITDA to Baht 32,490 million and Baht 6,497 million, respectively in 1Q23. Reported bottom line was at a loss of Baht 976 million in 1Q23, an immense improvement from a net loss of Baht 3,794 million in 1Q22.

### Financial Performance

<i>Bt million</i>	1Q23	1Q22	%Chg
<b>As Reported</b>			
Total Revenue*	32,490	20,727	57
Total EBITDA	6,497	2,605	149
<b>EBITDA Margin (%)</b>	<b>20.0</b>	<b>12.6</b>	
Total Net Profit	-976	-3,794	74
<b>Net Profit Margin (%)</b>	<b>-3.0</b>	<b>-18.3</b>	
<b>Core**</b>			
Total Revenue*	32,478	20,701	57
Total EBITDA	6,854	2,737	150
<b>EBITDA Margin (%)</b>	<b>21.1</b>	<b>13.2</b>	
Total Net Profit	-647	-3,582	82
<b>Net Profit Margin (%)</b>	<b>-2.0</b>	<b>-17.3</b>	

\* Includes share of profit and other income

\*\* Exclude non-core items as detailed in the appendix

### Performance Breakdown by Business\*

1Q23	% Core Revenue Contribution	% Core EBITDA Contribution
Hotel & Mixed-use	74	74
Restaurant Services	24	25
Retail trading	2	1
<b>Total</b>	<b>100</b>	<b>100</b>

\* Exclude non-core items as detailed in the appendix

## Major Developments in 1Q23

### Developments

Restaurant	<ul style="list-style-type: none"> <li>Added 9 outlets, net q-q, majority of which were the openings of Coffee Journey in Thailand, together with Thai Express in Singapore, which offset outlet closures of Coffee Hit in Australia during the quarter</li> </ul>
Hotel & Mixed-Use	<ul style="list-style-type: none"> <li>Opened a total of five hotels q-q               <ul style="list-style-type: none"> <li>NH: One leased hotel in Switzerland and one managed hotel in Portugal</li> <li>NH Collection: Two managed hotels in UAE</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>- Tivoli: One managed hotel in Portugal</li> </ul>
	<ul style="list-style-type: none"> <li>• Closed a total of three hotels q-q <ul style="list-style-type: none"> <li>- NH: Three leased hotel in the Germany and Spain</li> </ul> </li> <li>• Rebranded a total of five hotels q-q <ul style="list-style-type: none"> <li>- NH Collection: from NH in Italy</li> <li>- Anantara: from NH Collection in Italy</li> <li>- Tivoli: from NH Collection in the Netherlands</li> <li>- NH: from Tivoli in Portugal</li> </ul> </li> </ul>
Corporate	<ul style="list-style-type: none"> <li>• Issued Baht 10.5 billion subordinated perpetual debentures</li> <li>• Moody's upgraded NH Hotel Group's corporate rating from B3 to B2, the probability of default rating from Caa1-PD to B2-PD and the instrument rating of €400 million senior secured notes due 2026 from B2 to B1</li> </ul>

## Segment Performance

### Restaurant & Contract Manufacturing Businesses

At the end of 1Q23, MINT's total restaurants reached 2,540 outlets, comprising of 1,267 equity-owned outlets (50% of total) and 1,273 franchised outlets (50% of total). 1,914 outlets (75% of total) are under Thailand hub, while the remaining 626 outlets (25% of total) are overseas, with a total of 24 other countries in Asia, Oceania, Middle East, Europe, Mexico and Canada.

