

**Management Discussion and Analysis for the performance of the nine-month period ended 30 September 2021****Performance Overview**

The strong recovery in UK and Maldives portfolios' performance, resulting from the lifting of Covid-19 restrictions as well as the removal of travel-related measures, is the main factor that drive the total revenue from sales and services of S Hotels and Resorts Public Company Limited ("the Company") in the third quarter of 2021 to THB 1,421.6 million or increased by 77% quarter-on-quarter. The total revenue from sales and services in the nine-month period of 2021 also went up to THB 2,768.5 million, more than doubled the revenue of same period last year due to such strong recovery in third quarter 2021. Meanwhile the adjusted earnings before interest, tax, and depreciation amortization (adjusted EBITDA) which excludes unrealized gain (loss) from FX and other non-recurring items has turned into profit in third quarter 2021 at THB 252.5 million, a positive adjusted EBITDA in more than a year since the COVID-19 emerged. Similarly, the performance of UK portfolio breaks the bottom line in third quarter by such strong recovery.

A rise in the number of daily infected COVID-19 cases together with the strict travel-related measures or lockdown restrictions still badly affected the tourism industry both domestic and international markets in many countries including those countries where the Company has invested in such as Thailand, Mauritius and Fiji. As we can see, the revenue proportion in the nine-month period of 2021 of Thailand, Mauritius and Fiji combine together only accounted for 5.6% of total revenue while the revenue proportion of these three countries during normal situation makes up to 35% of total revenue. There is significant upside potential for revenue growth for Thailand, Mauritius and Fiji when COVID-19 situation declines.

However, starting from October this year, many countries including Thailand, Mauritius and Fiji have signalled the lifting of COVID-19 restrictions after achieving high vaccination rate of their population. The lockdown easing including the removal of travel restrictions or the country reopening to foreign tourists is the crucial factor that helps the recovery of tourism sector, with an improved travel sentiment to both international and domestic markets in line with the approaching high tourist season at year end. In the meantime, the reopening plan of the remaining three countries that the company has invested in are as follows;

- 1) Mauritius – has already open its borders to foreign tourists since October 1<sup>st</sup>, 2021
- 2) Thailand – reopens to tourists from 63 countries effective on November 1<sup>st</sup>, 2021; and
- 3) Fiji – plan to reopen its borders to international tourists on December 1<sup>st</sup>, 2021

The overall situation of tourism sector towards year-end and the beginning of next year looks positive due to the lifting of travel restrictions in many countries together with the high season approaching. The improvement in travel sentiment will drive the overall performance of the Company with solid growth. However, the Company will remain cautious as the volatility from the COVID-19 pandemic still remains.

**Hotel Operations by Locations**

The Company has closely monitored the development of the COVID-19 pandemic in order to effectively manage the situations and also to maintain sufficient cash flow as well as to manage the company’s’ expenditures. The company, thus, partially suspended the hotel operations to take actions to the unfolding COVID-19 pandemic and the various borders closing policy across the world. As of October 1<sup>st</sup>, 2021, 33 properties out of 38 properties in the portfolio have resumed its normal operation, equivalent to 93% of the total number of keys (4,212 keys out of 4,522 keys)

The Company has revised its strategies and has adapted the policies in relation to the tourism industry according to the conditions of each country as per details below:

