

MUD AND HOUND PUBLIC COMPANY LIMITED
 206 SOI PATTANAKARN 20,
 SUAN LUANG SUB-DISTRICT, SUAN LUANG DISTRICT,
 BANGKOK 10250, THAILAND
 TEL +66 2079 9765 FAX +66 2079 9755

No. MUD-SET 7/2024

May 14, 2024

Subject : Management Discussion and Analysis Quarter 1/2024 Ending 31 March 2024

To : The President
 The Stock Exchange of Thailand

Income Statement

Total Revenue

Mud & Hound PCL and the subsidiaries (“MUD” or the “Company”) earned THB 865 mm and THB 804 mm in 1Q/23 and 1Q/24 respectively, equalling to Y-o-Y growth of (7.0%). The significant reasons were as follows: decreasing of the purchasing power of the country's population, including the company closing branches, most of which have lower income.

Cost of Sales and Services

Cost of sales and services in 1Q/23 and 1Q/24 totalled THB 336 mm and THB 296 mm respectively, accounting for 38.8% and 36.8% 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/23 and 1Q/24, MUD's selling and administrative expenses amounted to THB 501 mm and THB 503 mm, respectively, accounting for 57.9% and 62.5% of total revenue, respectively. The ratio increased by 4.6% 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/23	1Q/24	Y-o-Y Change
Amortization of intangible assets from business acquisitions ⁽¹⁾	9	7	(22.2%)
Other selling expenses ⁽²⁾	414	416	0.5%
Administrative expenses ⁽³⁾	78	80	2.60%
Total selling and administrative expenses	501	503	0.4%

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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 3 mm in 1Q/24.
- (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 high is due to the increased number of branches.

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

The Company recorded EBITDA of THB 144 mm and THB 130 mm in 1Q/23 and 1Q/24 respectively or %EBITDA of 16.6% and 16.2% of total revenues respectively.

Finance Cost

In 1Q/23 and 1Q/24, the Company incurred finance cost amounting THB 29 mm and THB 31 mm respectively.

Net Profit (Loss)

In 1Q/23 and 1Q/24, the Company's net profit (loss) amounted to THB (5) mm and THB (30) mm, respectively. Net profit (loss) of the Company equalled to (0.6%) and (3.7%) of total revenues respectively.

Statement of Financial Position
Total Assets

As of 31 December 2023 and 31 March 2024, the Company's assets equalled THB 5,183 mm and THB 5,038 mm, respectively. Majority of assets is non-current assets. As of 4Q/23, the Company's non-current assets accounted for 90.9% of total assets, while the current assets accounted for 9.1% of total assets, respectively. As of 1Q/24, the Company's non-current assets accounted for 91.4% of total assets, while the current assets accounted for 8.6% of total assets, respectively.

Total Assets	31 December 2023 (4Q/23)		31 March 2024 (1Q/24)	
	THB mm	%	THB mm	%
Current assets	470	9.1	434	8.6
Non-current assets	4,713	90.9	4,604	91.4
Total assets	5,183	100.0	5,038	100.0

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1. Current Assets

The Company's current assets totalled THB 470 mm and THB 434 mm at 4Q/23 and 1Q/24 accounting for 9.1% and 8.6% of total assets respectively. The Company recorded cash and cash equivalent of THB 114 mm and THB 79 mm in 4Q/23 and 1Q/24 respectively. Account receivables were THB 100 mm and THB 97 mm at 4Q/23 and 1Q/24. Inventories were THB 215 mm and THB 213 mm accounting for 4.1% and 4.2% of total assets at 4Q/23 and 1Q/24, respectively. The majority of inventories are finished products of Lifestyle business (i.e. apparel).

2. Non-Current Assets

As of 4Q/23 and 1Q/24, MUD's non-current assets totalled THB 4,713 mm and THB 4,604 mm, accounting for 90.9% and 91.4% 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 869 mm and THB 836 mm or 16.8% and 16.6% of total assets, respectively. Goodwill from business acquisition was stable at THB 1,940 mm at 4Q/23 and 1Q/24. 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/23 and 1Q/24, other intangible assets amounted to THB 1,752 mm and THB 1,678 mm or 33.8% and 33.3% of total assets, respectively. Include Right of Use Assets, the Company recorded THB 1,099 mm and THB 1,033 mm at 4Q/23 and 1Q/24 respectively.

Total Liabilities

Total Liabilities	31 December 2023 (4Q/23)		31 March 2024 (1Q/24)	
	THB mm	%	THB mm	%
Current Liabilities	1,239	39.9	1,212	40.3
Non-Current Liabilities	1,866	60.1	1,797	59.7
Total Liabilities	3,105	100.0	3,009	100.0

1. Current Liabilities

As of 4Q/23 and 1Q/24, the Company's current liabilities totaled THB 1,239 mm and THB 1,212 mm, respectively, accounting for 39.9% and 40.3% of total liabilities. As of 4Q/23 and 1Q/24, the Company had trade and other payables THB 488 mm and THB 405 mm or 15.7% and 13.5% of total liabilities respectively. As of 4Q/23 and 1Q/24, the Company had short-term loan from financial institution of THB 223 mm and THB 223 mm or 7.2% and 7.4% of total liabilities respectively.

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2. Non-Current Liabilities

As of 4Q/23 and 1Q/24, non-current liabilities totaled THB 1,866 mm and THB 1,797 mm, representing 60.1% and 59.7% 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 182 mm and THB 160 mm, respectively, accounting for 5.9% and 5.3% of total liabilities, respectively. And, there were long-term debentures of THB 835 mm and THB 836 mm, accounting for 26.9% and 27.8% of total liabilities as of 4Q/23 and 1Q/24 respectively.

Shareholders' Equity

As of 4Q/23 and 1Q/24, the Company's shareholders' equity stood at THB 2,078 mm and THB 2,030 mm respectively.

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 498 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