Restaurant Outlets by Ownership and Hub			
	1Q23	Chg q-q	Chg y-y
Owned Equity	1,267	3	61
Franchise	1,273	6	69
<b>Total Outlets</b>	<b>2,540</b>	<b>9</b>	<b>130</b>
Thailand*	1,914	10	130
China	140	0	2
Australia	326	-9	-17
Others	160	8	15
<b>Total Outlets</b>	<b>2,540</b>	<b>9</b>	<b>130</b>

\* Thailand hub includes stores in CLMV

Restaurant Outlets by Brand			
	1Q23	Chg q-q	Chg y-y
The Pizza Company	577	3	16
Swensen's	349	1	19
Sizzler	64	-2	0
Dairy Queen	503	-2	10
Burger King	127	0	6
The Coffee Club	396	-9	-18
Thai Express	99	8	14
Riverside	145	0	2
Benihana	19	0	2
Bonchon	114	0	12
Coffee Journey	92	7	53
Others*	55	3	14
<b>Total Outlets</b>	<b>2,540</b>	<b>9</b>	<b>130</b>

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

### Hub Performance Analysis

In 1Q23, total-system-sales (including sales from franchised outlets) increased by 19.9% y-y. All hubs reported positive total-system-sales growth from higher traffic and the addition of new outlets. Overall same-store-sales in the quarter rose by 11.4%, compared to the same period in prior year as good sales momentum continued in Thailand and Australia while China recovered strongly following the easing of local restrictions since December 2022 and country reopening in January 2023.

Thailand hub in 1Q23 reported total-system-sales growth of 20.1% y-y, driven by a 5.8% same-store-sales growth, together with outlet expansion and the reopening of some stores that were temporary closed last year, particularly in the tourist areas. To reinforce market dominance in Thailand's western food category, Minor Food Thailand executed its brand revitalization program across all brands, particularly The Pizza Company starting in 1Q23. The brand aims to attract younger and dine-in consumers through modern store design, new logo, innovative menus and stylish staff uniforms to further enhancing customer dining experience.

After experiencing a y-y decline of 20.1% in the previous quarter, total-system-sales growth in China turned positive to 19.8% y-y in 1Q23. Same-store-sales increased by 15.1% compared to the same period of last year with lifting of local lockdowns and social restrictions in China, beginning in December 2022, as a key factor in this recovery. With social

gathering events and domestic consumption on the rise from the reopening of international borders in January 2023, this resulted in a strong recovery of China hub's dine-in businesses.

In 1Q23, Australia hub continued to see improvement of sales performance compared to the same period last year despite lower number of outlets, with y-y total-system-sales growth 16.7%. Positive operating environment and sales strategies contributed to same-store-sales growth of 24.0% y-y. The Coffee Club's brand equity was enhanced by the rollout of newly-designed signage at stores nationwide. Additionally, the introduction of new products promoted dine-in experience and product quality, which helped boost sales. Following the launch of a digital wallet in the previous quarter, there was an increase in active loyal customers. This allowed for a more seamless experience and convenience in the reward program for customers, which was another factor resulting in the growth in same-store-sales.

### Restaurant Business Performance

%	1Q23	1Q22
Average Same-Store-Sales Growth	11.4	4.2
Average Total-System-Sales Growth	19.9	11.5

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

### Financial Performance Analysis

1Q23 total core restaurant revenue grew by 21% y-y. The growth was driven by operational improvement of all hubs, together with a turnaround of share of profit from joint ventures, especially the restaurant business at Thai airports. Franchise income saw an increase of 9% y-y, attributable to higher initial fee from new franchise agreements and business recovery of franchised outlets for most brands, both locally and internationally.

Core EBITDA in 1Q23 surged by 45% y-y to Baht 1,683 million. Higher revenue flow-through and improved cost management resulted in stronger profitability of three hubs and core EBITDA growth outpacing that of revenue. Thailand and China hubs in particular saw lower raw material costs. Consequently, core EBITDA margin increased to 21.8% in 1Q23, compared to 1Q22 EBITDA margin of 18.2%.

### Financial Performance\*

<i>Bt million</i>	1Q23	1Q22	%Chg
Revenue from Operation**	7,326	6,022	22
Franchise Fee	402	370	9
<b>Total Revenue</b>	<b>7,728</b>	<b>6,391</b>	21
<b>EBITDA</b>	<b>1,683</b>	<b>1,160</b>	45
<b>EBITDA Margin (%)</b>	<b>21.8</b>	<b>18.2</b>	

\* 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 1Q23, MINT owns 364 hotels and manages 169 hotels and serviced suites in 56 countries. Altogether, these properties have 78,226 hotel rooms and serviced suites, including 56,237 rooms that are equity-owned and leased and 21,989 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, 5,571 rooms in Thailand accounted for 7%, while the remaining 72,655 rooms or 93% are located in 55 other countries in Asia, Oceania, Europe, the Americas and Africa.