Countries	Operating Period	Industry Outlook																																																																																
Thailand	<p>Phuket:</p> <p>- SAii Laguna Phuket</p> <table border="1"> <tr> <td>Jan</td><td>Feb</td><td>Mar</td><td>Apr</td><td>May</td><td>Jun</td><td>Jul</td><td>Aug</td><td>Sep</td><td>Oct</td> </tr> <tr> <td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td> </tr> </table> <p>Krabi:</p> <p>- SAii Phi Phi Island Village</p> <table border="1"> <tr> <td>Jan</td><td>Feb</td><td>Mar</td><td>Apr</td><td>May</td><td>Jun</td><td>Jul</td><td>Aug</td><td>Sep</td><td>Oct</td> </tr> <tr> <td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td><td>√</td> </tr> </table> <p>Koh Samui:</p> <p>- SANTIBURI Koh Samui</p> <table border="1"> <tr> <td>Jan</td><td>Feb</td><td>Mar</td><td>Apr</td><td>May</td><td>Jun</td><td>Jul</td><td>Aug</td><td>Sep</td><td>Oct</td> </tr> <tr> <td>√</td><td>X</td><td>X</td><td>√</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td> </tr> </table> <p>- SAii Koh Samui Bophut (Former Outrigger Koh Samui)</p> <table border="1"> <tr> <td>Jan</td><td>Feb</td><td>Mar</td><td>Apr</td><td>May</td><td>Jun</td><td>Jul</td><td>Aug</td><td>Sep</td><td>Oct</td> </tr> <tr> <td>√</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td><td>X</td> </tr> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	√	√	√	√	√	√	√	√	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	√	√	√	√	√	√	√	√	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	√	X	X	√	X	X	X	X	X	X	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	√	X	X	X	X	X	X	X	X	X	<p>In the third quarter of this year, the Delta variant of COVID-19 spread rapidly causing a rise in the number of new daily cases. Countries such as USA, UK and France had put Thailand into the warning list of COVID-19 high risk countries which substantially affected the recovery of tourism sector in Thailand.</p> <p>The launch of the Phuket Sandbox program from July 1<sup>st</sup> brought up the occupancy rate of SAii Laguna Phuket from 16% in previous quarter to 36% in third quarter this year. Later on the Phuket Sandbox 7+7 Extension was introduced but not as successful as planned.</p> <p>However, the outlook of SHR’s hotels in Thailand for the upcoming year-end holiday season towards the beginning of next year is rather positive as a result of the below three important factors;</p> <ol style="list-style-type: none"> <li>1) The announcement from Thai Government to reopen its borders on November 1<sup>st</sup> to fully vaccinated foreign travelers from 63 countries without quarantine together with the removal of Thailand from UK’s travel Red list on October 11<sup>th</sup> moved up expectation of international tourist arrivals for the upcoming peak season and push forward this momentum towards the beginning of next year.</li> <li>2) The lifting of travel-related restrictions along with the promotion of travel subsidy campaign “Rao Tiew Duay Kan Phase 3” will drive up</li> </ol>
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		<p>domestic travel demand during the approaching holidays season.</p> <p>3) The Phuket Sandbox is still continuing to accept travelers from countries outside the initial list of 63 countries and reduces the quarantine period for international vaccinated travelers from 14 days to 7 days.</p> <p>As of November 1<sup>st</sup>, 3 out of 4 SHR's hotels in Thailand were in operational. The only hotel still remains closed is SAii Koh Samui Bophut which is expected to resume its normal operation on December 1<sup>st</sup> this year.</p>																																																												
<p>Maldives</p>	<p>Project CROSSROADS Phase 1 Hotels:</p> <p>- SAii Lagoon Maldives</p> <table border="1" data-bbox="336 909 793 949"> <thead> <tr> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table> <p>- Hard Rock Hotel Maldives</p> <table border="1" data-bbox="336 1039 793 1079"> <thead> <tr> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table> <p>- Konotta Maldives Resort</p> <table border="1" data-bbox="336 1214 793 1254"> <thead> <tr> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> </tr> </thead> <tbody> <tr> <td>X</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> <td>X</td> </tr> </tbody> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	X	X	X	X	X	X	X	X	X	X	<p>The reopening of Maldives' borders to all travelers from all countries has emerged as one of the biggest success. The tourism sector has recovered well with a rise in the number of tourist arrivals by 56% in the third-quarter 2021 when compared to the number of tourist arrivals in previous quarter. The majority of tourist arrivals during the third-quarter this year were still Russian and Indian which are the main target during low seasons in Maldives.</p> <p>From January to August 2021, Maldives received 67% of the number of tourists over the same period in 2019 which is referred as pre-COVID-19 period. With tourists staying longer on average, bed nights have reached an estimated 82% of 2019 levels over the same period. The simple entry requirements and the unique 'one island, one resort' concept have boosted Maldives' appeal. Moreover, 93% of all resort workers and about 60% of the population are fully vaccinated.</p> <p>The momentum in tourism has continued towards high tourist season in Maldives. Travelers from all destinations can enter Maldives with no mandatory quarantine. The only condition is visitors must present a certificate of a negative PCR test regardless of their vaccination status. In addition, visitors are now allowed to split stays between hotels with another PCR test before moving elsewhere.</p> <p>The CROSSROADS hotels' ADR during the third-quarter of this year improved from those of the first and the</p>
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		<p>second-quarter by 10% and 17% respectively. The ADR in the fourth-quarter this year is expected to reach pre-COVID-19 levels at \$385 per night.</p> <p>As of November 1<sup>st</sup>, 2 out of 3 SHR's hotels in Maldives were in operation. Both hotels in operation are CROSSROADS Phase 1 hotels. Konotta Maldives Resort continues to remain closed due to the transportation inconvenience. Konotta Resort is located in the South Islands where connecting with domestic flights or via sea plane is required which may cause inconvenience as domestic flight has not resumed to its normal schedule.</p>
<p>United Kingdom</p>	<p>27 hotels out of 28 hotels in UK portfolio resumed their operations.</p> <p>Mercure Bewdley Hotel continued to suspend its service.</p>	<p>Since the UK Government has lifted all the COVID-19 measures on July 19<sup>th</sup> this year, the economic activities as well as tourism sector in UK have sent signs of recovery. The domestic travel demand has increased drastically with the international travel remains restricted. This created pent up demand in UK's regional hotels which significantly drove up occupancy rate and ADR especially in coastal and leisure destinations. The recovery in regional hotels is faster than London hotels as London hotels rely mainly on international tourists. The demand from Corporates such as business trip, seminars and conferences is slowly ramping up. The corporate demand is expected to take longer time for recovery than demand from leisure market.</p> <p>From November 1<sup>st</sup>, UK Government has removed all remaining countries from its travel red list meaning that fully vaccinated travelers from all countries including British passengers returning to UK from all countries will no longer be required to enter hotel quarantine, a great boost to UK tourism sector as increasing number of tourist arrivals is expected. The vaccination program is still going strong, with over 79% of people aged 12 and over are now fully vaccinated, while 86% have received at least one dose.</p> <p>The strong recovery of the 3<sup>rd</sup> quarter overall performance of UK hotels portfolio which all of them are regional hotels was consistent with the recovery in UK tourism sector as</p>



