

August 11, 2023

Minor International Public Company Limited

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

### 2Q23 and 1H23 Performance

**Summary:** Minor International Public Company Limited (“MINT”) reported record-high quarterly financial results in 2Q23, demonstrating its dedication to sustainable profit expansion.

In 2Q23, strong operational recovery of hotel and restaurant businesses resulted in MINT’s core top-line growth of 24% y-y and 22% q-q, reaching Baht 40,504 million. Robust performance of hotel unit was fueled by high demand from both leisure and corporate travels, dynamic pricing strategy and the opening of new hotels. Similarly, the restaurant portfolio saw an increase in customer traffic, attributable to its effective marketing campaigns, new product launches, together with network expansion.

Core EBITDA in 2Q23 outpaced the revenue growth, surging by 36% y-y and 79% q-q to Baht 12,282 million, despite facing inflationary pressure. This strong profitability was attributed to the optimization of key expenses and enhanced productivity across MINT’s hotel properties, restaurants and corporate offices.

MINT reported core profit of Baht 3,005 million in 2Q23, more than doubling y-y, turning positive from core loss in the previous quarter and surpassing pre-pandemic level in 2019. Minor Hotels performed exceptionally well, with the European portfolio reporting record-high results. Minor Food also saw a substantial increase in profit, mainly driven by a business turnaround in China following the removal of COVID-19 restrictions and a well-executed sales strategy in Thailand.

In 1H23, MINT’s core revenue continued to grow, increasing by 37% y-y to Baht 73,614 million, attributable to sustained recovery of hotel and restaurant portfolios. 1H23 core EBITDA of Baht 19,136 million, a 62% growth y-y, was

supported by higher revenues and MINT’s increasingly efficient operating platform. Consequently, core profit rebounded to positive territory at Baht 2,358 million in 1H23, compared to core loss of Baht 2,371 million in 1H22.

Including the non-core items detailed in the appendix, MINT posted 24% and 31% y-y increases in reported revenue and EBITDA, amounting to Baht 40,607 million and Baht 12,691 million, respectively, in 2Q23. Reported bottom line was strong at Baht 3,255 million in 2Q23, marking a two-fold growth compared to Baht 1,561 million in 2Q22. Similarly, in 1H23, MINT’s reported revenue rose by 37% y-y to Baht 73,729 million, while EBITDA grew at a higher rate of 56%, reaching Baht 19,188 million. 1H23 bottom line returned to profitability at Baht 2,279 million, showing significant improvement from a net loss of Baht 2,232 million in 1H22.

### Financial Performance

<i>Bt million</i>	<b>2Q23</b>	<b>2Q22</b> (Restated)	<b>%Chg</b>
<b><u>As Reported</u></b>			
Total Revenue**	40,607	32,721	24
Total EBITDA	12,691	9,679	31
<b>EBITDA Margin (%)</b>	<b>31.3</b>	<b>29.6</b>	
Total Net Profit	3,255	1,561	108
<b>Net Profit Margin (%)</b>	<b>8.0</b>	<b>4.8</b>	
<b><u>Core*</u></b>			
Total Revenue**	40,504	32,690	24
Total EBITDA	12,282	9,059	36
<b>EBITDA Margin (%)</b>	<b>30.3</b>	<b>27.7</b>	
Total Net Profit	3,005	1,211	148
<b>Net Profit Margin (%)</b>	<b>7.4</b>	<b>3.7</b>	
	<b>1H23</b>	<b>1H22</b> (Restated)	<b>%Chg</b>
<b><u>As Reported</u></b>			
Total Revenue**	73,729	53,892	37
Total EBITDA	19,188	12,284	56
<b>EBITDA Margin (%)</b>	<b>26.0</b>	<b>22.8</b>	
Total Net Profit	2,279	-2,232	202

<b>Net Profit Margin (%)</b>	<b>3.1</b>	<b>-4.1</b>	
<b>Core*</b>			
Total Revenue**	73,614	53,836	37
Total EBITDA	19,136	11,796	62
<b>EBITDA Margin (%)</b>	<b>26.0</b>	<b>21.9</b>	
Total Net Profit	2,358	-2,371	199
<b>Net Profit Margin (%)</b>	<b>3.2</b>	<b>-4.4</b>	