### Hotel Rooms by Owned Equity and Management

	1Q23	Chg q-q	Chg y-y
Owned Equity*	56,237	-104	-165
- Thailand	3,516	0	0
- Overseas	52,721	-104	-165
Management	21,989	1,334	2,586
- Thailand	2,055	0	351
- Overseas	19,934	1,334	2,235
<b>Total Hotel Rooms</b>	<b>78,226</b>	<b>1,230</b>	<b>2,421</b>

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

### Hotel Rooms by Ownership

	1Q23	Chg q-q	Chg y-y
Owned Hotels	19,154	0	-279
Leased Hotels	35,254	-104	114
Joint-venture Hotels	1,829	0	0
Managed Hotels	15,528	1,312	2,523
MLRs*	6,461	22	63
<b>Total Hotel Rooms</b>	<b>78,226</b>	<b>1,230</b>	<b>2,421</b>

\* Properties under management letting rights in Australia and New Zealand

### Hotel Performance Analysis by Ownership

#### Owned & Leased Hotels

MINT's owned and leased hotels portfolio (including NH Hotel Group), which accounted for 82% of core hotel &

mixed-use revenues in 1Q23, reported y-y system-wide revenue per available room (“RevPar”) increase of 87%. Continued increase in demand and average room rates drove strong business growth y-y, led by hotels in Thailand, Europe and Latin America and Australia. Additionally, Minor Hotels' successful pricing strategy resulted in a RevPar increase in the quarter, which was 12% above pre-COVID-19 level.

In 1Q23, owned and leased hotel portfolio in Europe and Latin America saw an impressive 85% y-y increase in system-wide RevPar in EUR term. The m-m improvement of hotel performance was also seen throughout the quarter. Average occupancy rate surged from 40% in the corresponding period last year to 59% in the current quarter, approaching closely to the pre-pandemic level of 65%, as both leisure and corporate segments rebounded strongly. Average room rate of EUR 117 surpassed those of EUR 92 and EUR 95 in 1Q22 and 1Q19, respectively. Italy saw the strongest RevPar growth when compared to 2019 level, followed by Latin America, Spain and Benelux.

1Q23 system-wide RevPar of owned hotels in Thailand more than tripled y-y and increased 21% q-q, mainly attributable to rising number of international travelers visiting the country, resulting in a further increase in the average room rate. With the room rates accelerating, Thailand's RevPar has already reached the 2019 level for two consecutive quarters.

Despite facing increased competition from other reopened destinations following the removal of all global travel restrictions, the Maldives experienced a seventh consecutive quarter of RevPar surpassing pre-pandemic levels by 6% in USD term during 1Q23. However, compared to the same period in the previous year, RevPar in 1Q23 decreased by 15%.

#### Management Letting Rights

The management letting rights portfolio (MLRs), contributing 8% of 1Q23 core hotel & mixed-use revenues, recorded a y-y increase of 24% in RevPar in AUD. Hotel performance of MLRs remained strong with RevPar surpassing 2019 level by 29% in the quarter. Both average occupancy and room rates showed strong results, supported by the increasing number of leisure and business travelers, especially in Australia's city locations. In addition,

operations in New Zealand saw a steady recovery in both international and domestic trips.

#### Management Contracts

Revenue contribution of management contract to MINT's core hotel & mixed-use revenues was 2% in 1Q23. System-wide RevPar of management contract portfolio increased by 30% y-y and 2% from 2019, driven by improving trend of hotels across all regions.