		<p>a result of the pent up demand in domestic travel. The revenue per available room (RevPAR) during the 3<sup>rd</sup> quarter has reached 95% of RevPAR during the same period in 2018 and 2019 which are pre-COVID-19 levels while the ADR in 3<sup>rd</sup> quarter this year outperformed ADR during pre-pandemic levels by approximately 10%.</p>																																								
<p>Fiji</p>	<p>- Outrigger Fiji Beach Resort</p> <table border="1" data-bbox="335 604 798 649"> <thead> <tr> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✗</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table> <p>- Castaway Island Fiji</p> <table border="1" data-bbox="335 728 798 772"> <thead> <tr> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> </tr> </tbody> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	<p>In the third-quarter this year, 1 out of 2 hotels in Fiji was in operational. Outrigger Fiji Beach Resort was opened as Alternative State Quarantine (ASQ) since June 2021 until 7 September 2021 consistent with the announcement from the Fiji Government to utilize home isolation as numbers are now being contained.</p> <p>With the announcement that internal borders will open up throughout the main island of Viti Levu, Outrigger Fiji Beach Resort opened to the local market once again on October 1<sup>st</sup>, 2021 but only on weekends (3 days per week). The service days will be adjusted following further relaxation of restrictions.</p> <p>The Fiji Government has also announced that the international borders will reopen on December 1<sup>st</sup>, 2021 to welcome fully vaccinated foreign travelers. The Government targets to reach 80% vaccination rate on its population before opening up the country. The target international markets are Australia, New Zealand, USA and Canada.</p> <p>For Castaway Island, Fiji Resort, the reopening date is set on December 1<sup>st</sup>, 2021 in line with the country reopening plan to foreign tourists.</p>
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<p>Mauritius</p>	<p>- Outrigger Mauritius Beach Resort</p> <table border="1" data-bbox="335 1724 798 1769"> <thead> <tr> <th>Jan</th> <th>Feb</th> <th>Mar</th> <th>Apr</th> <th>May</th> <th>Jun</th> <th>Jul</th> <th>Aug</th> <th>Sep</th> <th>Oct</th> </tr> </thead> <tbody> <tr> <td>✓</td> <td>✓</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✗</td> <td>✓</td> </tr> </tbody> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	✓	✓	✗	✗	✗	✗	✗	✗	✗	✓	<p>Mauritius has fully reopened its borders to vaccinated foreign visitors since October 1<sup>st</sup>, 2021 after long months of lockdown because of COVID-19 pandemic. The Mauritius Government has removed the 14 ‘resort bubbles’ and vaccinated travelers will be free to explore the island during their stay in Mauritius.</p> <p>Mauritius is one of the countries that has high vaccination rate. Mauritius has fully vaccinated over 70% of its</p>																				
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		<p>populations. In October, which is the first operating month after the lockdown, the occupancy rate recovers well to 40% whereas the majority of guests are British and French.</p>
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**Overview**

