

August 11, 2022

Minor International Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

2Q22 and 1H22 Performance

Summary: Minor International Public Company Limited (“MINT”) reported significantly stronger operating performance both y-y and q-q in 2Q22. MINT posted core revenue of Baht 32,181 million in the quarter, doubling from the second quarter of last year and exceeded pre-pandemic level. Improving business conditions were seen in all three business units. Strong demand from leisure and corporate markets drove hotel business while performance of restaurant and lifestyle units were fueled by higher trading activities in Thailand and Australia, as well as rising store traffics at all fashion brand stores, respectively.

Core EBITDA in 2Q22 nearly tripled y-y to Baht 9,059 million, growing at a faster rate than revenue. Hotel operations saw a strong rebound given its higher revenue flow-through, continuous cost control and room rate maximization strategy. Meanwhile, core EBITDA of lifestyle business returned to positive territory and those of restaurant operation remained in the black.

As a result of the above, core profit turned positive to Baht 1,211 million in 2Q22, compared to core loss of Baht 3,395 million in 2Q21. All three business units were profitable. Notably, Minor Hotels returned to strong profitability in the quarter with European portfolio reporting record-high results and surpassing pre-pandemic performance for the first time since the emergence of COVID-19 and Minor Food sustained its profitable operations for the eighth successive quarter. Core profit in 2Q22 would have been exceeding 2Q19 pre-pandemic level if excluding impact from IFRS16 and uncontrollable events related to movement of foreign exchange rate and challenging operational environment in China.

For 1H22, MINT’s core revenue increased by nearly two folds y-y to Baht 52,882 million given the relaxation of

COVID-19 restrictions in all key regions which resulted in continuous business recovery. Core EBITDA growth of more than three times to Baht 11,796 million was reported in 1H22 from revenue increase and MINT’s increasingly productive and efficient operating platform. As a consequence, core loss improved to Baht 2,371 million in 1H22, compared to core loss of Baht 8,606 million in 1H21.

Including non-core items as detailed in the appendix, MINT posted a 105% and 220% y-y jump in revenue and EBITDA to Baht 32,212 million and Baht 9,679 million, respectively in 2Q22. Reported bottom line turned positive to Baht 1,561 million in 2Q22, compared to net loss of Baht 3,924 million in the same period of last year. For 1H22, MINT’s reported revenue rose by 87% y-y to Baht 52,939 million while EBITDA increased at a higher rate, growing by eight times to Baht 12,284 million. 1H22 reported bottom line was at a loss of Baht 2,232 million, an immense improvement from a net loss of Baht 11,174 million in 1H21.

Financial Performance			
<i>Bt million</i>	2Q22	2Q21	%Chg
<u>As Reported</u>			
Total Revenue*	32,212	15,721	105
Total EBITDA	9,679	3,029	220
EBITDA Margin (%)	30.0	19.3	
Total Net Profit	1,561	-3,924	140
Net Profit Margin (%)	4.8	-25.0	
<u>Core**</u>			
Total Revenue*	32,181	15,587	106
Total EBITDA	9,059	3,100	192
EBITDA Margin (%)	28.2	19.9	
Total Net Profit	1,211	-3,395	136
Net Profit Margin (%)	3.8	-21.8	
	1H22	1H21	%Chg
<u>As Reported</u>			
Total Revenue*	52,939	28,340	87
Total EBITDA	12,284	1,514	711

EBITDA Margin (%)	23.2	5.3	
Total Net Profit	-2,232	-11,174	80
Net Profit Margin (%)	-4.2	-39.4	
Core**			
Total Revenue*	52,882	28,086	88
Total EBITDA	11,796	3,622	226
EBITDA Margin (%)	22.3	12.9	
Total Net Profit	-2,371	-8,606	72
Net Profit Margin (%)	-4.5	-30.6	

* Includes share of profit and other income

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

Performance Breakdown by Business*

1H22	% Core Revenue Contribution	% Core EBITDA Contribution
Hotel & Mixed-use	74	79
Restaurant Services	24	19
Retail trading	2	2
Total	100	100