#### Overall Hotel Portfolio

MINT's system-wide RevPar for the entire portfolio in 1Q23 increased significantly by 61% y-y, exceeding pre-pandemic levels by 12%. Such strong growth was attributed to the rebound of global travel demand and the successful implementation of Minor Hotels' sales and pricing strategy.

### Hotel Business Performance by Ownership

(System-wide)	<b>Occupancy (%)</b>	
	<b>1Q23</b>	<b>1Q22</b>
Owned Hotels*	59	39
Joint Ventures	42	39
Managed Hotels*	55	43
MLRs**	77	75
<b>Average</b>	<b>60</b>	<b>43</b>
MINT's Portfolio in Thailand	70	29
Industry Average in Thailand***	70	36
(System-wide)	<b>ADR (Bt/night)</b>	
	<b>1Q23</b>	<b>1Q22</b>
Owned Hotels*	4,645	3,700
Joint Ventures	8,472	10,838
Managed Hotels*	5,892	5,708
MLRs**	5,503	4,745
<b>Average</b>	<b>4,993</b>	<b>4,290</b>
MINT's Portfolio in Thailand	6,972	4,730
Industry Average in Thailand***	1,422	900
(System-wide)	<b>RevPar (Bt/night)</b>	
	<b>1Q23</b>	<b>1Q22</b>
Owned Hotels*	2,737	1,460
Joint Ventures	3,551	4,242
Managed Hotels*	3,238	2,482
MLRs**	4,257	3,549
<b>Average</b>	<b>2,973</b>	<b>1,844</b>
MINT's Portfolio in Thailand	4,902	1,387
Industry Average in Thailand***	992	328

\* These numbers include NH Hotel Group

\*\* Properties under Management Letting Rights in Australia & New Zealand

\*\*\* Source for Industry Average: Bank of Thailand

### Mixed-Use Business

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 five projects in Thailand, Mozambique and Malaysia that are currently available for sale. In addition, four new residential and office development projects, are currently under construction and in the pipeline to be launched, 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 1Q23, AVC had a total inventory of 288 units in Thailand, New Zealand, Indonesia, and China. The number of members increased by 4% y-y to 17,738 members at the end of 1Q23.

### Overall Hotel & Mixed-Use Financial Performance Analysis

In 1Q23, hotel & mixed-use business experienced a strong operational recovery, resulting in a 76% y-y growth in total core revenue. Hotels in Europe and Latin America, Thailand and Australia reported robust operating performance, benefitting from higher travel demand and dynamic pricing strategy. 1Q23 management income also increased by 15% y-y due to the same reasons mentioned above, together with the addition of hotel management contracts throughout the year. Revenue from mixed-use business more than doubled y-y in 1Q23, with improved operations seen across all business models. AVC experienced growth due to higher number of points sold and increasing average price per point, while revenue growth of residential projects was driven by real estate sales activities, particularly in Thailand. The Wolseley, the world-class restaurants in the UK, as well as plaza & entertainment, also benefitted from stronger traffics, resulting in accelerated business performance.

Core EBITDA of hotel & mixed-use business in 1Q23 grew at a much faster rate than revenue, surging by more than three

folds y-y to Baht 5,095 million. The growth was mainly attributable to hotel business, which benefitted from higher overall flow-through from revenue improvement and increasing room rate. As a result, core EBITDA margin in 1Q23 improved strongly to 21.1% from 10.6%, compared to the same period of last year.

### Financial Performance\*

<i>Bt million</i>	<b>1Q23</b>	<b>1Q22</b>	<b>%Chg</b>
Hotel & related services **	21,830	12,478	75
Management fee	541	469	15
Mixed-use	1,800	814	121
<b>Total Revenue</b>	<b>24,171</b>	<b>13,760</b>	76
<b>EBITDA</b>	<b>5,095</b>	<b>1,460</b>	249
<b>EBITDA Margin (%)</b>	<b>21.1</b>	<b>10.6</b>	

\* Exclude non-core items as detailed in the appendix

\*\* Include share of profit and other income

### Lifestyle Business

At the end of 1Q23, MINT had 282 retail trading points of sales, a decrease of 57 points from 339 points at the end of 1Q22. The reduction was mainly from exit of Esprit, Radley and Bodum brands to enhance efficiency, but it was partially offset by additional outlets of successful kitchenware brands such as Zwilling J.A. Henckels, Joseph Joseph and BergHOFF. Of total 282 retail trading outlets, 70% are fashion brands including Anello, Bossini and Charles & Keith, while the remaining 30% are home & kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and BergHOFF.