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

\*\* Includes share of profit and other income

### Performance Breakdown by Business\*

1H23	% Core Revenue Contribution	% Core EBITDA Contribution	% Core Profit Contribution
Hotel & Mixed-use	78	82	60
Restaurant Services	21	17	38
Retail trading & Contract Manufacturing	1	1	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

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

## Major Developments in 2Q23

### Developments

Restaurant	<ul style="list-style-type: none"> <li>Added 41 outlets, net q-q, majority of which were the openings of Dairy Queen in Thailand, Riverside in China, Sanook Kitchen in Singapore, together with the addition of GAGA brand</li> <li>Brought successful brands from other hubs to Thailand such as Poulet and The Wolseley to further grow existing brand portfolio</li> <li>Acquired 100% stakes in Sizzler brand franchisor worldwide excluding USA, Puerto Rico and Guatemala</li> <li>Acquired additional 21% remaining shares of Bonchon Thailand</li> </ul>
Hotel & Mixed-Use	<ul style="list-style-type: none"> <li>Increased stakes in NH from 94.1% to 95.9%</li> <li>Opened a total of three hotels q-q <ul style="list-style-type: none"> <li>Tivoli: One leased hotel in Italy</li> <li>Avani: One joint ventured hotel in the Maldives</li> <li>Oaks: One managed hotel in China</li> </ul> </li> <li>Closed a total of two hotels q-q <ul style="list-style-type: none"> <li>NH: One owned hotel in Belgium</li> <li>Anantara: One managed hotel in Qatar</li> </ul> </li> <li>Rebranded a total of three hotels q-q</li> </ul>

- NH Collection: from NH in Germany
- Avani: from NH in Italy and Spain

Corporate • Issued Baht 4 billion unsubordinated and unsecured debentures

## Segment Performance

### Restaurant & Contract Manufacturing Businesses

At the end of 2Q23, MINT's total restaurants reached 2,581 outlets, comprising of 1,300 equity-owned outlets (50% of total) and 1,281 franchised outlets (50% of total). 1,943 outlets (75% of total) are under Thailand hub, while the remaining 638 outlets (25% of total) are overseas, with a total of 22 other countries in Asia, Oceania, Middle East, Europe, Mexico and Canada.

### Restaurant Outlets by Ownership and Hub

	2Q23	Chg q-q	Chg y-y
Owned Equity	1,300	33	68
Franchise	1,281	8	54
<b>Total Outlets</b>	<b>2,581</b>	41	122
Thailand*	1,943	29	116
China	144	4	3
Australia	327	1	-13
Others	167	7	16
<b>Total Outlets</b>	<b>2,581</b>	41	122

\* Thailand hub includes stores in CLMV

### Restaurant Outlets by Brand

	2Q23	Chg q-q	Chg y-y
The Pizza Company	575	-2	2
Swensen's	350	1	12
Sizzler	63	-1	-3
Dairy Queen	506	3	12
Burger King	127	0	5
The Coffee Club	398	2	-13
Thai Express	106	7	15
Riverside	149	4	3
Benihana	19	0	2
Bonchon	112	-2	6
Coffee Journey	93	1	41
GAGA	31	31	31
Others*	52	-3	9
<b>Total Outlets</b>	<b>2,581</b>	<b>41</b>	<b>122</b>

\* 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 2Q23, total-system-sales (including sales from franchised outlets) saw an increase of 17.5%, compared to the same period last year. This growth was mainly fueled by business improvement and the expansion of stores in Thailand and China. Moreover, all hubs experienced higher store trading activities, resulting in overall same-store-sales growth of 8.1% y-y in 2Q23.

Thailand hub (including CLMV) in 2Q23 reported a total-system-sales growth of 16.9% y-y, attributable to 7.9% same-store-sales growth and 6.3% network expansion. The rise in customer traffic, particularly in the dine-in channel, was one of the key drivers. Additionally, strategic menu price adjustments, successful sales strategies focusing on high-ticket items and increased dine-in sales contributed to higher average spending per ticket. Minor Food continued its efforts to build brand excitement, such as the collaborative partnership to create the first “Burger King Spider-Verse Store” in Southeast Asia at selected branches, featuring decorations and themes from the Spider-Man movie to further enhance the brand’s appeal.

