

November 10, 2022

Minor International Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

3Q22 and 9M22 Performance

Summary: In 3Q22, Minor International Public Company Limited (“MINT”) reported an impressive growth of performance both y-y and q-q, as well as exceeding 3Q19 pre-pandemic levels in every key metric including revenue, EBITDA and net profit for all three business units. Meanwhile, both EBITDA and net profit margins also outperformed 2019 horizon. Particularly, hotels in Europe and Latin America marked historically high third-quarter operating results with margins rebounding back to pre-COVID19 level given strong demand and ability to drive room rate further despite cost pressure environment.

MINT posted 71% and 104% y-y increases in reported revenue and EBITDA to Baht 35,325 million and Baht 12,763 million, respectively in 3Q22. Reported bottom line in 3Q22 turned into the black to Baht 4,608 million, compared to net loss of Baht 436 million in the same period last year. For 9M22, MINT’s reported revenue rose by 80% y-y to Baht 88,264 million while EBITDA grew at a higher rate, rising by more than three times to Baht 25,047 million. Bottom line returned to profitability at Baht 2,376 million, improving immensely from a net loss of Baht 11,609 million in 9M21.

Excluding non-core items as detailed in the appendix, MINT posted 3Q22 core revenue of Baht 34,962 million, surging by 77% from the third quarter of last year. Hotel business activities in all regions were driven by solid travel demand while higher store traffics from improved business operational environment drove restaurant and lifestyle segments.

Core EBITDA in 3Q22 more than doubled y-y to Baht 10,442 million. Higher flow-through from revenue improvement and more efficient cost structure led core EBITDA to grow at a faster rate than revenue.

As a result of the above, core profit was reported at Baht 2,011 million in 3Q22. This was a significant turnaround y-y from core loss of Baht 2,366 million in 3Q21 and a sequential improvement q-q from core profit of Baht 1,211 million in 2Q22. All three business units demonstrated strong profits, especially NH Hotel Group which delivered third-quarter record high.

For 9M22, MINT recorded core revenue growth of 84% y-y to Baht 87,844 million, supported by border openings and relaxation of COVID-19 restrictions in most countries. Core EBITDA nearly tripled to Baht 22,238 million given MINT’s proactive revenue and cost management. Consequently, core loss narrowed from Baht 10,971 million in 9M21 to mere core loss of Baht 360 million in 9M22.

Financial Performance

<i>Bt million</i>	3Q22	3Q21	%Chg
<u>As Reported</u>			
Total Revenue*	35,325	20,705	71
Total EBITDA	12,763	6,256	104
EBITDA Margin (%)	36.1	30.2	
Total Net Profit	4,608	-436	-1,158
Net Profit Margin (%)	13.0	-2.1	
<u>Core**</u>			
Total Revenue*	34,962	19,745	77
Total EBITDA	10,442	4,337	141
EBITDA Margin (%)	29.9	22.0	
Total Net Profit	2,011	-2,366	-185
Net Profit Margin (%)	5.8	-12.0	
	9M22	9M21	%Chg
<u>As Reported</u>			
Total Revenue*	88,264	49,044	80
Total EBITDA	25,047	7,770	222
EBITDA Margin (%)	28.4	15.8	
Total Net Profit	2,376	-11,609	-120
Net Profit Margin (%)	2.7	-23.7	

Core**

Total Revenue*	87,844	47,831	84
Total EBITDA	22,238	7,958	179
EBITDA Margin (%)	25.3	16.6	
Total Net Profit	-360	-10,971	-97
Net Profit Margin (%)	-0.4	-22.9	

* Includes share of profit and other income

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

Performance Breakdown by Business*

9M22	% Core Revenue Contribution	% Core EBITDA Contribution
Hotel & Mixed-use	75	81
Restaurant Services	23	17
Retail trading	2	2
Total	100	100

* Exclude non-core items as detailed in the appendix

Major Developments in 3Q22

Developments

Restaurant	<ul style="list-style-type: none"> Added 25 outlets, net q-q, majority of which were the openings of Dairy Queen and Coffee Journey in Thailand, which offset outlet closures of The Coffee Club in Australia during the quarter
Hotel & Mixed-Use	<ul style="list-style-type: none"> Completed the sales of NH Brussels Louise in Belgium and NH London Kensington in the UK Opened a total of five hotels q-q <ul style="list-style-type: none"> - Anantara: One managed hotel in UAE - AVANI: One managed hotel in Thailand - NH: Two managed hotels in Colombia and Chile - Nhow: One leased hotel in Germany Closed a total of two hotels q-q <ul style="list-style-type: none"> - NH: Two leased hotel in the Netherlands and Spain
Corporate	<ul style="list-style-type: none"> Successfully issued Baht 13 billion of perpetual debentures