### Lifestyle's Outlet Breakdown

	<b>1Q23</b>	<b>Chg q-q</b>	<b>Chg y-y</b>
Fashion	198	-7	-51
Home & Kitchenware	84	-8	-6
<b>Total Outlets</b>	<b>282</b>	<b>-15</b>	<b>-57</b>

In 1Q23, total revenue of Minor Lifestyle increased by 5% y-y despite lower number of retail trading stores as part of store rationalization strategy. The growth was driven by the increases in booth and seminar sales of Minor Smart Kids, as well as, sales of Charles & Keith and Bossini.

Minor Lifestyle reported 1Q23 overall core EBITDA decline of 35% y-y to Baht 76 million, largely from the provision for obsolete inventory per accounting standards. As a result, EBITDA margin in 1Q23 was 13.1%, compared to 21.3% in

1Q22. Excluding this impact, core EBITDA would increase at a faster rate than revenue due to lower discount campaign.

<b>Financial Performance*</b>			
<i>Bt million</i>	<b>1Q23</b>	<b>1Q22</b>	<b>%Chg</b>
<b>Total Revenues**</b>	<b>579</b>	<b>550</b>	<b>5</b>
<b>EBITDA</b>	<b>76</b>	<b>117</b>	<b>-35</b>
<b>EBITDA Margin</b>	<b>13.1</b>	<b>21.3</b>	

\* Exclude non-core items as detailed in the appendix

\*\* Include share of profit and other income

## Balance Sheet & Cash Flows

At the end of 1Q23, MINT reported total assets of Baht 362,049 million, an increase of Baht 3,840 million from Baht 358,210 million at the end of 2022. The increase was primarily attributable to (1) Baht 435 million increase in property, plant and equipment from the addition of assets and gain on translation adjustment, (2) Baht 1,304 million increase in right-of-use assets from lease extension of hotels in Europe, (3) Baht 898 million increases in intangible assets, mainly from the adjustment of fair value of the Wolseley as at acquisition date and (4) Baht 859 million increase in trade and other receivables, mainly due to increasing sales, netted off with Baht 221 million decrease in land and real estate sales projects for sales from real estate activities in the quarter.

MINT reported total liabilities of Baht 269,659 million at the end of 1Q23, a decrease of Baht 5,942 million from Baht 275,601 million at the end of 2022. The decrease was mainly due to Baht 9,390 million decrease in net financing from the repayment of short-term and long-term borrowings, netted off with, (1) an increase in lease liabilities of Baht 1,669 million mainly as a result of lease extension of hotels in Europe and (2) Baht 685 million increase in derivative liabilities.

Shareholders' equity increased by Baht 9,781 million, from Baht 82,609 million at the end of 2022 to Baht 92,390 million at the end of 1Q23, mainly to (1) proceeds from the issuance of perpetual debentures of Baht 10,430 million and (2) proceeds from the exercise of warrants amounting to Baht 1,156 million, netted with (1) loss on translation adjustment of Baht 388 million, (2) interest paid on perpetual bonds of Baht 529 million and (3) reported 1Q23 net loss of Baht 941 million

For the first three months of 2023, MINT and its subsidiaries reported positive cash flows from operations of Baht 6,601 million, an increase of Baht 2,693 million y-y, mainly supported by improved operations.

Cash flow used in investing activities was Baht 1,693 million in 1Q23, primarily due to Baht 1,474 million regular capital expenditures of hotel, restaurant and other businesses.

