

**MUD AND HOUND PUBLIC COMPANY LIMITED**  
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 SUAN LUANG SUB-DISTRICT, SUAN LUANG DISTRICT,  
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No. MUD-SET 9/2023

August 11, 2023

Subject : Management Discussion and Analysis Quarter 2/2023 Ending 30 June 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 1,463 mm and THB 1,778 mm in 2Q/22 and 2Q/23 respectively, equalling to Y-o-Y growth of 21.5%. 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 2Q/22 and 2Q/23 totalled THB 584 mm and THB 687 mm respectively, accounting for 39.9% and 38.7% of total revenue respectively. There is lower in such ratio, primarily from inventory management, as well as negotiating trade discounts with several major raw material suppliers.

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

In 2Q/22 and 2Q/23, MUD’s selling and administrative expenses amounted to THB 869 mm and THB 1,021 mm, respectively, accounting for 59.4% and 57.4% of total revenue, respectively. The ratio decreased by 2.0% due to the company closing branches, most of which are non-profitable operations.

#### S&A Breakdown by Type

	<i>3-month period (Apr – Jun)</i>			<i>6-month period (Jan – Jun)</i>		
	2Q/22	2Q/23	Y-o-Y Change	6M/22	6M/23	Y-o-Y Change
Amortization of intangible assets from business acquisitions <sup>(1)</sup>	9	10	11.1%	18	19	5.5%
Other selling expenses <sup>(2)</sup>	376	434	15.4%	712	848	19.1%
Administrative expenses <sup>(3)</sup>	56	76	35.7%	139	154	10.7%
<b>Total selling and administrative expenses</b>	<b>441</b>	<b>520</b>	<b>17.9%</b>	<b>869</b>	<b>1,021</b>	<b>17.4%</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 totalling THB 4 mm, THB 4 mm, and THB 11 mm in 2Q/23.
- (2) The Company incurred slightly difference in personnel cost, rental and service costs due to cost saving policy.
- (3) Administrative expenses include remuneration of management and employees at office, administrative expenses, and other related costs. The increase was primarily from increasing in the number of branches

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

The Company recorded EBITDA of THB 207 mm and THB 303 mm in 2Q/22 and 2Q/23 respectively or %EBITDA of 14.2% and 17.1% of total revenues respectively.

**Finance Cost**

In 2Q/22 and 2Q/23, the Company incurred finance cost amounting THB 52 mm and THB 62 mm respectively.

**Net Profit (Loss)**

In 2Q/22 and 2Q/23, the Company's net profit (loss) amounted to THB (41) mm and THB (1) mm, respectively. Net profit (loss) of the Company equalled to (2.8%) and (0.1%) of total revenues respectively.

**Statement of Financial Position**
**Total Assets**

As of 31 March 2023 and 30 June 2023, the Company's assets equalled THB 5,173 mm and THB 5,179 mm, respectively. Majority of assets is non-current assets. 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. As of 2Q/23, the Company's non-current assets accounted for 90.8% of total assets, while the current assets accounted for 9.2% of total assets, respectively.

Total Assets	31 March 2023 (1Q/23)		30 June 2023 (2Q/23)	
	THB mm	%	THB mm	%
Current assets	518	10.0	476	9.2
Non-current assets	4,655	90.0	4,703	90.8
<b>Total assets</b>	<b>5,173</b>	<b>100.0</b>	<b>5,179</b>	<b>100.0</b>

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#### 1. Current Assets

The Company's current assets totalled THB 518 mm and THB 475 mm at 1Q/23 and 2Q/23 accounting for 10.0% and 9.2% of total assets respectively. The Company recorded cash and cash equivalent of THB 165 mm and THB 131 mm in 1Q/23 and 2Q/23 respectively. Account receivables were THB 99 mm and THB 95 mm at 1Q/23 and 2Q/23. Inventories were THB 217 mm and THB 214 mm accounting for 4.2% and 4.1% of total assets at 1Q/23 and 2Q/23, respectively. The majority of inventories are finished products of Lifestyle business (i.e. apparel).

#### 2. Non-Current Assets

As of 1Q/23 and 2Q/23, MUD's non-current assets totalled THB 4,655 mm and THB 4,703 mm, accounting for 90.0% and 90.8% 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 802 mm and THB 832 mm or 15.5% and 16.1% of total assets, respectively. Goodwill from business acquisition was stable at THB 1,940 mm at 1Q/23 and 2Q/23. 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 1Q/23 and 2Q/23, other intangible assets amounted to THB 1,761 mm and THB 1,727 mm or 34.0% and 33.4% of total assets, respectively. Include Right of Use Assets, the Company recorded THB 1,092 mm and THB 1,066 mm at Q/23 and 2Q/23 respectively.

#### Total Liabilities

Total Liabilities	31 March 2023 (1Q/23)		30 June 2023 (2Q/23)	
	THB mm	%	THB mm	%
Current Liabilities	1,655	54.2	1,190	38.7
Non-Current Liabilities	1,400	45.8	1,886	61.3
<b>Total Liabilities</b>	<b>3,055</b>	<b>100.0</b>	<b>3,076</b>	<b>100.0</b>

#### 1. Current Liabilities

As of 1Q/23 and 2Q/23, the Company's current liabilities totaled THB 1,655 mm and THB 1,190 mm, respectively, accounting for 54.2% and 38.7% of total liabilities. As of 1Q/23 and 2Q/23, the Company had trade and other payables THB 407 mm and THB 400 mm or 13.3% and 13.0% of total liabilities respectively. As of 1Q/23 and 2Q/23, the Company had short-term loan from financial institution of THB 246 mm and THB 229 mm or 8.0% and 7.5% of total liabilities respectively.

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### 2. Non-Current Liabilities

As of 1Q/23 and 2Q/23, non-current liabilities totaled THB 1,401 mm and THB 1,886 mm, representing 45.8% and 61.3% 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 215 mm and THB 159 mm, respectively, accounting for 7.1% and 6.3% of total liabilities, respectively. And, there were long-term debentures of THB 289 mm and THB 832 mm, accounting for 9.5% and 27.1% of total liabilities as of 1Q/23 and 2Q/23 respectively.

### Shareholders' Equity

As of 1Q/23 and 2Q/23, the Company's shareholders' equity stood at THB 2,118 mm and THB 2,102 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 and Au Bon Pain). 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 487 stores under strong and experienced management team. MM 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 durian donuts, ice-cram cake in various formats, and 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