Segment Performance

Restaurant & Contract Manufacturing Businesses

At the end of 3Q22, MINT's total restaurants reached 2,484 outlets, comprising of 1,246 equity-owned outlets (50% of

total) and 1,238 franchised outlets (50% of total). 1,854 outlets (75% of total) are under Thailand hub, while the remaining 630 outlets (25% of total) are in 23 other countries in Asia, Oceania, Middle East, Europe, Mexico and Canada.

Restaurant Outlets by Ownership and Hub

	3Q22	Chg q-q	Chg y-y
Owned Equity	1,246	14	46
Franchise	1,238	11	65
Total Outlets	2,484	25	111
Thailand*	1,854	27	93
China	142	1	13
Australia	338	-2	0
Others	150	-1	5
Total Outlets	2,484	25	111

* Thailand hub includes stores in CLMV

Restaurant Outlets by Brand

	3Q22	Chg q-q	Chg y-y
The Pizza Company	572	-1	9
Swensen's	339	1	12
Sizzler	69	3	5
Dairy Queen	499	5	7
Burger King	124	2	6
The Coffee Club	405	-6	-12
Thai Express	91	0	12
Riverside	147	1	14
Benihana	17	0	0
Bonchon	109	3	17
Coffee Journey	65	13	43
Others*	47	4	-2
Total Outlets	2,484	25	111

* 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 3Q22, total-system-sales (including sales from franchised outlets) surged by 41.3% y-y. Thailand and Australia hubs saw strong operational recovery, attributable to improving dine-in segment, outlet expansion and reopening of temporary closed stores last year. Overall same-store-sales in the quarter increased by 16.6%, compared to the same period in prior year as sales rebound in Thailand and Australia more than offset a decrease of same-store-sales in China.

Thailand hub in 3Q22 reported a 50.5% y-y jump in total-system-sales, similar reasons as mentioned above. Robust

in-store traffic growth which was driven by Minor Food's sales initiatives drove same-store-sales growth to 11.4% y-y in 3Q22, compared to stringent operating restrictions imposed on restaurants in thirteen dark-red zone provinces in seven weeks during July and August of prior year. During the quarter, Minor Food's research and development, together with supply chain management team continued to collaborate in menu re-engineering to stimulate sales while also manage cost.

Total-system-sales of China hub was flat y-y in 3Q22, mainly supported by successful store expansion which fully offset a decrease in same-store-sales of 10.5%. Specifically, total-system-sales growth returned to positive territory from August 2022 onwards. This was an immense improvement from total-system-sales and same-store-sales decline of 52.1% and 42.7% in 2Q22, respectively due to the easing of COVID-19 measures in all key regions since June 2022. In the quarter, most stores resumed dine-in and delivery services, albeit lingering controlling measures in certain areas.

As a result of the removal of all COVID restrictions since April 2022, Australia witnessed a continuous improvement in economic sentiment and business activities in 3Q22. Coupled with Australia hub's effective sales and marketing programs to strengthen The Coffee Club's coffee credentials and further enhance brand awareness, as well as low base effect of last year, same-store-sales grew by 35.6% y-y. Meanwhile, total-system-sales growth of 41.7% was achieved, a faster rate than same-store-sales growth, from the reopening of stores that were temporarily closed last year including stores at airports.

Overall, 9M22 group-wide total-system-sales increased by 21.3% y-y as the strong total-system-sales growth of Thailand and Australia hubs mitigated the challenging operating environment in China especially in the second quarter of the year amidst government's strict lockdown in key cities. Group-wide same-store-sales grew by 16.6% y-y from improvement in sales activities in Thailand and Australia.