The Company reported net cash used for financing activities of Baht 4,995 million in 1Q23, primarily due to (1) repayment of lease liabilities of Baht 3,179 million, (2) cash paid for interest expenses of Baht 2,696 million, (3) interest paid on perpetual debentures of Baht 529 million, (4) net repayment of long term borrowings from financial institutions of Baht 10,163 million, netted off with (1) Baht 10,430 million proceeds received from the issuance of perpetual debentures and (2) Baht 1,156 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 87 million in 1Q23.

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 1.5 billion in 1Q23 mainly due to the anticipated and budgeted seasonality of the European business.

## Financial Ratio Analysis

MINT's gross profit margin expanded substantially from 31.0% in 1Q22 to 40.9% in 1Q23, mainly supported by improved operations of all three business units. Furthermore, MINT's core loss also improved from business recovery in hotel and restaurant businesses.

Return on equity (on a core basis) was negative at 3.0% in 1Q23, representing a significant improvement from negative return on equity of 18.5% in 1Q22. The positive improvement was a result of strong recovery of hotel business, improved operational performance of restaurants units from increased customer traffic. Correspondingly, MINT recorded slightly negative return on assets (on a core basis) of 0.7% in 1Q23, improving from negative return of 3.9% in 1Q22.

Collection days decreased from 62 days in 1Q22 to 42 days in 1Q23, supported by MINT's efforts to expedite payment collection. The provision for impairment as a percentage of gross trade receivables decreased from 15.0% in 1Q22 to 9.4% in 1Q23 due to a rise in quality of sales from hotel and restaurant businesses.

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 1Q23 was reduced to 24 days, compared to 33 days in 1Q22, as a result of much stronger sales and proactive inventory management. Account payable days decreased from 103 days in 1Q22 to 77 days in 1Q23 as there was no payment extension offered when business activities resumed.

Current ratio was at 0.8x at the end of 1Q23, compared to 0.7x at the end of 2022 mainly due to a decrease in current portions of long-term borrowings. According to MINT's debt covenant definition which carves out lease liabilities from the calculation, net interest-bearing debt to equity ratio decreased from 1.17x at the end of 2022 to 0.94x as at end 1Q23, attributable to lower interest-bearing debt from net debt repayment and higher equity base from the issuance of perpetual debentures. This level was much below MINT's debt covenant of 1.75x. Interest coverage ratio increased from 2.9x in 1Q22 to 3.8x in 1Q23, mainly due to strong improvement in cash flows from operations.

## Financial Ratio Analysis

<b>Profitability Ratio</b>	<b>31 Mar 23</b>	<b>31 Mar 22</b>
Gross Profit Margin (%)	40.9	31.0
Net Profit Margin (%)	-3.0	-18.3
Core Net Profit Margin* (%)	-2.0	-17.3
<b>Efficiency Ratio</b>	<b>31 Mar 23</b>	<b>31 Mar 22</b>
Return on Equity* (%)	-3.0	-18.5
Return on Assets* (%)	-0.7	-3.9
Collection Period (days)	42	62
Inventory (days)	24	33
Accounts Payable (days)	77	103
<b>Liquidity Ratio</b>	<b>31 Mar 23</b>	<b>31 Dec 2022</b>
Current Ratio (x)	0.8	0.7
<b>Leverage &amp; Financial Policy</b>	<b>31 Mar 23</b>	<b>31 Dec 2022</b>
Interest Bearing Debt/Equity (x)	1.19	1.44
Net Interest Bearing Debt/Equity (x)	0.94	1.17
	<b>31 Mar 23</b>	<b>31 Mar 22</b>
Interest Coverage (x)	3.8	2.9

\* Exclude non-core items as detailed in the appendix

## Management's Outlook

The positive developments of increasing global travel activities, combined with MINT's dynamic brand strategies, affirm a positive outlook for the hotel and food businesses in the remainder of the year.

### Minor Hotels

Europe's low seasonality in the first quarter has already passed and operating trends across regions for the upcoming quarters have been exceptionally strong, expecting to surpass our initial expectation.