China experienced a remarkable surge in total system sales and same-store sales by 98.5% and 39.8% y-y, respectively in 2Q23. The removal of COVID-19 restrictions in the country led to a strong rebound of dine-in traffic and same-store-sales, despite the market’s slower-than-expected rate of domestic consumption. The opening of new restaurants and the reopening of previously closed stores during the previous year's lockdown further accelerated the growth of total-system-sales.

In 2Q23, the Australia hub achieved a same-store sales growth of 3.3% y-y, supported by a national marketing campaign and the launch of new products that emphasized branding, enhanced dine-in experiences and improved product quality. The strategic focus on growing profitable sales, along with new health-oriented menu items, helped expand the customer base and increase the average ticket value. With lower number of outlets as a result of store rationalization program, the y-y total-system-sales remained flat.

Overall, 1H23 group-wide total-system-sales increased by 18.7% y-y, driven by strong growth across all hubs. Group-wide same-store-sales grew by 9.6% y-y, thanks to improved

sales activities, particularly in China, following the easing of local restrictions nationwide since the end of 2022.

## Restaurant Business Performance

%	2Q23	2Q22	1H23	1H22
Average Same-Store-Sales Growth	8.1	7.8	9.6	6.0
Average Total-System-Sales Growth	17.5	13.3	18.7	12.4

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

## Financial Performance Analysis

2Q23 total core restaurant revenue grew by 22% y-y, driven by improved business operations of all hubs, together with a significant turnaround in profit contribution from joint ventures. Franchise income reported a decrease of 10% y-y due to a lower number of franchised stores in Australia and the absence of new franchise contracts in the quarter, despite strong performance of local franchised restaurants in Thailand.

Core EBITDA in 2Q23 outpaced the revenue growth and also exceeded 2019 level, surging by 50% y-y to Baht 1,619 million. This robust performance was primarily driven by stronger revenue flow-through and lower raw material costs, particularly at Thailand and China hubs. As a result, core EBITDA margin improved significantly to 21.0% in 2Q23 from 17.0% in 2Q22.

In 1H23, Minor Food reported total core revenue increase of 21% y-y from a pickup in sales activities in Thailand, China and Australia, as well as strong performance from joint ventures. Higher operating leverage of restaurants in Thailand and China contributed to an overall core EBITDA growth of 47% y-y, reaching Baht 3,302 million. Core EBITDA margin increased to 21.4% in 1H23, compared to 17.6% in 1H22.

## Financial Performance\*

<i>Bt million</i>	2Q23	2Q22	%Chg
Revenue from Operation**	7,309	5,891	24
Franchise Fee	406	453	-10
<b>Total Revenue</b>	<b>7,715</b>	<b>6,344</b>	22
<b>EBITDA</b>	<b>1,619</b>	<b>1,080</b>	50
<b>EBITDA Margin (%)</b>	<b>21.0</b>	<b>17.0</b>	
	1H23	1H22	%Chg
Revenue from Operation**	14,636	11,912	23
Franchise Fee	808	823	-2
<b>Total Revenue</b>	<b>15,444</b>	<b>12,735</b>	21

EBITDA	3,302	2,241	47
EBITDA Margin (%)	21.4	17.6	

\* 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 2Q23, MINT owns 366 hotels and manages 167 hotels and serviced suites in 55 countries. Altogether, these properties have 78,129 hotel rooms and serviced suites, including 56,402 rooms that are equity-owned and leased and 21,727 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 72,558 rooms or 93% are located in 54 other countries in Asia, Oceania, Europe, the Americas and Africa.

