

To : Managing Director
The Stock Exchange of Thailand

Date : November 8, 2021

Re : Management Discussion and Analysis for the period ended September 30, 2021

The Board of Directors is pleased to announce the Company's results of operation for the period ended September 30, 2021 as follows: -

Net loss after corporate income tax for the three-month period ended September 30, 2021 and 2020:

(Baht in million)	<u>2021</u>	<u>2020</u>	<u>Change</u>
The Company	126.91	123.92	2.41%
Consolidated	114.04	140.94	(19.09%)

The Company:

The Company's loss before corporate income tax benefits for the three-month period ended September 30, 2021 decreased by Baht 28.06 million against the corresponding period of last year. The decrease in the Company's loss was mainly attributed to the decrease in loss before income tax benefits of Shangri-La Hotel, Bangkok ("SLBK") by Baht 21.57 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 6.49 million.

Revenues from hotel operations of SLBK decreased by Baht 5.15 million from Baht 65.51 million to Baht 60.36 million mainly due to the decrease in food & beverages and other revenue. Gross Profit before expenses increased by Baht 24.98 million. Selling and administrative expenses decreased by Baht 7.28 million and Baht 2.52 million, respectively. Depreciation expense decreased by Baht 4.72 million against last year. Finance cost increased by Baht 16.59 million mainly due to weakening of Thai Baht currency against US Dollar. As a result, the loss before corporate income tax benefits decreased by Baht 21.57 million from Baht 111.68 million to Baht 90.11 million.

Loss before corporate income tax benefits of SLCM decreased by Baht 6.49 million as compared to 2020, mainly due to the decrease in all types of revenue including room, food & beverages and other revenue. Gross Profit before expenses decreased by Baht 2.86 million. Selling and administrative expenses decreased by Baht 2.90 million and Baht 4.99 million, respectively. Depreciation Expenses decreased by Baht 1.32 million against last year. As a result, the loss before corporate income tax benefits decreased by Baht 6.49 million from Baht 43.30 million to Baht 36.81 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits decreased by Baht 28.06 million from Baht 154.97 million to Baht 126.91 million. The corporate income tax benefits decreased by Baht 31.05 million as compared to 2020 due to not record the deferred tax asset during the third quarter. The Company recorded a net loss after tax benefits of Baht 126.91 million for the three-month period ended September 30, 2021 compared to Baht 123.92 million last year (increased by 2.41%).

Consolidated:

The consolidated loss before corporate income tax benefits for three-month period ended September 30, 2021 decreased by Baht 56.91 million against last year. The decrease in consolidated loss before corporate income tax benefits was due to decrease in the Company's loss before corporate income tax benefits of Baht 28.06 million and decrease in loss from subsidiaries by Baht 28.85 million. The decrease in loss of subsidiaries was largely due to the decrease in exchange loss from loan to a related company. As a result, the corporate income tax benefits decreased by Baht 30.83 million mainly as a result of lower loss from the Company. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the three-month period ended September 30, 2021 decreased by Baht 26.90 million against last year (decreased by 19.09%).

Net loss after corporate income tax for the nine-month period ended September 30, 2021 and 2020:

(Baht in million)	<u>2021</u>	<u>2020</u>	<u>Change</u>
The Company	356.64	217.41	64.04%
Consolidated	311.48	168.52	84.83%

The Company:

The Company's loss before corporate income tax benefits for the nine-month period ended September 30, 2021 increased by Baht 111.36 million against the corresponding period of last year. The increase in the Company's loss was mainly attributed to the increase in loss before income tax benefits of Shangri-La Hotel, Bangkok ("SLBK") by Baht 96.02 million and increase in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 15.34 million.

Revenues from hotel operations of SLBK decreased by Baht 265.61 million from Baht 424.64 million to Baht 159.03 million mainly due to the decrease in all types of revenue including room, food & beverages and other revenue resulting from lower occupancy due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 152.14 million. Selling and administrative expenses decreased by Baht 30.43 million and Baht 58.69 million, respectively. Depreciation expense decreased by Baht 12.70 million against last year. Finance cost increased by Baht 35.66 million mainly due to increase in unrealized exchange loss US Dollar loan compared to 2020. As a result, the loss before corporate income tax benefits increased by Baht 96.02 million from Baht 175.01 million to Baht 271.03 million.

Loss before corporate income tax benefits of SLCM increased by Baht 15.34 million as compared to 2020, mainly attributed to lower revenues from hotel operations by Baht 74.14 million from Baht 111.64 million to Baht 37.50 million as a result of lower room occupancy and average room rates in 2021 due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 49.00 million. Selling and administrative expenses decreased by Baht 8.17 million and Baht 23.22 million, respectively. Depreciation Expenses decreased by Baht 2.92 million against last year. As a result, the loss before corporate income tax benefits increased by Baht 15.34 million from Baht 96.99 million to Baht 112.33 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits increased by Baht 111.36 million from Baht 272.01 million to Baht 383.37 million. The corporate income tax benefits decreased by Baht 27.86 million as compared to 2020 due to not record the deferred tax asset during the third quarter. The Company recorded a net loss after tax benefits of Baht 356.64 million for the nine-month period ended September 30, 2021 compared to loss of Baht 217.41 million last year (increased by 64.04%).

Consolidated:

The consolidated loss before corporate income tax benefits for the nine-month period ended September 30, 2021 increased by Baht 121.79 million against last year. The increase in consolidated loss before corporate income tax benefits was due to increase in the Company's loss before corporate income tax benefits of Baht 111.36 million and decrease in profit from subsidiaries by Baht 10.43 million. The decrease in profit of subsidiaries was due to the decrease in exchange gain from loan to a related company. As a result, the corporate income tax benefits decreased by Baht 15.97 million. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the nine-month period ended September 30, 2021 increased by Baht 142.96 million against last year (increased by 84.83%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director