* Exclude non-core items as detailed in the appendix

Major Developments in 2Q22

Developments

Restaurant	<ul style="list-style-type: none"> Added 49 outlets, net q-q, majority of which were a result of store opening of The Pizza Company, Swensen's and Coffee Journey in Thailand, which offset the a few outlet closures of The Coffee Club in Australia during the quarter
Hotel & Mixed-Use	<ul style="list-style-type: none"> Opened a total of two hotels q-q <ul style="list-style-type: none"> NH: One managed hotel in Andorra NH Collection: One leased hotel in Italy Closed three hotels q-q <ul style="list-style-type: none"> NH: One owned hotel in the Netherlands and two leased hotels in the Netherlands and the U.K.
Corporate	<ul style="list-style-type: none"> Completed the sale of two owned assets in the Netherlands and Germany TRIS Rating revised the rating outlook on MINT to "stable" from "negative" Fitch Ratings upgraded NH Hotel Group's rating from B- to B and revised the outlook to "stable" from "negative" while rating of its senior secured debentures was also upgraded from B+ to BB- Moody's revised the rating outlook on NH Hotel Group to "stable" from "negative"

Segment Performance

Restaurant & Contract Manufacturing Businesses

At the end of 2Q22, MINT's total restaurants reached 2,459 outlets, comprising of 1,232 equity-owned outlets (50% of total) and 1,227 franchised outlets (50% of total). 1,827 outlets (74% of total) are under Thailand hub, while the remaining 632 outlets (26% of total) are in 23 other countries in Asia, Oceania, Middle East, Europe, Mexico and Canada.

Restaurant Outlets by Ownership and Hub

	2Q22	Chg q-q	Chg y-y
Owned Equity	1,232	26	42
Franchise	1,227	23	50
Total Outlets	2,459	49	92
Thailand*	1,827	43	67
China	141	3	21
Australia	340	-3	-3
Others	151	6	7
Total Outlets	2,459	49	92

* Thailand hub includes stores in CLMV

Restaurant Outlets by Brand

	2Q22	Chg q-q	Chg y-y
The Pizza Company	573	12	8
Swensen's	338	8	12
Sizzler	66	2	2
Dairy Queen	494	1	0
Burger King	122	1	5
The Coffee Club	411	-3	-14
Thai Express	91	6	15
Riverside	146	3	22
Benihana	17	0	-2
Bonchon	106	4	15
Coffee Journey	52	13	34
Others*	43	2	-5
Total Outlets	2,459	49	92

* 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 2Q22, total-system-sales (including sales from franchised outlets) increased by 13.3%, compared to the same period last year. The operational recovery and increasing number of stores in Thailand, together with business rebound and store reopening in Australia more than offset a decline of

total-system-sales in China. Similar reasons as mentioned above, higher store trading activities of Thailand and Australia hubs drove overall same-store-sales growth to 7.8% y-y in 2Q22.

Thailand hub in 2Q22 reported total-system-sales growth of 25.6% y-y, attributable to 13.3% stronger same-store-sales and 3.8% network expansion. Dine-in traffic saw a robust y-y rebound from improving consumer sentiment and the low base last year amidst government's restrictions on operating hours of restaurants and dine-in services. In addition, several brands recorded higher average spending per ticket due to successful sales and marketing initiatives, menu price increases and higher contribution of dine-in sales.

Total-system-sales and same-store-sales in China declined by 52.1% and 42.7% y-y in 2Q22, respectively. Strict lockdowns in key cities including Shanghai, Beijing and Suzhou led to dine-in restrictions and temporary store closures. Nevertheless, improving trend was seen in June 2022 as the country started to relax COVID-19 measures. During the last month of the quarter, stores in Beijing resumed dine-in services, albeit with half seating capacity while Shanghai stores slowly reopened with delivery service and later the dine-in operations. Following the store reopening, sales performance accelerated strongly.

Australia hub saw a rebound of business activities in 2Q22 as a result of the removal of COVID restrictions since April 2022. An improved operational trading and effective marketing program contributed to same-store-sales growth of 3.9% y-y in the quarter, a recovery from same-store-sales decline of 7.8% in 1Q22. Coupled with reopening of stores that were temporarily closed last year, total-system-sales rose by 5.5%, compared to the same period of previous year. During the quarter, Australia hub continued to strengthen brand relevance and highlight brand uniqueness to expand customer base and increase loyalty of existing customers.