### Hotel Rooms by Owned Equity and Management

	2Q23	Chg q-q	Chg y-y
Owned Equity*	56,402	165	130
- Thailand	3,596	80	80
- Overseas	52,806	85	50
Management	21,727	-262	2,292
- Thailand	1,975	-80	271
- Overseas	19,752	-182	2,021
<b>Total Hotel Rooms</b>	<b>78,129</b>	<b>-97</b>	<b>2,422</b>

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

### Hotel Rooms by Ownership

	2Q23	Chg q-q	Chg y-y
Owned Hotels	18,988	-166	-317
Leased Hotels	35,385	131	247
Joint-venture Hotels	2,029	200	200
Managed Hotels	15,319	-209	2,280
MLRs*	6,408	-53	12
<b>Total Hotel Rooms</b>	<b>78,129</b>	<b>-97</b>	<b>2,422</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) contributed 85% of core hotel & mixed-use revenues in 2Q23. The portfolio reported a y-y increase of 28% in system-wide revenue per available room ("RevPar"). Hotels in Europe and Latin America, as well as Thailand witnessed y-y robust improvement in operations with strong

demand and higher average room rates. Compared to 2019 level, RevPar outperformed by 36%, thanks to Minor Hotels' successful pricing strategy.

In 2Q23, owned and leased hotel portfolio in Europe and Latin America saw robust increases of 24% y-y and 61% q-q in system-wide RevPar, when measured in EUR. Solid leisure demand and potent recovery of business segment helped contribute to a strong growth in average room rates. All regions experienced exceptional results, with Benelux leading the way in y-y RevPar growth, followed by Italy, Central Europe, Latin America and Spain. Average occupancy rate ramped up very well, reaching 72% in the quarter from 68% in the second quarter of previous year. It was almost on par with pre-pandemic level of 75%. Meanwhile, average room rate achieved a new record, increasing to EUR 154, marking 18% and 37% increase compared to the same period in 2022 and 2019, respectively. As a result, RevPar of owned and leased hotel portfolio in Europe and Latin America exceeded pre-COVID-19 level by 32%.

2Q23 system-wide RevPar of owned hotels in Thailand increased by 62% y-y, mainly attributable to a surge in demand from international tourism, together with a rise in the average room rate. Higher room rates resulted in Thailand's RevPar reaching 2019 level, led by hotels in the upcountry.

In the Maldives, RevPar in 2Q23 decreased by 23% y-y and was 18% below pre-pandemic level, partly due to softer demand from increased competition and the reopening of other destinations and partly due to low seasonality this year whereas last year the destination attracted tourists all year round with minimal competition. Despite these, average room rate still outperformed 2019 level by an impressive 20%.

### Management Letting Rights

The management letting rights portfolio (MLRs), contributed 8% of 2Q23 core hotel & mixed-use revenues. Its RevPar in AUD saw a substantial 44% increase compared to 2019 level. This was driven by both increased travel activities and a rise in average room price. Average occupancy rate reached 77% and room rate surged by 38% when compared to the figures in 2019. On a y-y basis, RevPar of MLRs experienced a slight decrease of 4% due to softer domestic

leisure demand, while average room rate continued to show an upward trend.

#### Management Contracts

In 2Q23, management contract contributed 1% to MINT's core hotel & mixed-use revenues. System-wide RevPar of management contract portfolio increased by 15% y-y and 7% from 2019, supported by positive performances of hotels in Europe, the Middle East and Thailand, indicating a favorable and improving trend.

#### Overall Hotel Portfolio

MINT's system-wide RevPar for the entire portfolio in 2Q23 increased significantly by 21% y-y, exceeding pre-pandemic levels by 31%. The growth reflected operational recovery across all business models, which was driven by the continuous rebound in global travel demand and the successful execution of Minor Hotels' sales and pricing strategy.

In 1H23, system-wide RevPar of MINT's entire portfolio increased substantially by 35% y-y and 22% from 1H19, attributable to the same reasons mentioned above.

### Hotel Business Performance by Ownership

(System-wide)	<b>Occupancy (%)</b>			
	<b>2Q23</b>	<b>2Q22</b>	<b>1H23</b>	<b>1H22</b>
Owned Hotels*	70	66	65	53
Joint Ventures	36	41	39	40
Managed Hotels*	57	49	56	46
MLRs**	77	83	77	79
<b>Average</b>	<b>68</b>	<b>65</b>	<b>64</b>	<b>54</b>

  