Restaurant Business Performance

%	3Q22	3Q21	9M22	9M21
Average Same-Store-Sales Growth	16.6	(7.2)	9.3	(6.4)

Average Total-System-Sales Growth	41.3	(7.5)	21.3	2.0
Note: Calculation based on local currency to exclude the impact of foreign exchange				

Financial Performance Analysis

3Q22 total core restaurant revenue increased immensely by 54% y-y, attributable to top-line growth of all three hubs, positive contribution from joint ventures and the reclassification of contract manufacturing moving from Minor Lifestyle to Minor Food. Restaurants in Thailand and Australia saw stronger performance from improved business operational environment while China also reported revenue growth due to lower discount offerings to customers although total-system-sales was flat. Excluding contract manufacturing sales due to internal business restructuring, total core restaurant revenue jumped by 48%, compared to the same period last year. Franchise income surged by 52% y-y, driven by increasing local and international franchise income of most brands, together with higher initial income from additional franchise contracts of The Pizza Company and Swensen's in overseas markets.

Core EBITDA in 3Q22 continued to be resilient and in a positive territory, growing by 37% y-y to Baht 1,556 million. Business traffic was on an upward trend for Thailand and Australia hubs while lower discount offerings and effective cost savings in rental, promotional and labor drove EBITDA growth in China. Overall core EBITDA reported growth but rose at a slower rate than revenue expansion due to the reclassification of lower-margin contract manufacturing unit and higher marketing expenses at Thailand hub. Consequently, core EBITDA margin decreased slightly to 21.0% in 3Q22, compared to 3Q21 EBITDA margin of 23.6%.

In 9M22, total core revenue of Minor Food rose by 33% y-y to Baht 20,135 million. An improvement in sales activities in Thailand and Australia fully mitigated softer operations in China, especially in 2Q22 amidst strict lockdowns in the country. Alongside revenue improvement, core EBITDA also increased by 12% y-y to Baht 3,797 million. Core EBITDA margin decreased from 22.3% in 9M21 to 18.9% in 9M22 due to the same reasons mentioned above.

Financial Performance*

Bt million	3Q22	3Q21	%Chg
Revenue from Operation**	7,000	4,552	54
Franchise Fee	401	263	52

Total Revenue	7,400	4,815	54
EBITDA	1,556	1,136	37
EBITDA Margin (%)	21.0	23.6	

	9M22	9M21	%Chg
Revenue from Operation**	18,912	14,241	33
Franchise Fee	1,223	928	32
Total Revenue	20,135	15,169	33
EBITDA	3,797	3,385	12
EBITDA Margin (%)	18.9	22.3	

* 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 3Q22, MINT owns 366 hotels and manages 163 hotels and serviced suites in 56 countries. Altogether, these properties have 76,306 hotel rooms and serviced suites, including 56,383 rooms that are equity-owned and leased and 19,923 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, 5,300 rooms in Thailand accounted for 7%, while the remaining 71,006 rooms or 93% are located in 55 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	3Q22	Chg q-q	Chg y-y
Owned Equity*	56,383	111	-423
- Thailand	3,516	0	328
- Overseas	52,867	111	-751
Management	19,923	488	1,183
- Thailand	1,784	80	163
- Overseas	18,139	408	1,020
Total Hotel Rooms	76,306	599	760

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

Hotel Rooms by Ownership

	3Q22	Chg q-q	Chg y-y
Owned Hotels	19,305	0	194
Leased Hotels	35,249	111	-617
Joint-venture Hotels	1,829	0	0
Managed Hotels	13,553	514	1,211
MLRs*	6,370	-26	-28
Total Hotel Rooms	76,306	599	760

* 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), which accounted for 85% of core hotel & mixed-use revenues in 3Q22, reported y-y system-wide revenue per available room ("RevPar") increase of 95%. This was due to robust recovery of hotel performances in all key geographies with strong demand from leisure and business travels, together with Minor Hotels' continued strategy on lifting the room rate. Overall RevPar of owned and leased hotels continued to surpass pre-pandemic level by 25% in 3Q22.

3Q22 system-wide RevPar of owned and leased hotel portfolio in Europe and Latin America doubled y-y in EUR term, led by both higher average occupancy and room rates. Sequential q-q improvement of operations was also seen from a strong rebound of business and corporate segments despite low seasonality in August 2022. As a result, RevPar outperformed 2019 level by 21% in EUR term in 3Q22. Notably, occupancy rate rose to 74% with room rate of almost EUR 150 per night in September 2022, marking another record-high performance for NH Hotel Group.

In the Maldives, RevPar grew 8% y-y in USD term, supported by strong surge in room rate from Minor Hotels' strong brand recognition and continuous sales efforts to expand feeder markets. Average room rate continued to drive RevPar to remain above pre-COVID-19 level since third quarter of 2021 by 18% in 3Q22.