Overall, 1H22 group-wide total-system-sales increased by 12.4% y-y, largely driven by the strong total-system-sales growth of Thailand hub. Group-wide same-store-sales grew by 6.0% y-y as improvement in sales activities in Thailand over-compensated for the challenging operating environments in China and Australia due to governments' restrictions in 2Q22 and 1Q22, respectively.

Restaurant Business Performance

%	2Q22	2Q21	1H22	1H21
Average Same-Store-Sales Growth	7.8	6.1	6.0	(6.0)
Average Total-System-Sales Growth	13.3	36.4	12.4	6.8

Note: Calculation based on local currency to exclude the impact of foreign exchange

Financial Performance Analysis

2Q22 total core restaurant revenue grew by 20% y-y, driven by all hubs except China, the reclassification of contract manufacturing moving from Minor Lifestyle to Minor Food, as well as lower loss contribution from joint ventures as a result of improving business conditions. Excluding contract manufacturing sales due to internal business restructuring, total core restaurant revenue increased 15%, compared to the same period last year and surpassed 2019 level. Franchise income increased by 33% y-y due to improved performance of both local and international franchised restaurants in all regions, together with higher initial income from additional franchise contracts.

Core EBITDA in 2Q22 remained positive consecutively but decreased slightly by 8% y-y to Baht 1,080 million. Positive core EBITDA growth of Thailand hub partially mitigated the impact from lockdown in China's key cities and higher fish purchasing price. Coupled with the reclassification of lower-margin contract manufacturing unit, core EBITDA margin decreased to 17.0% in 2Q22, compared to 2Q21 EBITDA margin of 22.4%.

In 1H22, total core revenue of Minor Food rose by 23% y-y from a pickup in sales activities in Thailand and Australia. Higher core EBITDA of restaurants in Thailand fully compensated for softer operations in China which led overall core EBITDA to be on par with the same quarter of last year at Baht 2,241 million. Core EBITDA margin decreased from 21.7% in 1H21 to 17.6% in 1H22.

Financial Performance*

<i>Bt million</i>	2Q22	2Q21	%Chg
Revenue from Operation**	5,891	4,891	20
Franchise Fee	453	340	33
Total Revenue	6,344	5,231	21
EBITDA	1,080	1,170	-8
EBITDA Margin (%)	17.0	22.4	
	1H22	1H21	%Chg
Revenue from Operation**	11,912	9,689	23

Franchise Fee	823	665	24
Total Revenue	12,735	10,354	23
EBITDA	2,241	2,249	0
EBITDA Margin (%)	17.6	21.7	

* 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 2Q22, MINT owns 367 hotels and manages 159 hotels and serviced suites in 56 countries. Altogether, these properties have 75,707 hotel rooms and serviced suites, including 56,272 rooms that are equity-owned and leased and 19,435 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, 5,220 rooms in Thailand accounted for 7%, while the remaining 70,487 rooms or 93% are located in 55 other countries in Asia, Oceania, Europe, the Americas and Africa.

Hotel Rooms by Owned Equity and Management

	2Q22	Chg q-q	Chg y-y
Owned Equity*	56,272	-130	-94
- Thailand	3,516	0	328
- Overseas	52,756	-130	-422
Management	19,435	32	559
- Thailand	1,704	0	83
- Overseas	17,731	32	476
Total Hotel Rooms	75,707	-98	465

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

Hotel Rooms by Ownership

	2Q22	Chg q-q	Chg y-y
Owned Hotels	19,305	-128	240
Leased Hotels	35,138	-2	-334
Joint-venture Hotels	1,829	0	0
Managed Hotels	13,039	34	621
MLRs*	6,396	-2	-62
Total Hotel Rooms	75,707	-98	465

* 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 2Q22, reported y-y system-wide revenue per available room ("RevPar") increase of more than

four folds. All regions witnessed significant improvement in operations with strong pent-up demand following the cancellation of travel restrictions globally and Minor Hotels' room rate maximization program. Overall RevPar of owned and leased hotels already exceeded 2019 level by 5%, mainly driven by Europe and the Maldives portfolio.