The Company is a holding company engaging in the management of hotels and investment in international hotel companies. Over the past four fiscal years (year 2016-2019), the Company’s consolidated total assets has grown at an average rate of 43.9% per annum. The Company has a unique portfolio of hotels in desirable global holiday destinations as follows

- (1) Five hotels under self-managed platform which consists of four hotels in Thailand, operate under independent branding, namely, Santiburi Koh Samui, SAii Phi Phi Island Village, SAii Laguna Phuket, SAii Koh Samui Bophut, and Konotta Maldives Resort in the Republic of Maldives "Self-Managed Hotels";
- (2) Three hotels operate under the Outrigger brand and manage under hotel management agreements, which consists of two hotels in the Republic of Fiji Islands and one hotel in Mauritius "Outrigger Hotels";
- (3) Two upper upscale successfully developed hotels, as part of Project CROSSROADS Phase 1 in the Embodhoo lagoon in the Republic of Maldives, consisting of SAii Lagoon Maldives, Curio Collection by Hilton and Hard Rock Hotel Maldives "Project CROSSROADS Phase 1 Hotels ";
- (4) Twenty-five upper midscale hotels operated under the Mercure brands in the United Kingdom, "UK Portfolio Hotels", and
- (5) Four hotels under Joint Venture Agreement, consisting of three upper midscale hotels operated under the Mercure and Holiday Inn brands in which the Company holds 50% in an equal joint venture with FICO UK. As well as, SO/ Maldives which is under development in the Republic of Maldives as part of Project CROSSROADS Phase 1 in which the Company holds 50% in an equal joint venture with Wai Eco World Developer ("Joint Ventures Hotels"). Whereby operating under a joint ventures, are not consolidated within the Company’s hospitality business, and are instead accounted for using the equity method, pursuant to which the Company receives a share of profit or loss from the investment in the joint ventures.

As of September 30, 2021, the company operated 38 hotels and resorts including the Self-Managed Hotels, Outrigger Hotels, Project CROSSROADS Phase 1 Hotels, UK Portfolio Hotels and Joint Ventures Hotels with the total of 4,522 rooms.