3Q22 system-wide RevPar of owned hotels in Thailand surged by almost five folds y-y, following the removal of international travel restrictions since July 2022. Average occupancy rate escalated sequentially from 31% in 1Q22 to 43% and 52% in 2Q22 and 3Q22 despite being rainy season, respectively while average room rate surpassed pre-pandemic level by 9% in the quarter. As a result, the gap versus 2019 level has been narrower progressively with RevPar approaching 75% of pre-COVID19 level.

Management Letting Rights

The management letting rights portfolio (MLRs), contributing 8% of 3Q22 core hotel & mixed-use revenues, recorded an impressive performance with RevPar increase of more than double y-y and 7% q-q in AUD term. Average occupancy rate rose significantly to 84% in 3Q22 from 50%

in the same period of previous year while average room rate jumped by 27% y-y, driven by strong rebound of leisure and corporate travel activities, coupled with school holidays and sporting events. Consequently, RevPar exceeded pre-pandemic horizon by 42% in AUD term.

Management Contracts

Revenue contribution of management contract to MINT's core hotel & mixed-use revenues was 2% in 3Q22. System-wide RevPar of management contract portfolio increased by 62% y-y, attributable to demand recovery across Europe, Asia, the Maldives and the Middle East.

Overall Hotel Portfolio

In summary, in 3Q22, MINT's system-wide RevPar of the entire portfolio almost doubled y-y and was above pre-COVID-19 level by 24%. This reflected operational recovery across all business models and regions given higher travel demand as most countries already opened borders for international travelers and lifted lockdowns.

In 9M22, system-wide RevPar of MINT's entire portfolio increased immensely by 135% y-y, attributable to the same reasons mentioned above.

Hotel Business Performance by Ownership

(System-wide)	Occupancy (%)			
	3Q22	3Q21	9M22	9M21
Owned Hotels*	68	47	58	28
Joint Ventures	40	26	40	26
Managed Hotels*	55	41	50	32
MLRs**	84	50	80	65
Average	67	46	58	32
MINT's Portfolio in Thailand	53	18	42	16
Industry Average in Thailand***	45	5	41	30
(System-wide)	ADR (Bt/night)			
	3Q22	3Q21	9M22	9M21
Owned Hotels*	5,122	3,793	4,696	3,489
Joint Ventures	6,093	6,306	7,890	6,748
Managed Hotels*	5,383	4,463	5,510	4,573
MLRs**	5,727	4,381	5,316	4,233
Average	5,233	3,962	4,919	3,833
MINT's Portfolio in Thailand	4,457	2,799	4,431	3,041
Industry Average in Thailand***	1,081	807	988	922
(System-wide)	RevPar (Bt/night)			
	3Q22	3Q21	9M22	9M21
Owned Hotels*	3,476	1,778	2,721	984
Joint Ventures	2,416	1,665	3,150	1,746
Managed Hotels*	2,949	1,819	2,733	1,463

MLRs**	4,788	2,181	4,275	2,746
Average	3,485	1,816	2,862	1,220
MINT's Portfolio in Thailand	2,362	507	1,855	492
Industry Average in Thailand***	486	44	409	295

* These numbers include NH Hotel Group

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

*** Source for Industry Average: Bank of Thailand

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 five projects in Thailand, Mozambique and Malaysia that are currently available for sale. In addition, four new residential and office development projects, are currently under 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 3Q22, AVC had a total inventory of 276 units in Thailand, New Zealand, Indonesia, and China. The number of members increased by 6% y-y to 17,127 members at the end of 3Q22.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 3Q22, total core revenue of hotel & mixed-use business surged by 87% y-y. Hotels in all business models and regions demonstrated robust performance due to strong demand recovery which further led to an increase in room rate. Management income in the quarter reported an increase of 75%, compared to the same period in prior year from RevPar growth of managed hotels and the increase in number of managed rooms. Meanwhile, revenue from mixed-use business increased by 15% y-y in 3Q22, mainly driven by improving operations of AVC and plaza & entertainment. Higher number of points sold and increasing average price per point as a result of successful marketing activities drove AVC business while better performance of plaza &

entertainment was supported by stronger traffic and the reopening of shopping malls and entertainment outlets in the dark red zone cities in Thailand which were temporarily closed last year amidst COVID-19 restrictions.

