

**MUD AND HOUND PUBLIC COMPANY LIMITED**  
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No. MUD-SET 6/2023

May 12, 2023

Subject : Management Discussion and Analysis Quarter 1/2023 Ending 31 March 2023

To : The President  
The Stock Exchange of Thailand

### Income Statement

#### Total Revenue

Mud & Hound PCL and the subsidiaries (“MUD” or the “Company”) earned THB 694 mm and THB 865 mm in 1Q/22 and 1Q/23 respectively, equalling to Y-o-Y growth of 24.7%. The significant reasons were as follows: relaxation of government measures in relation to the epidemic situation of the Coronavirus Disease 2019 (COVID-19), including the Company increase in the number of branches resulting in higher sales.

#### Cost of Sales and Services

Cost of sales and services in 1Q/22 and 1Q/23 totalled THB 276 mm and THB 326 mm respectively, accounting for 39.8% and 38.8% of total revenue respectively. There is lower in such ratio, primarily from well-stabilized under the effective collaboration between purchasing department, logistics department, marketing department, and branch employees through the application of effective procurement and inventory management systems.

#### Selling and Administrative Expenses (S&A)

In 1Q/22 and 1Q/23, MUD’s selling and administrative expenses amounted to THB 427 mm and THB 501 mm, respectively, accounting for 61.6% and 57.9% of total revenue, respectively. The ratio decreased by 3.7% due to the company closing branches, most of which are non-profitable operations.

#### S&A Breakdown by Type

	<i>3-month period (Jan – Mar)</i>		
	1Q/22	1Q/23	Y-o-Y Change
Amortization of intangible assets from business acquisitions <sup>(1)</sup>	8	9	12.5%
Other selling expenses <sup>(2)</sup>	336	414	23.2%
Administrative expenses <sup>(3)</sup>	83	78	(6.0%)
<b>Total selling and administrative expenses</b>	<b>427</b>	<b>501</b>	<b>17.3%</b>

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**Note**

- (1) Non-cash items from business acquisitions are divided into amortization of Dunkin' Donut, Au Bon Pain, and Greyhound Café franchises totaling THB 2 mm, THB 2 mm, and THB 5 mm in 1Q/23.
- (2) The Company incurred slightly difference in personnel cost, rental and service costs due to increasing in the number of branches.
- (3) Administrative expenses include remuneration of management and employees at office, administrative expenses, and other related costs. The decrease was primarily from intensive cost saving policy.

**Earnings before Interest, Tax and Depreciation & amortization (EBITDA)**

The Company recorded EBITDA of THB 94 mm and THB 144 mm in 1Q/22 and 1Q/23 respectively or %EBITDA of 13.5% and 16.6% of total revenues respectively.

**Finance Cost**

In 1Q/22 and 1Q/23, the Company incurred finance cost amounting THB 26 mm and THB 29 mm respectively.

**Net Profit (Loss)**

In 1Q/22 and 1Q/23, the Company's net profit (loss) amounted to THB (37) mm and THB (5) mm, respectively. Net profit (loss) of the Company equalled to (5.3%) and (0.6%) of total revenues respectively.

**Statement of Financial Position**

**Total Assets**

As of 31 December 2022 and 31 March 2023, the Company's assets equalled THB 5,252 mm and THB 5,173 mm, respectively. Majority of assets is non-current assets. As of 4Q/22, the Company's non-current assets accounted for 89.0% of total assets, while the current assets accounted for 11.0% of total assets, respectively. As of 1Q/23, the Company's non-current assets accounted for 90.0% of total assets, while the current assets accounted for 10.0% of total assets, respectively.

Total Assets	31 December 2022 (4Q/22)		31 March 2023 (1Q/23)	
	THB mm	%	THB mm	%
Current assets	579	11.0	518	10.0
Non-current assets	4,673	89.0	4,655	90.0
<b>Total assets</b>	<b>5,252</b>	<b>100.0</b>	<b>5,173</b>	<b>100.0</b>

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#### 1. Current Assets

The Company's current assets totalled THB 579 mm and THB 518 mm at 4Q/22 and 1Q/23 accounting for 11.0% and 10.0% of total assets respectively. The Company recorded cash and cash equivalent of THB 224 mm and THB 165 mm in 4Q/22 and 1Q/23 respectively. Account receivables were THB 113 mm and THB 99 mm at 4Q/22 and 1Q/23. Inventories were THB 200 mm and THB 217 mm accounting for 3.8% and 4.2% of total assets at 4Q/22 and 1Q/23, respectively. The majority of inventories are finished products of Lifestyle business (i.e. apparel).