Domestic and intra-European leisure tourism remains strong. Together with the resurgence of larger-scale business events, congresses and trade fairs, as well as corporate travels, average occupancy rates of hotels in Europe and Latin America in 2023, are expected to reach the same level as those of 2019. In addition, its dynamic pricing strategy will further boost the room rates.

Hotels in Thailand and Asian countries have seen a surge in bookings, coinciding with the gradual return of flight services. The pace of growth is expected to pick up further in the second half of the year, particularly when Chinese travelers start arriving in larger numbers.

Hotels in Asia and Europe are expected to see increased benefits from cross-selling opportunities, following their efforts to expand their brands beyond their traditional markets. NH hotels have been opened in Asia and the Middle East, while Anantara and Avani brands have been added to the European market. Minor Hotels as a group has been utilizing various strategies such as sales, marketing, social media, and loyalty programs to promote and cross-promote all of its brands and markets. For instance, Anantara Thailand has used its social media to promote the new Anantara hotel in Europe, while the global sales office in Madrid has cross-sold Oaks hotels in Australia. The economies of scale have also given MINT greater negotiation power with third-party partners such as online travel agents, and the integration of NH loyalty program with GHA last year is expected to further increase the proportion of direct bookings.

Minor Hotels' management letting rights business has been benefiting from the thriving domestic travel industry in Australia. Hotel revenue is expected to increase further, as

the pace of international tourist arrivals has started to pick up this year.

**Minor Food**

Minor Food’s restaurant business is gaining momentum, especially in China, due to the revival of domestic economic activity in all regions and each of the brands’ sales initiatives.

One of Minor Food Thailand's primary objectives for 2023 is to focus on branding, in order to adapt to evolving market landscape and grow market share. The outcome of The Pizza Company’s brand renewal initiatives earlier in the year will be more pronounced with new store design being introduced to additional outlets, both owned and franchised, especially in Bangkok and Metropolitan areas. Additionally, The Pizza Company is expanding franchised stores in the underpenetrated upcountry. Noteworthy is the marked increase in profitability of Burger King and The Coffee Club, which can be attributed to their earlier efforts to cater to local preferences. These two brands are expected to deliver strong business growth going forward, boosted by the return of international tourists. Dairy Queen is another success story, as it continues to dominate the market for soft-serve ice cream due to its strong brand.

China hub is expected to experience robust sales due to a sharp recovery of domestic consumption and the introduction of new menu as part of the brand upgrading exercise. Supply chain management will continue to be reinforced to ensure the procurement of high-quality fish. Meanwhile, Australia hub focuses on growing profitable sales through a national marketing campaign that highlights brand awareness, dine-in experience and product quality.

Lastly, Minor Food’s restaurant business in Singapore is experiencing rapid growth with 17 strong equity brands. These home-grown food concepts have established a strong presence in Singapore and are now being expanded to other countries such as Vietnam and Malaysia, through a franchised model.

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Mr. Chaiyapat Paitoon  
Chief Financial Officer



## Appendix

<b>Non-Recurring Items</b>			
<b>Period</b>	<b>Amount (Bt million)</b>	<b>Business Unit</b>	<b>Non-recurring Items</b>
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)

<b>Period</b>	<b>Amount (Bt million)</b>	<b>Business Unit</b>	<b>Non-recurring Items</b>
1Q23	11 revenue 137 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	-139	Minor Hotels	Foreign exchange loss on unmatched USD Cross- Currency Swap (SG&A expense)
	13	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	-167	Minor Hotels	Ineffective hedge accounting (Other losses)
	46	Minor Hotels	Deferred tax related to IFRS9 (Tax expense)
	-314	Minor Hotels	Unrealized loss from derivatives (Other losses)
	66	Minor Hotels	Unrealized gain from forward contracts of USD 300 million perpetual bond (Other gains)
	1 revenue 29 net profit	Minor Food	Disposal of fixed asset, reversal of provision expenses for asset impairment and amortization of deferred income related to IFRS15 (Revenue and SG&A expense)