Core EBITDA of hotel & mixed-use business in 3Q22 almost tripled to Baht 8,748 million, a faster pace when compared to revenue growth. This was mainly attributable to hotel and plaza & entertainment businesses given higher flow-through from revenue improvement. Consequently, core EBITDA margin improved strongly to 32.5% in 3Q22 from 22.4% in the same period last year.

For 9M22, hotel & mixed-use business reported y-y total revenue increase of two folds to Baht 65,927 million from operational recovery of all business perimeters, except for residential development business due to timing mismatch of real estate sales activities. Core EBITDA nearly quadrupled to Baht 18,067 million, supported by robust results of hotel segment and business activities recovery of world-class restaurants in the UK and plaza & entertainment. As a result, overall core EBITDA margin rose to 27.4% in 9M22, compared to 14.8% in 9M21.

Financial Performance*

<i>Bt million</i>	3Q22	3Q21	%Chg
Hotel & related services **	25,136	13,002	93
Management fee	454	259	75
Mixed-use	1,333	1,158	15
Total Revenue	26,923	14,418	87
EBITDA	8,748	3,227	171
EBITDA Margin (%)	32.5	22.4	
	9M22	9M21	%Chg
Hotel & related services **	61,109	26,245	133
Management fee	1,298	796	63
Mixed-use	3,520	3,802	-7
Total Revenue	65,927	30,843	114
EBITDA	18,067	4,572	295
EBITDA Margin (%)	27.4	14.8	

* Exclude non-core items as detailed in the appendix

** Include share of profit and other income

Lifestyle Business

At the end of 3Q22, MINT had 306 retail trading points of sales, a decrease of 141 points of sales from 447 points at the end of 3Q21, mainly from store closure of Esprit, Anello, Radley and Bodum in order to focus on efficiency, netted off with the addition of new 'BergHOFF' stores. Of total 306

retail trading outlets, 73% are operated under fashion brands including Anello, Bossini, Charles & Keith, Esprit and Radley, while 27% are operated under home & kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and BergHOFF.

Lifestyle's Outlet Breakdown

	3Q22	Chg q-q	Chg y-y
Fashion	223	-8	-100
Home & Kitchenware	83	3	-41
Total Outlets	306	-5	-141

In 3Q22, total revenue of Minor Lifestyle increased by 25% y-y. Despite the reclassification of contract manufacturing business to Minor Food and lower number of retail trading stores, the growth was driven by stronger performance of both fashion as well as home & kitchenware segments from higher store traffics and low base of previous year in which COVID-19 restrictions in Thailand resulted in temporary closure of stores. Excluding the reclassification impact, overall revenue surged by 76%, compared to the same period of last year.

3Q22 overall core EBITDA of Minor Lifestyle bounced back to positive territory at Baht 138 million compared to core loss of Baht 27 million in the same quarter last year. This was in tandem with revenue improvement, savings in personnel expenses, less discount campaigns and higher operational efficiency from the exit of loss-making brands. As a result, EBITDA margin was positive at 21.6% in 3Q22.

9M22 revenue of Minor Lifestyle decreased by 2% y-y, solely due to the absence of contract manufacturing contribution from the reporting adjustment. Ruling out the reclassification impact, overall revenue reported growth of 44%. Core EBITDA in 9M22 rose to Baht 374 million from Baht 1 million, increasing at a much faster rate than revenue growth. Consequently, EBITDA margin improved to 21.0% in 9M22 from 0.05% in 9M21.

Financial Performance*

<i>Bt million</i>	3Q22	3Q21	%Chg
Retail Trading	639	249	157
Manufacturing**	0	263	-100
Total Revenues***	639	512	25
EBITDA	138	-27	-617
EBITDA Margin	21.6	-5.2	

<i>Bt million</i>	9M22	9M21	%Chg
Retail Trading	1,782	1,055	69
Manufacturing**	0	764	-100
Total Revenues***	1,782	1,819	-2
EBITDA	374	1	42,160
EBITDA Margin	21.0	0.0	

* Exclude non-core items as detailed in the appendix

** Manufacturing was reclassified to Minor Food from 1Q22 due to internal restructuring

*** Include share of profit and other income

Balance Sheet & Cash Flows

At the end of 3Q22, MINT reported total assets of Baht 370,265 million, an increase of Baht 633 million from Baht 369,633 million at the end of 2021. The increase was primarily attributable to (1) Baht 2,130 million increase in cash as a result of net cash generated from operating activities and (2) Baht 3,953 million increase in trade and other receivables, mainly due to increasing sales, netted off with (1) Baht 1,006 million decrease in investments in associates and interests in joint ventures and (2) Baht 3,931 million and Baht 3,129 million decreases in property, plant and equipment, as well as right-of-use assets, respectively, mainly from the regular depreciation and amortization schedule.