#### 2. Non-Current Assets

As of 4Q/22 and 1Q/23, MUD's non-current assets totalled THB 4,673 mm and THB 4,655 mm, accounting for 89.0% and 90.0% of total assets, respectively. The main item in non-current assets were building improvement and equipment, goodwill and intangible assets. Building improvement and equipment totalled THB 779 mm and THB 802 mm or 14.8% and 15.5% of total assets, respectively. Goodwill from business acquisition was stable at THB 1,940 mm at 4Q/21 and 1Q/22. Goodwill was comprised of goodwill from Donut business at THB 484 mm, goodwill from bakery business at THB 298 mm, and goodwill from restaurants at THB 1,158 mm based on the business acquisition of Greyhound group since 2014 and Le Grand Véfour in 4Q/17. At 4Q/22 and 1Q/23, other intangible assets amounted to THB 1,807 mm and THB 1,761 mm or 34.4% and 34.0% of total assets, respectively. Include Right of Use Assets, the Company recorded THB 1,130 mm and THB 1,092 mm at 4Q/22 and 1Q/23 respectively.

#### Total Liabilities

Total Liabilities	31 December 2022 (4Q/22)		31 March 2023 (1Q/23)	
	THB mm	%	THB mm	%
Current Liabilities	1,662	53.2	1,655	54.2
Non-Current Liabilities	1,463	46.8	1,401	45.8
<b>Total Liabilities</b>	<b>3,125</b>	<b>100.0</b>	<b>3,055</b>	<b>100.0</b>

#### 1. Current Liabilities

As of 4Q/22 and 1Q/23, the Company's current liabilities totaled THB 1,662 mm and THB 1,655 mm, respectively, accounting for 53.2% and 54.2% of total liabilities. As of 4Q/22 and 1Q/23, the Company had trade and other payables THB 448 mm and THB 407 mm or 14.3% and 13.3% of total liabilities respectively. As of 4Q/22 and 1Q/23, the Company had short-term loan from financial institution of THB 221 mm and THB 246 mm or 7.1% and 8.0% of total liabilities respectively.

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## 2. Non-Current Liabilities

As of 4Q/22 and 1Q/23, non-current liabilities totaled THB 1,463 mm and THB 1,401 mm, representing 46.8% and 45.8% of total liabilities, respectively. Majority of non-current liabilities were long-term debt from financial institution in which long-term debt, net of current portion, equaled to THB 239 mm and THB 215 mm, respectively, accounting for 7.6% and 7.1% of total liabilities, respectively. And, there were long-term debentures of THB 289 mm and THB 289 mm, accounting for 9.2% and 9.5% of total liabilities as of 4Q/22 and 1Q/23 respectively.

## Shareholders' Equity

As of 4Q/22 and 1Q/23, the Company's shareholders' equity stood at THB 2,128 mm and THB 2,118 mm respectively.

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## Management Outlook

The Company is a leading company in food & beverage and lifestyle business under its own brands (Greyhound Café, Another Hound Café, Greyhound Original, M-Kitchen, and Le Grand Vefour) and its exclusive franchisee in Thailand of global brands (Dunkin's Donuts, Au Bon Pain, and Baskin Robbins). In addition, MUD is master franchisor of Greyhound Café in various cities/counties (i.e. Hong Kong, Singapore, Indonesia and Philippines). In total, MUD has more than 476 stores under strong and experienced management team. MUD is promised to deliver the best-quality products, excellence services, and sustainable growth.

The Company has key strategies to create sustainable growth as followed

- **Continuing Innovation & Creativity:** The experienced team has been developing and innovating products and services to meet the rapid changes of consumers' behavior and needs. For example, strengthen "Value for Money" concepts, product innovation (i.e. festive menus, trendy menu such as special menu for Mother's Day).
- **Store Expansion in Strategic Locations:** Since store expansion is a key factor to create sustainable growth, the Company has determined to continuously develop and expand stores of both owned- and franchised-brand in strategic locations to create sustainable growth and meet consumers' needs. In addition, the Company has the experienced team who understands the market situation and competition. Moreover, the Company has been strengthening good relationships with the existing landlords and at the same time developing new relationship with potential landlords.

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- **International Growth:** The Company has determined and realized the opportunities in presenting unique Thai cuisine to the global market. Therefore, the Company has been aggressively expanded “Greyhound Café” to not only Asian market in which there are exceptional success, but also the first flagship store in Europe (London, England) in 4Q/17 to build the brand awareness of Greyhound Café and to open new stores in Europe. In addition, the Company has opened the 5 restaurants already, in Paris, France.
- **Competitive Advantages of Costs and Expenses:** The Company is aiming not only to establish sustainable revenue growth, but also to create competitive advantage of costs and expenses. The Company has been developing centralized unit in order to support each brand (owned and franchised brands) in the areas of accounting and finance, information technology, supply chain management, human resource, and etc. With the centralized support unit, each brand is able to concentrate on consumer and to efficiently control costs and expenses i.e. big order for all brands.
- **Inorganic Growth:** The Company not only focuses on the organic growth of the existing business, but also eyes on the optimal new business opportunities to create inorganic growth.

Yours Sincerely

*-Somsak Tangprakob-*

(Mr. Somsak Tangprakob)

Chief Finance Officer