(System-wide)	<b>ADR (Bt/night)</b>			
	<b>2Q23</b>	<b>2Q22</b>	<b>1H23</b>	<b>1H22</b>
Owned Hotels*	5,842	4,846	5,299	4,420
Joint Ventures	6,253	6,863	7,384	8,794
Managed Hotels*	5,441	5,462	5,661	5,575
MLRs**	5,224	5,376	5,365	5,082
<b>Average</b>	<b>5,727</b>	<b>5,003</b>	<b>5,386</b>	<b>4,720</b>

  

(System-wide)	<b>RevPar (Bt/night)</b>			
	<b>2Q23</b>	<b>2Q22</b>	<b>1H23</b>	<b>1H22</b>
Owned Hotels*	4,118	3,220	3,430	2,342
Joint Ventures	2,263	2,811	2,873	3,523
Managed Hotels*	3,101	2,694	3,168	2,591
MLRs**	4,010	4,436	4,134	4,001
<b>Average</b>	<b>3,894</b>	<b>3,228</b>	<b>3,435</b>	<b>2,541</b>

\* These numbers include NH Hotel Group

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

#### **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 two projects in Thailand and Malaysia that are currently available for sale and another office development project. In addition, three new residential development projects, are currently under study, 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 2Q23, AVC had a total inventory of 297 units in Thailand, New Zealand, Indonesia, and China. The number of members increased by 7% y-y to 18,052 members at the end of 2Q23.

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

In 2Q23, hotel & mixed-use business posted total core revenue increase of 25% y-y, supported by both hotel and mixed-use business units. Hotels in Europe and Latin America, together with Thailand saw stronger y-y operating performance due to the recovery of demand from both leisure and corporate markets, as well as Minor Hotels' pricing strategy. During the same quarter, management income also increased by 22% y-y due to stronger RevPar trend of managed hotels in Europe, the Middle East and Asia and the addition of new hotel management contracts throughout the year. Revenue from mixed-use business surged by 55% y-y in 2Q23, compared to the same period of last year. Revenue growth of AVC, spa, residential projects, as well as plaza and entertainment were the main drivers for revenue performance. The growth was attributed to an increase in AVC's average price per point and higher number of points sold, the sales of residential units in Thailand and higher customer traffics at MINT's shopping plazas & entertainment outlets.

Core EBITDA of hotel & mixed-use business experienced faster growth than revenue in 2Q23, rising by 35% y-y to Baht 10,615 million. Effective cost management and higher operating leverage from revenue flow-through improved core EBITDA margin to 32.9% in 2Q23 from 30.5% in 2Q22.

In 1H23, hotel & mixed-use business reported total revenue growth of 43% y-y, showcasing strong operational recovery across all portfolios. Core EBITDA increased strongly by 69% y-y to Baht 15,710 million, driven by similar factors as observed in 2Q23. As a result, overall core EBITDA margin improved to 27.5% in 1H23, compared to 23.3% in 1H22.

### Financial Performance\*

<i>Bt million</i>	<b>2Q23</b>	<b>2Q22 (Restated)</b>	<b>%Chg</b>
Hotel & related services **	29,723	24,004	24
Management fee	457	375	22
Mixed-use	2,123	1,373	55
<b>Total Revenue</b>	<b>32,303</b>	<b>25,753</b>	25
<b>EBITDA</b>	<b>10,615</b>	<b>7,860</b>	35
<b>EBITDA Margin (%)</b>	<b>32.9</b>	<b>30.5</b>	
	<b>1H23</b>	<b>1H22 (Restated)</b>	<b>%Chg</b>
Hotel & related services **	52,185	36,926	41
Management fee	998	844	18
Mixed-use	3,923	2,187	79
<b>Total Revenue</b>	<b>57,106</b>	<b>39,957</b>	43
<b>EBITDA</b>	<b>15,710</b>	<b>9,319</b>	69
<b>EBITDA Margin (%)</b>	<b>27.5</b>	<b>23.3</b>	

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

\*\* Include share of profit and other income

### Lifestyle Business

At the end of 2Q23, MINT had 279 retail trading points of sales, a decrease of 32 points from 311 points at the end of 2Q22. 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 279 retail trading outlets, 69% are fashion brands including Anello, Bossini and Charles & Keith, while the remaining 31% are home & kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and BergHOFF.