MINT reported total liabilities of Baht 286,183 million at the end of 3Q22, a decrease of Baht 3,958 million from Baht 290,140 million at the end of 2021. The decrease was mainly due to (1) Baht 6,307 million decrease in net financing from the repayment of long-term borrowings and (2) a decrease in lease liabilities of Baht 2,932 million mainly as a result of lease payment schedule.

Shareholders' equity increased by Baht 4,590 million, from Baht 79,492 million at the end of 2021 to Baht 84,083 million at the end of 3Q22, owing mainly to (1) reported 9M22 net profit of Baht 2,376 million, (2) proceeds from the exercise of warrants amounting to Baht 1,475 million and (3) Baht 3,676 million increase in other components of equity mainly as a result of translation adjustment, netted with (1) net redemption of perpetual debentures of Baht 1,988 million and (2) interest paid on perpetual bonds of Baht 1,216 million.

For the first nine months of 2022, MINT and its subsidiaries reported positive cash flows from operations of Baht 22,422

million, an increase of Baht 12,324 million y-y, supported by improved operations.

Cash flow used in investing activities was Baht 182 million in 9M22, primarily due to (1) Baht 1,172 million investment amount related to Corbin & King (before net cash received and other adjustments distributed to MINT) and (2) Baht 2,835 million regular capital expenditures of hotel, restaurant and other businesses, netted off with (1) Baht 1,585 million decrease in loans to other companies, (2) Baht 786 million proceeds from disposals of some assets including the sale of two owned assets in the Netherlands and Germany in 2Q22 and 3) Baht 1,708 million proceeds from disposals of asset held for sales including the sale of two owned assets in the UK and Belgium in 3Q22.

The Company reported net cash used for financing activities of Baht 20,007 million in 9M22, primarily due to (1) repayment of lease liabilities of Baht 6,511 million, (2) cash paid for interest expenses of Baht 6,534 million, (3) interest paid on perpetual debentures of Baht 1,216 million, (4) net repayment of long term borrowings, debentures and perpetual debentures of Baht 7,166 million, netted off with Baht 1,475 million proceeds received from the exercise of warrants.

In summary, cash flows from operating, investing and financing activities resulted in a net increase of MINT's net cash and cash equivalents of Baht 2,232 million in 9M22.

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, continued to be in a positive territory at Baht 5.8 billion in 3Q22. This was mainly due to significantly improved operating cash flow.

Financial Ratio Analysis

MINT's gross profit margin rose strongly from 25.9% in 9M21 to 42.5% in 9M22, mainly supported by improved operations of Minor Hotels and Minor Lifestyle. Meanwhile, MINT's core loss also improved from business recovery in all business units.

Return on equity (on a core basis) was slightly negative at 0.6% in 9M22, improved from negative return on equity of 20.9% in 9M21, as a result of lower core net loss compared to last year. Correspondingly, MINT recorded negative

return on assets (on a core basis) of 0.1% in 9M22.

Collection days decreased from 67 days in 9M21 to 45 days in 9M22, supported by MINT's efforts to collect payment faster. The provision for impairment as a percentage of gross trade receivables decreased from 16.0% in 9M21 to 9.2% in 9M22 from hotel and restaurant businesses due to higher quality of sales.

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 9M22 was 27 days, compared to 50 days in 9M21, as a result of much stronger sales and proactive inventory management. Account payable days decreased from 125 days in 9M21 to 88 days in 9M22 from absence of payment extension as business activities resumed.