2Q22 system-wide RevPar of owned and leased hotel portfolio in Europe and Latin America more than quadrupled y-y and more than doubled q-q. This was attributable to higher travel activities from leisure and corporate segments, as well as pricing optimization strategy. Sequential m-m improvement of operations was seen throughout the quarter with occupancy reaching 72% and room rate increasing above EUR 140 per night in June 2022. Consequently, RevPar surpassed pre-pandemic level by 9% in 2Q22, solely fueled by the room rate increase.

In the Maldives, RevPar remained to be above pre-COVID-19 level for the fourth consecutive quarter, outperforming by 7% in USD term in 2Q22 despite low travel seasonality to the island. Successful brand positioning, as well as sales and marketing strategy which led to customer base expansion and strong surge in room rate were the key drivers to impressive RevPar.

2Q22 system-wide RevPar of owned hotels in Thailand grew significantly by four times y-y. Stronger demand from domestic tourism, together with post restriction-removal international market, resulted in an increasing average occupancy rate from 31% in 1Q22 to 43% in 2Q22. On another positive note, average room rate was ramped up to be only 5% below pre-pandemic level in 2Q22 with June 2022 figure already surpassed 2019 horizon.

Management Letting Rights

The management letting rights portfolio (MLRs), contributing 8% of 2Q22 core hotel & mixed-use revenues, recorded robust performance with an increase in RevPar of 35% y-y. Australia's international border opening in February 2022, lifting of interstate lockdowns in April 2022 and a restart of Trans-Tasman travel bubble between Australia and New Zealand, as well as, school holidays boosted travel demand and a number of sporting events. Average occupancy rate surged to 83% in 2Q22, compared to 74% in 2Q21 and 75% in 1Q22 while average room rate

also soared by 20% y-y. As a result, RevPar was above pre-COVID19 level by 49% in AUD term.

Management Contracts

Revenue contribution of management contract to MINT's core hotel & mixed-use revenues was 1% in 2Q22. System-wide RevPar of management contract portfolio doubled y-y, driven by improving trend of hotels in all geographies including Europe, the Maldives, the Middle East and Thailand.

Overall Hotel Portfolio

In summary, in 2Q22, MINT's system-wide RevPar of the entire portfolio tripled y-y and surpassed pre-pandemic level by 8%. This reflected operational recovery across all business models and regions given higher travel demand as all countries already opened borders for international travelers and lifted lockdowns.

In 1H22, system-wide RevPar of MINT's entire portfolio increased immensely by 178% y-y, attributable to the same reasons as mentioned above.

Hotel Business Performance by Ownership

(System-wide)	Occupancy (%)			
	2Q22	2Q21	1H22	1H21
Owned Hotels*	66	23	53	19
Joint Ventures	41	23	40	25
Managed Hotels*	50	28	47	26
MLRs**	83	74	79	72
Average	65	28	54	25
MINT's Portfolio in Thailand	42	13	36	15
Industry Average in Thailand***	42	8	39	12
(System-wide)	ADR (Bt/night)			
	2Q22	2Q21	1H22	1H21
Owned Hotels*	4,842	3,238	4,418	3,100
Joint Ventures	6,863	6,168	8,794	7,099
Managed Hotels*	5,485	4,694	5,587	4,802
MLRs**	5,376	4,420	5,082	4,182
Average	5,003	3,773	4,720	3,732
MINT's Portfolio in Thailand	4,206	3,162	4,411	3,207
Industry Average in Thailand***	981	892	941	979
(System-wide)	RevPar (Bt/night)			
	2Q22	2Q21	1H22	1H21
Owned Hotels*	3,207	739	2,338	579
Joint Ventures	2,811	1,448	3,523	1,809
Managed Hotels*	2,757	1,336	2,621	1,268
MLRs**	4,436	3,291	4,001	3,029
Average	3,232	1,057	2,543	916

MINT's Portfolio in Thailand	1,769	416	1,586	489
Industry Average in Thailand***	414	73	371	126

* 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 2Q22, 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 16,872 members at the end of 2Q22.