### Lifestyle's Outlet Breakdown

	<b>2Q23</b>	<b>Chg q-q</b>	<b>Chg y-y</b>
Fashion	192	-6	-39
Home & Kitchenware	87	3	7
<b>Total Outlets</b>	<b>279</b>	<b>-3</b>	<b>-32</b>

In 2Q23, total revenue of Minor Lifestyle decreased by 18% y-y mainly due to a reduced number of retail trading stores for existing fashion brands, together with the closure of all Esprit, Radley and Bodum outlets as part of a rationalization strategy. Nevertheless, BergHOFF saw a positive sales momentum while Minor Smart Kids business was driven by strong booth, seminar and door-to-door sales channels.

Minor Lifestyle reported 2Q23 overall core EBITDA decline of 60% y-y to Baht 48 million. This decline was attributable to the provision for obsolete inventory per accounting standards, higher marketing expenses from the first Charles & Keith brand ambassador and ramp-down expenses of certain brands that were being scaled down. As a result, EBITDA margin in 2Q23 stood at 9.9%, compared to 20.0% in 2Q22.

Due to the same reasons mentioned above, 1H23 revenue and EBITDA of Minor Lifestyle decreased by 7% and 47% y-y to Baht 1,065 million and Baht 124 million, respectively. Consequently, EBITDA margin declined to 11.7% in 1H23 from 20.6% in 1H22.

### Financial Performance\*

<i>Bt million</i>	<b>2Q23</b>	<b>2Q22</b>	<b>%Chg</b>
<b>Total Revenues**</b>	<b>486</b>	<b>594</b>	<b>-18</b>
<b>EBITDA</b>	<b>48</b>	<b>119</b>	<b>-60</b>
<b>EBITDA Margin</b>	<b>9.9</b>	<b>20.0</b>	
	<b>1H23</b>	<b>1H22</b>	<b>%Chg</b>
<b>Total Revenues**</b>	<b>1,065</b>	<b>1,143</b>	<b>-7</b>
<b>EBITDA</b>	<b>124</b>	<b>236</b>	<b>-47</b>
<b>EBITDA Margin</b>	<b>11.7</b>	<b>20.6</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 2Q23, MINT reported total assets of Baht 371,205 million, an increase of Baht 12,995 million from Baht 358,210 million at the end of 2022. The increase was primarily attributable to (1) Baht 2,377 million increase in trade and other receivables in tandem with the higher sales,

(2) Baht 4,598 million increase in property, plant and equipment from the addition of assets and gain on translation adjustment, (3) Baht 4,487 million increase in right-of-use assets from lease extension of hotels in Europe and (4) Baht 3,323 million increases in intangible assets, mainly from the adjustment of fair value of the Wolseley as at acquisition date and gain on translation adjustment, netted off with (1) Baht 1,381 million decrease in cash from the repayment of borrowings and debentures, (2) Baht 391 million decrease in land and real estate sales projects for sales from real estate activities during the period and (3) Baht 320 million decrease in non-current assets classified as held-for-sale from the sale of one hotel in Australia in 2Q23.

MINT reported total liabilities of Baht 285,485 million at the end of 2Q23, an increase of Baht 9,884 million from Baht 275,601 million at the end of 2022. The increase was mainly due to (1) an increase in lease liabilities of Baht 4,448 million mainly as a result of lease extension of hotels in Europe and (2) Baht 3,717 million increase in derivative liabilities, netted off with Baht 3,710 million decrease in net financing from the repayment of short-term and long-term borrowings and debentures.

Shareholders' equity increased by Baht 3,111 million, from Baht 82,609 million at the end of 2022 to Baht 85,720 million at the end of 2Q23, mainly to (1) reported 1H23 net profit of Baht 2,279 million and (2) proceeds from the exercise of warrants amounting to Baht 5,167 million, netted with (1) loss on translation adjustment of Baht 268 million, (2) interest paid on perpetual bonds of Baht 691 million, (3) Baht 1,330 million dividend paid to shareholders in 2Q23 and (4) Baht 946 million change interest of investment in subsidiaries.

For the first six months of 2023, MINT and its subsidiaries reported positive cash flows from operations of Baht 17,633 million, an increase of Baht 7,150 million y-y, largely attributed to significantly improved operations.