Current ratio was at 0.7x at the end of 3Q22, compared to 0.9x at the end of 2021 mainly due to an increase in short-term loans and current portions of long-term borrowings. This is temporarily as part of short-term liquidity preparation plan to redeem old THB perps, which went successfully. According to MINT's debt covenant definition which carves out lease liabilities from the calculation, net interest-bearing debt to equity ratio decreased from 1.36x at the end of 2021 to 1.19x as at end 3Q22, attributable to lower interest-bearing debt from net debt repayment and higher equity base from profit generation and asset sales. This level was much below MINT's debt covenant of 1.75x. Nevertheless, financial covenant testing is waived until the end of 2022. Interest coverage ratio increased from 1.5x in 9M21 to 2.9x in 9M22 due to improvement in cash flows from operations and lower interest expenses.

Leverage & Financial Policy	30 Sept 22	31 Dec 2021
Interest Bearing Debt/Equity (x)	1.51	1.68
Net Interest Bearing Debt/Equity (x)	1.19	1.36
	30 Sept 22	30 Sept 21
Interest Coverage (x)	2.9	1.5

* Exclude non-core items as detailed in the appendix

Management's Outlook

Minor Hotels

Positive outlook is intact with our projections pointing to decent performance growth. Good tractions of hotel forward bookings continue with no sign of slowdown in pent-up leisure demand. Given MINT's hotel positioning to cater to upscale and luxury segments, the Company has shown its proven resiliency and ability to recover faster despite geopolitical and economic challenges.

Europe: In addition to the strong recovery of domestic and intra-European leisure tourism, demand for hotels in Europe next year will be driven by return of long-haul international travels, especially from North American and Asian markets, large-scale of business events and trade fairs, as well as travel resumption of big corporates. As business segment is relatively less price sensitive and NH Hotel Group's properties are in prime and irreplaceable locations, there is more room for demand-driven pricing strategy. Regarding cost management, particularly energy costs which accounted for only 4% of total revenue in 2019, NH Hotel Group already locked in contract pricing at a much lower than current market prices for nearly 100% in 2022 and over 60% of 2023 forecasted usage. Therefore, Minor Hotels expects limited impact from the rising energy costs.

Australia: Without any inter-state lockdown in the country, hotels in Australia have seen strong recovery of domestic leisure and corporate travels. A rise in international arrivals will further support the hospitality industry. At the end of October 2022, Australia launched a new global campaign- 'Come and Say G'day' across many key international markets to rebuild demand for travel to the country. In the meantime, hotel price increase will maintain its momentum in 2023 although the magnitude of rate rises will be slightly lower compared to 2022.

Thailand: Performances of Thailand portfolio have already been tracking close to pre-COVID19 level and are expected to regain to pre-pandemic level by next year despite

Financial Ratio Analysis

Profitability Ratio	30 Sept 22	30 Sept 21
Gross Profit Margin (%)	42.5	25.9
Net Profit Margin (%)	2.7	-23.7
Core Net Profit Margin* (%)	-0.4	-22.9
Efficiency Ratio	30 Sept 22	30 Sept 21
Return on Equity* (%)	-0.6	-20.9
Return on Assets* (%)	-0.1	-4.1
Collection Period (days)	45	67
Inventory (days)	27	50
Accounts Payable (days)	88	125
Liquidity Ratio	30 Sept 22	31 Dec 2021
Current Ratio (x)	0.7	0.9

uncertainty of Chinese outbound tourism. This will be supported by Minor Hotels' pricing power in attracting broader tourist source markets through strong commercial network and targeted sales and marketing programs. Additionally, airlines are ramping-up their seating capacities in many destinations and operation plan to catch up with the increasing number of tourists which will unlock the demand constraint for Thailand hotels. As Thailand's monsoon rain started to subside, average occupancy rate continued to climb above 60% in October 2022.

Maldives: Hotel activities in the Maldives will continue to surpass pre-pandemic benchmark and will benefit from Maldives Tourism Ministry's ambitious plans to boost tourist arrivals to the island in 2023 with scaled-up infrastructural development to accommodate such increase. With expected solid demand, average room rate has further potential to escalate.

Minor Food

Minor Food will continue to put efforts to enhance revenue in all sales channels while also strengthen cost structure to boost overall profitability. Advancing its innovation with new store formats, brand loyalty platform as well as new product development are the key focus.

Thailand Hub: Brand revitalization programs continue, alongside with innovative store formats. For example, Sizzler recently launched a new dine-in concept store that showcases new store design, smaller store size and exciting menu items to reinforce its position as Thailand's leading healthy restaurant brand. This latest store concept is targeted to help expand customer base to cover younger generations with modern lifestyle.