Overall Hotel & Mixed-Use Financial Performance Analysis

In 2Q22, hotel & mixed-use business posted total core revenue surge of more than two folds y-y, supported by both hotel and mixed-use business units. Hotels in all regions reported stronger operating performance due to robust demand from leisure and corporate markets, together with Minor Hotels' successful pricing strategy. 2Q22 management income reported an increase of 29% y-y due to stronger RevPar trend of managed hotels in all markets and the addition of hotel management contracts during the year. Meanwhile, revenue from mixed-use business increased by 37% y-y in 2Q22. Revenue growth of AVC, spa, world-class restaurants in the UK, as well as plaza and entertainment totally compensated for no activity of residential sales in the quarter. AVC's improved business performance was supported by an increase in average price per point despite

strict lockdown in key market like China while increasing customer traffic drove the restaurants and plaza and entertainment businesses.

Core EBITDA of hotel & mixed-use business grew at a much faster rate than revenue in 2Q22, quadrupling y-y to Baht 7,860 million. This was mainly attributable to hotel business, given higher overall flow-through from revenue improvement, continuous effort on cost control and room rate maximization strategy. Consequently, core EBITDA margin in 2Q22 improved to 31.1% from 19.9%, compared to the same period of last year. The recovery would have even been stronger but Minor Hotels was compelled to account for the foreign exchange movement of USD against Sri Lankan Rupee based on loans of Minor Hotels' Sri Lanka hotels amidst the economic crisis in the country and USD against Brazilian Real based on lease liability of hotels in Brazil. Nevertheless, this foreign exchange loss from revaluation of Sri Lanka hotels' loans and Brazil hotels' lease liabilities are unrealized.

For 1H22, hotel & mixed-use business reported total revenue growth of 137% y-y from operational recovery across all portfolio, except for residential development business unit due to timing mismatch of real estate sales activities. Core EBITDA increased strongly by nearly seven folds to Baht 9,319 million due to similar reasons as 2Q22. As a result, overall core EBITDA margin stood at 23.9% in 1H22, compared to 8.2% in 1H21.

Financial Performance*

<i>Bt million</i>	2Q22	2Q21	%Chg
Hotel & related services **	23,495	8,510	176
Management fee	375	291	29
Mixed-use	1,373	999	37
Total Revenue	25,243	9,800	158
EBITDA	7,860	1,948	304
EBITDA Margin (%)	31.1	19.9	
	1H22	1H21	%Chg
Hotel & related services **	35,973	13,243	172
Management fee	844	537	57
Mixed-use	2,187	2,644	-17
Total Revenue	39,004	16,424	137
EBITDA	9,319	1,345	593
EBITDA Margin (%)	23.9	8.2	

* Exclude non-core items as detailed in the appendix

** Include share of profit and other income

Lifestyle Business

At the end of 2Q22, MINT had 311 retail trading points of sales, a decrease of 121 points of sales from 432 points at the end of 2Q21, from store closure of Esprit, Anello, Radley and Bodum in order to focus on efficiency, netted off with the launch of new kitchenware brand from Belgium 'BergHOFF' in May 2021. Of total 311 retail trading outlets, 74% are operated under fashion brands including Anello, Bossini, Charles & Keith, Esprit and Radley, while 26% are operated under home & kitchenware brands including Joseph Joseph, Zwilling J.A. Henckels and BergHOFF.

Lifestyle's Outlet Breakdown

	2Q22	Chg q-q	Chg y-y
Fashion	231	-18	-88
Home & Kitchenware	80	-10	-33
Total Outlets	311	-28	-121

In 2Q22, total revenue of Minor Lifestyle increased by 7% y-y despite the reclassification of contract manufacturing business to Minor Food as a result of internal business restructuring. This was attributable to strong revenue growth of all fashion brands from higher store traffics in spite of lower number of retail trading stores due to store rationalization strategy. Furthermore, Charles & Keith and Anello standalone websites continued to drive e-commerce top line. Meanwhile, overall home and kitchenware sales were flat y-y as healthy operating performance of Joseph Joseph and BergHOFF compensated for closure of all Bodum stores amidst brand exit process. Excluding the reclassification impact, overall revenue grew at a faster rate, jumping by 55% y-y, compared to the same period of last year.