Cash flow used in investing activities was Baht 3,492 million in 1H23, primarily due to Baht 3,690 million regular capital expenditures of hotel, restaurant and other businesses.

The Company reported net cash used for financing activities of Baht 16,241 million in 1H23, primarily due to (1) repayment of lease liabilities of Baht 5,345 million, (2) cash paid for interest expenses of Baht 4,872 million, (3) interest

paid on perpetual debentures of Baht 691 million, (4) net repayment of short-term and long-term borrowings from financial institutions, debentures and perpetual debenture of Baht 6,566 million, (5) Baht 1,330 million dividend paid to shareholders and (6) Baht 2,556 million cash paid to increase stakes in NH Hotel Group and Bonchon, netted off with Baht 5,167 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 2,100 million in 1H23.

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 positive at Baht 2.2 billion in 2Q23 mainly due to significantly improved operating cash flow.

## Financial Ratio Analysis

MINT's gross profit margin expanded significantly from 39.3% in 1H22 to 44.2% in 1H23, mainly supported by improved operational performance of its hotel and restaurant business units. MINT's core net profit margin turned positive to 3.2% from core losses in the same period of last year.

Return on equity (on a core basis) rebounded to positive territory at 5.6% in 1H23. This improvement was a result of strong recovery of hotel business, coupled with enhanced operational efficiency of restaurant units, driven by higher customer footfall. The positive trend extended to return on assets (on a core basis) as well, with a transition from a negative 1.3% in 1H22 to a positive 1.3% in 1H23.

Collection days decreased from 46 days in 1H22 to 39 days in 1H23, supported by MINT's diligence in expediting payment collection. The provision for impairment as a percentage of gross trade receivables remained consistent with last year at 10%.

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 1H23 was reduced to 23 days, compared to 29 days in 1H22, as a result of much stronger sales and proactive inventory management. Account payable days decreased

from 88 days in 1H22 to 74 days in 1H23 as business activities resumed without the offer on payment extensions..

Current ratio remained steady at 0.7x at the end of 2Q23. 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 1.09x as at end 2Q23. The reduction was attributable to lower interest-bearing debt from net debt repayment and higher equity base. This level stood significantly below MINT’s debt covenant of 1.75x and its internal policy of 1.3x. Interest coverage ratio increased from 3.7x in 1H22 to 4.6x in 1H23, primarily due to strong improvement in cash flows from operations.

## Financial Ratio Analysis

<b>Profitability Ratio</b>	<b>30 June 23</b>	<b>30 June 22 (Restated)</b>
Gross Profit Margin (%)	44.2	39.3
Net Profit Margin (%)	3.1	-4.1
Core Net Profit Margin* (%)	3.2	-4.4
<b>Efficiency Ratio</b>	<b>30 June 23</b>	<b>30 June 22 (Restated)</b>
Return on Equity* (%)	5.6	-6.0
Return on Assets* (%)	1.3	-1.3
Collection Period (days)	39	46
Inventory (days)	23	29
Accounts Payable (days)	74	88
<b>Liquidity Ratio</b>	<b>30 June 23</b>	<b>31 Dec 2022</b>
Current Ratio (x)	0.7	0.7
<b>Leverage &amp; Financial Policy</b>	<b>30 June 23</b>	<b>31 Dec 2022</b>
Interest Bearing Debt/Equity (x)	1.35	1.44
Net Interest Bearing Debt/Equity (x)	1.09	1.17
	<b>30 June 23</b>	<b>30 June 22 (Restated)</b>
Interest Coverage (x)	4.6	3.7

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

## Management’s Outlook

### Minor Hotels

The second half of 2023 is expected to maintain a strong demand, particularly in upscale and high-end segments, demonstrating resilience despite high inflation.

The forward booking data for hotels in Europe and Latin America shows healthy operating trend in the coming months, with no signs of weakening demand, even amid a predicted economic slowdown. The key drivers of occupancy rates are strong leisure demand, ongoing recovery in

business segments and increasing international travels. Higher price and effective cost control are anticipated to result in better financial performance throughout the year compared to 2019. In addition to GHA loyalty program, NH Hotel Group recently launched NH+, a new business program for corporates with exclusive benefits, aimed at encouraging direct bookings through NH platform.