China Hub: Situation in the country has improved immensely from 2Q22 following the easing of city-wide lockdowns in key cities. Although there are still some sporadic COVID-19 restrictions in subregions, the scale and period of lockdowns in China have become much smaller and shorter. Hence, positive profitability and cashflows are expected to sustain through several cost control initiatives, including negotiations with landlord for rental reduction, upgrading supply chain system and reducing headcount per store through digital and technology to improve efficiency. China hub will continue to stay adaptive to local operating environment while explore new business growth opportunities.

Australia Hub: Following a successful national marketing campaign which restore The Coffee Club's coffee credentials to strengthen brand recognition, Australia hub's subsequent strategy is to cultivate brand loyalty. In-store and digital marketing initiatives were selected to boost the usage of its owned digital application with an aim to acquire new customers and drive repeated sales.

Minor Lifestyle

Retail business environment and retail sales in Thailand are expected to continue its recovery, underpinned by improved economic activities and the return of foreign tourists following the termination of COVID-19 restrictions. Given rising e-commerce penetration rate in Thailand, Minor Lifestyle has moved into a more customer-centric space and formulated strategy to create seamless shopping experience for both in-store and online channels in terms of product selection, pricing, payment options and return policy. Minor Lifestyle also focuses on customer retention, acquiring new customers and data analytics.

Cash Flow and Balance Sheet Management

MINT's liquidity remained ample with Baht 27 billion of cash on hand and Baht 30 billion of total unutilized credit facilities as at end 3Q22. In tandem with stronger operating results, strong positive of average free cash flow will sustain its momentum going forward.

MINT reiterates its commitment to strengthen balance sheet. Net leverage ratio continues to decline, supported by higher profit generation and strategy to accelerate interest bearing debt repayment amidst rising interest rate environment. This will help to alleviate potential impact from increase in cost of debt. In addition to the early redemption of EUR 100 million floating-rate ICO loan in August 2022, NH Hotel Group plans to repay another EUR 100 million in December, much ahead of the schedule.

MINT remains strongly confident to continue executing its responsible growth strategy through a portfolio of leading hospitality and restaurant brands. Such positive momentum will overcome any pressures in the macroeconomic environment. Together with prudent resource management, we are optimistic that we will continue delivering strong results in 2023 with expanded margins.

.....
Mr. Chaiyapat Paitoon
Chief Financial Officer

Appendix

Non-Recurring Items			
Period	Amount (Bt million)	Business Unit	Non-recurring Items
1Q21	119 revenue -100 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	-2,349	Minor Hotels	Impairment of asset related to COVID-19 (SG&A expense)
	793	Minor Hotels	Foreign exchange gain on unmatched USD Cross- Currency Swap (SG&A expense)
	-135	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	-12	Minor Hotels / Minor Lifestyle	Redundancy costs from cost cutting measures (SG&A expense)
	-236	Minor Food	Provision expenses for store closure and lease receivable, and write-off of prepaid rent (SG&A expense)

2Q21	134 revenue 83 net profit	Minor Hotels	Non-recurring items of NH Hotel Group (Revenue and SG&A expense)
	-340 pre-tax -103 post-tax	Minor Hotels	Loss from asset sale in Spain (SG&A expense)
	-737	Minor Hotels	Transaction cost related to NH Hotel Group's debt restructuring (Interest expense)
	-9	Minor Hotels	Redundancy costs from cost cutting measures (SG&A expense)
	-9	Minor Food	Provision expenses for store closure and write- off of prepaid rent (SG&A expense)
	272 pre-tax 209 post-tax	Minor Hotels	Foreign exchange gain on unmatched USD Cross- Currency Swap (SG&A expense)
	45 pre-tax 36 post-tax	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
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)
	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)

2Q22	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)
3Q22	387 revenue 456 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)
	783	Minor Hotels	Foreign exchange gain on unmatched USD Cross-Currency Swap (SG&A expense)
	-52	Minor Hotels	Change in fair value of interest rate derivative (SG&A expense)
	349	Minor Hotels	Ineffective hedge accounting (Other gains)
	147	Minor Hotels	Deferred tax related to IFRS9 (Tax expense)
	922	Minor Hotels	Unrealized gain from derivatives (Other gains)
	-24 revenue 1 net profit	Minor Food	Disposal of fixed asset, reversed provision expenses for asset impairment and amortization of deferred income related to IFRS15 (Revenue and SG&A expense)