

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 8/2021

August 13, 2021

Subject : Management Discussion and Analysis Quarter 2/2021 Ending 30 June 2021

To : The President
The Stock Exchange of Thailand

Income Statement

Total Revenue

Mud & Hound PCL and the subsidiaries (“MUD” or the “Company”) earned THB 441 mm and THB 534 mm in 2Q/20 and 2Q/21 respectively, equaling to Y-o-Y growth of 21.1%. For the first 6-month period (Jan – Jun), the Company earned THB 1,075 mm and THB 1.058 mm in 6M/20 and 6M/21 respectively or growth of (1.6%). 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 2Q/20 and 2Q/21 totaled THB 154 mm and THB 192 mm respectively, accounting for 34.9% and 35.9% of total revenue respectively. For the first 6-month period (Jan – Jun), the cost of sales and services recorded THB 412 mm and THB 386 mm or 38.3% and 36.5% of total revenues in 6M/20 and 6M/21 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 2Q/20 and 2Q/21, MUD’s selling and administrative expenses amounted to THB 339 mm and THB 351 mm, respectively, accounting for 76.9% and 65.7% of total revenue, respectively. For the first 6-month period (Jan – Jun), the S&A reported THB 759 mm and THB 696 mm or 70.6% and 65.8% of total revenues in 6M/20 and 6M/21 respectively.

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

S&A Breakdown by Type

	<i>3-month period (Apr – Jun)</i>			<i>6-month period (Jan – Jun)</i>		
	2Q/20	2Q/21	Y-o-Y Change	6M/20	6M/21	Y-o-Y Change
Amortization of intangible assets from business acquisitions ⁽¹⁾	7	7	-	15	15	-
Other selling expenses ⁽²⁾	239	278	16.3%	559	545	(2.5%)
Administrative expenses ⁽³⁾	93	66	(29.0%)	185	136	(26.5%)
Total selling and administrative expenses	339	351	3.5%	759	696	(8.3%)

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 2Q/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 69 mm and THB 104 mm in 2Q/20 and 2Q/21 respectively or %EBITDA of 15.6% and 19.5% of total revenues respectively.

For the first 6-month period (Jan – Jun), the Company recorded EBITDA of THB 149 mm and THB 199 mm or %EBIT of 13.9% and 18.8% of total revenues in 6M/20 and 6M/21 respectively.

Finance Cost

In 2Q/20 and 2Q/21, the Company incurred finance cost amounting THB 18 mm and THB 25 mm respectively.

In 6M/20 and 6M/21, the Company incurred finance cost amounting THB 41 mm and THB 45 mm respectively.

Net Profit (Loss)

In 2Q/20 and 2Q/21, the Company's net profit (loss) amounted to THB (68) mm and THB (34) mm, respectively. Net profit (loss) of the Company equaled to (15.5%) and (6.4%) of total revenues respectively.

In 6M/20 and 6M/21, the Company's net profit (loss) amounted to THB (133) mm and THB (67) mm, respectively. Net profit (loss) of the Company equaled to (12.4%) and (6.3%) of total revenues respectively.

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

Statement of Financial Position

Total Assets

As of 31 March 2021 and 30 June 2021, the Company's assets equaled THB 4,691 mm and THB 5,135 mm, respectively. Majority of assets is non-current assets. As of 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. As of 2Q/21, the Company's non-current assets accounted for 84.0% of total assets, while the current assets accounted for 16.0 % of total assets, respectively.

Total Assets	31 March 2021 (1Q/21)		30 June 2021 (2Q/21)	
	THB mm	THB mm	THB mm	%
Current assets	406	8.7	829	16.1
Non-current assets	4,285	91.3	4,306	83.9
Total assets	4,691	100.0	5,135	100.0

1. Current Assets

The Company's current assets totaled THB 406 mm and THB 829 mm at 1Q/21 and 2Q/21 accounting for 8.7% and 16.1% of total assets respectively. The Company recorded cash and cash equivalent of THB 114 mm and THB 554 mm in 1Q/21 and 2Q/21 respectively. Account receivables were THB 120 mm and THB 97 mm at 1Q/21 and 2Q/21. Inventories were THB 142 mm and THB 146 mm accounting for 3.0% and 2.8% of total assets at 1Q/21 and 2Q/21, respectively. The majority of inventories are finished products of Lifestyle business (i.e. apparel).

2. Non-Current Assets

As of 1Q/21 and 2Q/21, MUD's non-current assets totaled THB 4,285 mm and THB 4,306 mm, accounting for 91.3% and 83.9% 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 486 mm and THB 508 mm or 10.3% and 9.9% of total assets, respectively. Goodwill from business acquisition was stable at THB 1,940 mm at 1Q/21 and 2Q/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 1Q/21 and 2Q/21, other intangible assets amounted to THB 1,724 mm and THB 1,719 mm or 36.8% and 33.5% of total assets, respectively. In 2Q/20, include Right of Use Assets, the Company recorded THB 999 mm and THB 1,002 mm at 1Q/21 and 2Q/21.

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

Total Liabilities

Total Liabilities	31 March 2021 (1Q/21)		30 June 2021 (2Q/21)	
	THB mm	%	THB mm	%
Current Liabilities	1,194	47.9	1,187	39.8
Non-Current Liabilities	1,299	52.1	1,794	60.2
Total Liabilities	2,493	100.0	2,981	100.0

1. Current Liabilities

As of 1Q/21 and 2Q/21, the Company's current liabilities totaled THB 1,194 mm and THB 1,187 mm, respectively, accounting for 47.9% and 39.8% of total liabilities. As of 1Q/21 and 2Q/21, the Company had current portion of debentures THB 332 mm and THB 333 or 13.3% and 11.2% of total liabilities respectively. As of 1Q/21 and 2Q/21, the Company had short-term loan from financial institution of THB 195 mm and THB 181 mm or 7.8% and 6.1% of total liabilities respectively.

2. Non-Current Liabilities

As of 1Q/21 and 2Q/21, non-current liabilities totaled THB 1,299 mm and THB 1,794 mm, representing 52.1% and 60.2% 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 267 mm and THB 284 mm, respectively, accounting for 10.7% and 9.5% of total liabilities, respectively. And, there were long-term debentures of THB 215 mm and THB 512 mm, accounting for 8.6% and 17.2% of total liabilities as of 1Q/21 and 2Q/21 respectively.

Shareholders' Equity

As of 1Q/21 and 2Q/21, the Company's shareholders' equity stood at THB 2,198 mm and THB 2,154 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, Shanghai, Beijing, Malaysia, Singapore, and Indonesia). In total, MUD has more than 425 stores under strong and experienced management team. MM is promised to deliver the best-quality products, excellence services, and sustainable growth.

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

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.
- **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

(Mr. Somsak Tangprakob)

Chief Finance Officer