2Q22 overall core EBITDA of Minor Lifestyle turned positive to Baht 119 million compared to core loss of Baht 17 million in the same quarter last year, driven by higher sales flow-through of retail trading and less discount campaigns of e-commerce channel. Coupled with the closure of loss-making stores and brands, EBITDA margin was positive at 20.0% in 2Q22.

1H22 revenue of Minor Lifestyle decreased by 13% y-y, solely due to the absence of contract manufacturing contribution from the reporting adjustment. Ruling out the reclassification impact, overall revenue reported positive

growth from both fashion and home and kitchenware businesses due to improving operating environment. Core EBITDA in 1H22 jumped by more than 9 times to Baht 236 million from the same reasons mentioned above. Consequently, EBITDA margin improved to 20.6% in 1H22 from 2.1% in 1H21.

Financial Performance*

<i>Bt million</i>	2Q22	2Q21	%Chg
Retail Trading	594	330	80
Manufacturing**	0	226	-100
Total Revenues***	594	556	7
EBITDA	119	-17	784
EBITDA Margin	20.0	-3.1	

<i>Bt million</i>	1H22	1H21	%Chg
Retail Trading	1,143	807	42
Manufacturing**	0	501	-100
Total Revenues***	1,143	1,307	-13
EBITDA	236	28	756
EBITDA Margin	20.6	2.1	

* 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 2Q22, MINT reported total assets of Baht 364,423 million, a decrease of Baht 5,209 million from Baht 369,633 million at the end of 2021. The decrease was primarily attributable to (1) Baht 1,070 million decrease in investments in associates, (2) Baht 5,145 million and Baht 4,519 million decrease in property, plant and equipment, as well as right-of-use assets, respectively, mainly from the regular depreciation and amortization schedule, together with translation adjustment and (3) Baht 813 million decrease in intangible assets from translation adjustment, netted off with (1) Baht 1,151 million increase in cash as a result of net cash generated from operating activities and (2) Baht 2,561 million increase in trade and other receivables, mainly due to increasing sales.

MINT reported total liabilities of Baht 285,115 million at the end of 2Q22, a decrease of Baht 5,025 million from Baht 290,140 million at the end of 2021. The decrease was mainly due to (1) Baht 4,380 million decrease in net financing from the repayment of long-term borrowings and debentures and (2) a decrease in lease liabilities of Baht 4,456 million mainly as a result of lease payment schedule.

Shareholders' equity decreased by Baht 184 million, from Baht 79,492 million at the end of 2021 to Baht 79,308 million at the end of 2Q22, owing mainly to (1) reported 1H22 net loss of Baht 2,232 million and (2) interest paid on perpetual bonds of Baht 730 million, netted with (1) Baht 1,780 million increase in other components of equity mainly as a result of translation adjustment and (2) proceeds from the exercise of warrants amounting to Baht 1,050 million.

For the first six months of 2022, MINT and its subsidiaries reported positive cash flows from operations of Baht 10,483 million, an increase of Baht 4,458 million y-y, supported by improved operations.

Cash flow used in investing activities was Baht 328 million in 1H22, 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 1,749 million regular capital expenditures of hotel, restaurant and other businesses, netted off with (1) Baht 1,536 million decrease in loans to other companies and (2) Baht 762 million proceeds from disposals of some assets including the sale of two owned assets in the Netherlands and Germany.

The Company reported net cash used for financing activities of Baht 8,769 million in 1H22, primarily due to (1) repayment of lease liabilities of Baht 3,167 million, (2) cash paid for interest expenses of Baht 4,052 million, (3) interest paid on perpetual debentures of Baht 730 million, (4) net repayment of long term borrowings and debentures of Baht 1,846 million, netted off with Baht 1,050 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 1,386 million in 1H22.

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, turned positive to Baht 7.7 billion in 2Q22 from negative Baht 5.4 billion in 1Q22. Excluding advanced deposit for Corbin & King bidding in 1Q22 and the return of such deposit in 2Q22, free cash flow was Baht 2.8 billion in 2Q22, compared to negative free cash outflow of Baht 608 million in 1Q22. This was mainly due to significantly improved operating cash flow.

