



No. MM-SET 6/2021

May 13, 2021

Subject : Management Discussion and Analysis Quarter 1/2021 Ending 31 March 2021

To : The President  
The Stock Exchange of Thailand

#### Income Statement

##### Total Revenue

Mudman PCL and the subsidiaries ("MM" or the "Company") earned THB 635 mm and THB 524 mm in 1Q/20 and 1Q/21 respectively, equaling to Y-o-Y growth of (17.4%). The significant reasons were as follows: the impact of the coronavirus disease (COVID-19) epidemic, economic slowdown, lower consumer spending, and increasing intense industry competition.

##### Cost of Sales and Services

Cost of sales and services in 1Q/20 and 1Q/21 totaled THB 258 mm and THB 194 mm respectively, accounting for 40.7% and 37.1% 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/20 and 1Q/21, MM's selling and administrative expenses amounted to THB 420 mm and THB 345 mm, respectively, accounting for 66.1% and 65.9% of total revenue, respectively.

##### S&A Breakdown by Type

|   | 3-month period (Jan – Mar) |       |              |
|---|----------------------------|-------|--------------|
|   | 1Q/20                      | 1Q/21 | Y-o-Y Change |
| Amortization of intangible assets from business acquisitions <sup>(1)</sup> | 7                          | 7     | (0.0%)       |
| Other selling expenses <sup>(2)</sup>                                       | 321                        | 268   | (16.5%)      |
| Administrative expenses <sup>(3)</sup>                                      | 92                         | 70    | (23.9%)      |
| Total selling and administrative expenses                                   | 420                        | 345   | (17.8%)      |

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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 1 mm, THB 2 mm, and THB 4 mm in 1Q/21.
- (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 decrease was primarily from intensive cost saving policy.

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

The Company recorded EBITDA of THB 80 mm and THB 95 mm in 1Q/20 and 1Q/21 respectively or %EBITDA of 12.6% and 18.2% of total revenues respectively.

Finance Cost

In 1Q/20 and 1Q/21, the Company incurred finance cost amounting THB 22 mm and THB 20 mm respectively.

Net Profit (Loss)

In 1Q/20 and 1Q/21, the Company's net profit (loss) amounted to THB (65) mm and THB (33) mm, respectively. Net profit (loss) of the Company equaled to (10.2%) and (6.3%) of total revenues respectively.

Statement of Financial Position

Total Assets

As of 31 December 2020 and 31 March 2021, the Company's assets equaled THB 4,792 mm and THB 4,691 mm, respectively. Majority of assets is non-current assets. As of 4Q/20 and 1Q/21, the Company's non-current assets accounted for 91.0% of total assets, while the current assets accounted for 9.0% of total assets, respectively.

| Total Assets       | 31 December 2020 (4Q/20) |        | 31 March 2021 (1Q/21) |       |
|--------------------|--------------------------|--------|-----------------------|-------|
|                    | THB mm                   | THB mm | THB mm                | %     |
| Current assets     | 479                      | 10.0   | 406                   | 8.7   |
| Non-current assets | 4,313                    | 90.0   | 4,285                 | 91.3  |
| Total assets       | 4,792                    | 100.0  | 4,691                 | 100.0 |

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#### 1. Current Assets

The Company's current assets totaled THB 479 mm and THB 406 mm at 4Q/20 and 1Q/21 accounting for 10.0% and 8.7% of total assets respectively. The Company recorded cash and cash equivalent of THB 165 mm and THB 114 mm in 4Q/20 and 1Q/21 respectively. Account receivables were THB 130 mm and THB 120 mm at 4Q/20 and 1Q/21. Inventories were THB 150 mm and THB 142 mm accounting for 3.1% and 3.0% of total assets at 4Q/20 and 1Q/21, respectively. The majority of inventories are finished products of Lifestyle business (i.e. apparel).

#### 2. Non-Current Assets

As of 4Q/20 and 1Q/21, MM's non-current assets totaled THB 4,313 mm and THB 4,285 mm, accounting for 90.0% and 91.3% of total assets, respectively. The main item in non-current assets were building improvement and equipment, goodwill and intangible assets. Building improvement and equipment totaled THB 483 mm and THB 486 mm or 10.0% and 10.3% of total assets, respectively. Goodwill from business acquisition was stable at THB 1,940 mm at 4Q/20 and 1Q/21. 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/20 and 1Q/21, other intangible assets amounted to THB 1,748 mm and THB 1,724 mm or 36.5% and 36.8% of total assets, respectively. In 2Q/20, include Right of Use Assets, the Company recorded THB 1,014 mm and THB 999 mm at 4Q/20 and 1Q/21.

#### Total Liabilities

| Total Liabilities        | 31 December 2020 (4Q/20) |              | 31 March 2021 (1Q/21) |              |
|--------------------------|--------------------------|--------------|-----------------------|--------------|
|                          | THB mm                   | %            | THB mm                | %            |
| Current Liabilities      | 1,237                    | 48.4         | 1,194                 | 47.9         |
| Non-Current Liabilities  | 1,319                    | 51.6         | 1,299                 | 52.1         |
| <b>Total Liabilities</b> | <b>2,556</b>             | <b>100.0</b> | <b>2,493</b>          | <b>100.0</b> |

#### 1. Current Liabilities

As of 4Q/20 and 1Q/21, the Company's current liabilities totaled THB 1,237 mm and THB 1,194 mm, respectively, accounting for 48.4% and 47.9% of total liabilities. As of 4Q/20, the Company had current portion of debentures THB 332 mm and THB 332 or 13.0% and 13.3% of total liabilities respectively. As of 4Q/20 and 1Q/21, the Company had short-term loan from financial institution of THB 175 mm and THB 195 mm or 6.8% and 7.8% of total liabilities respectively.

#### 2. Non-Current Liabilities

As of 4Q/20 and 1Q/21, non-current liabilities totaled THB 1,319 mm and THB 1,299 mm, representing 51.6% and 52.1% 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 293 mm and THB 267 mm, respectively, accounting for 11.4% and 10.7% of total liabilities, respectively. And, there were long-term debentures of THB 215 mm and THB 215 mm, accounting for 8.4% and 8.6% of total liabilities as of 4Q/20 and 1Q/21 respectively.

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#### Shareholders' Equity

As of 4Q/20 and 1Q/21, the Company's shareholders' equity stood at THB 2,235 mm and THB 2,198 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, MM is master franchisor of Greyhound Café in various cities/counties (i.e. Hong Kong, Shanghai, Beijing, Malaysia, Singapore, and Indonesia). In total, MM has more than 420 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-cream 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.
- **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 4 restaurants already, in Paris, France.

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- **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

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