Tourism sector in Thailand is forecasted to experience a steady recovery with a rise in foreign arrivals from various nationalities. While outbound Chinese travelers faced delays due to limited international flight capacity and passport renewal backlogs, we remain confident that they will return once the obstacles are resolved. Moreover, Minor Hotels’ has a diverse customer base, not solely reliant on one large market. Demand for our hotels in Thailand is meeting our expectation and room rates are far surpassing our initial targets.

In Australia, we anticipate to see slightly lower leisure demand due to its high base in the previous year. However, Minor Hotels is well-prepared with sales initiatives to counterbalance the softness with additional focus directed towards MICE market. Despite heightened competition, room rates have managed to maintain at satisfactory levels, surpassing those of 2019. Meanwhile, New Zealand is experiencing a continued positive momentum from strong leisure demand.

The Maldives continues to stand out as a destination poised for substantial growth in mid to long-term. Recently, the Maldivian government has unveiled its Fifth Tourism Master Plan (2023-2027), aimed at strengthening the nation’s status as a competitive and environmentally responsible destination. This initiative will further enhance Maldives’ distinctive appeal as tropical paradise. Minor Hotels, correspondingly, expanded its market presence within the Maldives by acquiring a luxury resort in Gaafu Dhaalu Atoll in July 2023, marking the introduction of its novel brand, NH Collection, to the island for the very first time.

### Minor Food

In response to changing consumer behavior, Minor Food focuses on enhancing customer experiences to complement its high-quality products. It also continues to explore opportunities to bring successful brands from other hubs



like Riverside Grilled Fish in China to Thailand for the first time in July 2023 and Benihana to Singapore in August 2023.

The expected rise in economic activities and recovery of tourism sector will boost revenue for Minor Food Thailand's restaurant business. The Company aims to strengthen its winning brand portfolio through product innovations, brand ambassadors and collaborative partnerships. Expanding customer coverage through new small format stores is also a priority. Each brand is actively promoting customer loyalty benefits to increase spending and purchase frequency, along with growing user base of the membership program. Emphasizing store profitability, Minor Food is implementing measures such as store resizing, adjusting labor hours and efficient cost management.

In China, the economic growth has been slower than expected. However, domestic consumption is still predicted to rebound from 2022 when there was still lockdown, with the government boosting demand to stimulate economic growth. Consequently, dine-in demand is expected to rise. China hub targets to control food cost, reduce discount offers, optimize labor cost and improve operational excellence in order to maximize revenue flow-through without compromising on service and quality. The procurement of high-quality fish will continue to be reinforced through supply chain management. Concurrently, Australia hub will drive a national marketing campaign to strengthen and refresh brand awareness of The Coffee Club.

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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>
2Q22	32 revenue 115 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	-8	Minor Hotels	Redundancy costs from cost cutting measures (SG&A expense)
	867	Minor Hotels	Foreign exchange gain on unmatched USD Cross-Currency Swap (SG&A expense)
	-141	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	-32	Minor Hotels	Ineffective hedge accounting (Other losses)
	-120	Minor Hotels	Deferred tax related to IFRS9 (Tax expense)
	-463	Minor Hotels	Unrealized loss from derivatives (Other losses)
	128	Minor Hotels	Gain from unwind USD 300 million perpetual bond (Other gains)
	-1 revenue 5 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)
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)
	103 revenue 86 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	447	Minor Hotels	Foreign exchange gain on unmatched USD Cross-Currency Swap (SG&A expense)
	-60	Minor Hotels	Change in fair value of interest rate derivative (Other losses)
	-237	Minor Hotels	Ineffective hedge accounting (Other losses)
	-41	Minor Hotels	Deferred tax related to IFRS9 (Tax expense)
2Q23	-73 EBITDA -201 net profit	Minor Hotels	Unrealized loss from derivatives (Other losses and interest expenses)
	347	Minor Hotels	Realized gain from forward contracts of USD 300 million perpetual bond (Other gains)
	-70	Minor Hotels	Unrealized loss from forward contracts of USD 300 million perpetual bond (Other losses)
	1 revenue -22 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)