Financial Ratio Analysis

MINT's gross profit margin rose strongly from 19.8% in 1H21 to 40.1% in 1H22, mainly supported by improving operations of Minor Hotels and Minor Lifestyle. Meanwhile, MINT's core loss also improved from business recovery in hotel and retail trading business units.

Return on equity was negative at 6.0% in 1H22, improved from negative return on equity of 24.3% in 1H21, as a result of lower core net loss compared to last year. Correspondingly, MINT recorded negative return on assets of 1.3% in 1H22.

Collection days decreased from 72 days in 1H21 to 47 days in 1H22, supported by MINT's efforts to collect payment faster. The provision for impairment as a percentage of gross trade receivables decreased from 20.7% in 1H21 to 10.0% in 1H22 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 1H22 was 30 days, compared to 56 days in 1H21, as a result of much stronger sales and proactive inventory management. Account payable days decreased from 131 days in 1H21 to 92 days in 1H22 from no payment extension as business activities resumed.

Current ratio was at 1.0x at the end of 2Q22, improving from 0.9x at the end of 2021 due to an increase in current assets and lower current liabilities from higher cash level and debt repayment. According to MINT's debt covenant definition which carves out lease liabilities from the calculation, interest-bearing debt to equity ratio decreased from 1.68x at the end of 2021 to 1.63x as at end 2Q22, attributable to lower interest-bearing debt. If cash reserve was released, net interest-bearing debt to equity ratio was at 1.30x, 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 1.9x in 1H21 to 3.7x in 1H22 due to improvement in cash flows from operations and lower interest expenses.

Core Net Profit Margin* (%)	-4.5	-30.6
Efficiency Ratio	30 June 22	30 June 21
Return on Equity* (%)	-6.0	-24.3
Return on Assets* (%)	-1.3	-4.7
Collection Period (days)	47	72
Inventory (days)	30	56
Accounts Payable (days)	92	131
Liquidity Ratio	30 June 22	31 Dec 2021
Current Ratio (x)	1.0	0.9
Leverage & Financial Policy	30 June 22	31 Dec 2021
Interest Bearing Debt/Equity (x)	1.63	1.68
Net Interest Bearing Debt/Equity (x)	1.30	1.36
	30 June 22	30 June 21
Interest Coverage (x)	3.7	1.9

* Exclude non-core items as detailed in the appendix

Management's Outlook

Minor Hotels

Entering the second half of 2022, tourism will continue to recover strongly with rising demand from international travels as restrictions have been lifted globally and confidence has regained momentum. In addition to restored leisure demand, corporate travel will be an additional key driver for continuous tourism recovery in the second half of this year. Although there are concerns over higher travel costs, there is still no sign of a significant impact on consumers' intentions, particularly in upscale and high-end segments, to spend on travel.

For hotels in Europe, the recovery of both leisure and business travelers, solid pricing strategy, together with cost control will help alleviate any inflationary pressure. Robust operating trend continues to be seen in the second and third quarter of the year, especially from good pace of business demand bookings during September and October. The return of larger congresses and events, as well as long-haul international travelers will over-compensate for the potential of normalized leisure demand.

Domestic leisure travels in Australia continue to grow as Australians already leaped out of lockdowns and return to travel routines. Corporate demand also sees a significant rebound with major events lining up and is expected to accelerate further as Australia recently rolled out the second phase of 'There's Nothing Like Australia' international campaign which is a recovery strategy to position the nation

Financial Ratio Analysis

Profitability Ratio	30 June 22	30 June 21
Gross Profit Margin (%)	40.1	19.8
Net Profit Margin (%)	-4.2	-39.4

as a global leader in business events. Exceptional performance is anticipated in the remainder of the year with corporate demand on the books exceeding expectation.

The cancellation of pandemic-related restrictions on cross-border travel, an unleashed pent-up demand and a weak Baht will continue to help bolster Thailand's tourism in the second half of the year, particularly during high season. Especially with the termination of Thailand Pass registration on 1 July 2022, performance of Minor Hotels' hotels in Thailand have gained momentum with average occupancy rate climbed up to above 50% in the month. In addition, government's tourism stimulus, 'We Travel Together' campaign, will continue to boost domestic travels, especially during the low season between July and October.

Hotel operations in the Maldives will continue to improve both y-y and when compared to pre-pandemic level despite off-peak season in the third quarter of the year. This will be supported by solid demand and Minor Hotels' pricing strategy. The key feeder markets are expected to be expanded, especially the Middle Eastern and Minor Hotels is not relying only on the traditional sources. Ministry of Maldives Tourism is also growing travel arrivals to other niche traveler segments including promoting sport tourism and culture tourism for sustainability.

Minor Food

Driving sales and profitability strategy will be implemented throughout the year. In the meantime, Minor Food will execute right sourcing strategy to manage raw material costs, as well as optimize stock level to prevent any supply shortage risk and alleviate potential inflationary impact.

Minor Food Thailand is strengthening brand relevance to enhance its store expansion competence. New store formats are now being explored to conform with changing consumers' behaviors and any rising opportunities. Further scaling up will be implemented in unpenetrated markets with strong local demand, especially in high potential secondary provinces to increase the nationwide coverage. Meanwhile, in order to build up awareness of Minor Food's owned delivery application, 1112D is revamping its strategy to focus on product quality (hot pouch, heat plate) and speed of delivery (30-minute guaranteed delivery). Waste management, product pricing and rider productivity enhancement are also enforced to improve the overall cost structure.

China started to gradually relax its strict COVID-19 measures in June 2022 following rigid lockdowns in key cities during April and May 2022. Domestic mobility and travels were permitted while restaurants were allowed to resume dine-in services. Following store reopening, daily sales climbed up rapidly, albeit with some limits on seating capacity and minor interruptions from localized COVID-19 cases. In the meantime, China hub will ensure its operational stability and take the opportunity to streamline its outlets, by closing non-strategic locations at minimal cost, while securing good locations to cautiously expand the Riverside brand.

Having no lockdown and the country's border reopening to international arrivals will bolster restaurant performance in Australia. Australia hub's key strategies in the second half of the year is to focus on bringing back The Coffee Club's coffee credentials to enhance brand awareness and identity, adding new product ranges for takeaways and promoting loyalty platform to acquire new customers and drive repeated sales. Meanwhile, future store expansion will be in various formats including smaller and drive-through formats to diversify its presence outside shopping malls.

Minor Lifestyle

Growth momentum of retail trading market is likely to pick up in the second half of the year given improving consumer confidence index from termination of all COVID-19 related restrictions and improved business activities. Omnichannel retail strategy will continue to be carried out due to rapid growth of e-commerce sector. Seamless offline and online shopping experience will be the key focus.

Cash Flow and Balance Sheet Management

Liquidity position held strong with cash on hand and total unutilized credit facilities remained ample at Baht 26 billion and Baht 32 billion in June 2022, respectively. Average free cash flow turned positive during 2Q22 and is expected to improve further from strong operational results. Based on the improvement on key credit metrics and measures to reduce leverage and maintain robust liquidity consistently, both TRIS Rating and Moody's revised the rating outlook on MINT and NH Hotel Group to "stable" from "negative" in June and July 2022, respectively. This followed previous Fitch Ratings' upgrade on rating of NH Hotel Group from B- to B.

In terms of balance sheet position, MINT's leverage ratio was already on par with MINT's internal policy and was well below MINT's debt covenant, in which waiver was secured throughout the year. Despite rising interest rate environment, an early repayment of some floating debt later this year, coupled with flexible interest rate hedging and diversified debt profile, will act as MINT's natural protection against interest rate increases.

MINT is confident of positive recovery momentum with its strong forward bookings for hotels across markets, and ability to capture resumed demand in restaurant business. The Company already leapt forward to post-pandemic world and is excited to continue into growth mode with a more efficient business model.

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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
-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
	-7	Minor Hotels	Redundancy costs from cost cutting measures (SG&A expense)

1Q21	-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)
	2Q22	32 revenue 115 net profit	Minor Hotels
-8		Minor Hotels	Redundancy costs from cost cutting measures (SG&A expense)
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)	