**Revenue from services by management platforms:**

<i>Unit: THB Million</i>	9M/2020	% by type	9M/2021	% by type	Change(%)
Self-Managed Hotels <sup>(1)</sup>	293.6	23.2%	108.7	4.0%	(62.1%)
Outrigger Hotels <sup>(1)</sup>	554.8	43.8%	44.7	1.6%	(92.3%)
Project CROSSROADS Phase 1 Hotels	417.2	33.0%	1,069.4	38.6%	156.3%
UK Portfolio Hotels <sup>(2)</sup>	0	0%	1,545.7	55.8%	N/A
<b>Total revenue from services</b>	<b>1,265.6</b>	<b>100.0%</b>	<b>2,768.5</b>	<b>100.0%</b>	<b>118.7%</b>

**Note**

- (1) Three Outrigger Hotels were rebranded and converted to Self-Managed platform since February 2021.
- (2) The Company has changed the method of revenue recognition from share of profit or loss from the investment to consolidated within the Company's financial statement since March 2021.

<i>Unit: THB Million</i>	Q2/2021	% by type	Q3/2021	% by type	Change(%)
Self-Managed Hotels <sup>(1)</sup>	42.7	5.3%	31.9	2.2%	(25.3%)
Outrigger Hotels <sup>(1)</sup>	11.3	1.4%	9.9	0.7%	(12.4%)
Project CROSSROADS Phase 1 Hotels	280.6	34.9%	390.6	27.5%	39.2%
UK Portfolio Hotels <sup>(2)</sup>	468.5	58.4%	989.2	69.6%	111.1%
<b>Total revenue from services</b>	<b>803.1</b>	<b>100.0%</b>	<b>1,421.6</b>	<b>100.0%</b>	<b>77.0%</b>

**Note**

- (2) The Company has changed the method of revenue recognition from share of profit or loss from the investment to consolidated within the Company's financial statement since March 2021.

Total revenue from sales and services for 9M/2021 was THB 2,768.5 million doubled the revenue of the same period last year or increased by 118.7%. The revenue from sales and services of Project CROSSROADS Phase 1 Hotels and UK Portfolio Hotels makes up to 94.4% of total revenue during 9M/2021 reflecting the strong recovery of tourism industry in Maldives and UK as a result of the lift in travel restrictions and the high vaccination rate of their populations. Meanwhile the revenue from sales and services of Self-Managed Hotels and Outrigger Hotels for 9M/2021 declined by (62.1%) and (92.3%) respectively when compare to those over the same period last year as a result of the prolonged COVID-19 pandemic in those countries where the hotels under Self-managed and Outrigger platforms are located.

In the third quarter this year, total revenue from sales and services of both Project CROSSROADS Phase 1 Hotels and UK Portfolio Hotels continued to recover, went up by 39.2% and 111.1% respectively when compared to those from previous quarter this year, consistent with the lifting of COVID-19 measures and travel related restrictions in Maldives and UK whereas the Self-managed and Outrigger platforms were still affected by the lockdown measures to prevent the spread of COVID-19.

**Key indicators in respect of the Hotels performance are set out as follows:**

Self-Managed Hotels

No. of Hotels	Change			Change			Change		
	9M/2020	9M/2021	(%)	Q3/2020	Q3/2021	(%)	Q2/2021	Q3/2021	(%)
No. of Hotels	5	5	-	5	5	-	5	5	-
No. of Keys	657	657	-	657	657	-	657	657	-
Average Occupancy Rate (%)	24.1%	12.7%	(11.4%)	7.1%	14.2%	7.1%	12.6%	14.2%	1.6%
ADR (Baht) <sup>(3)</sup>	8,653	2,700	(68.9%)	3,423	2,440	(28.7%)	2,949	2,440	(17.3%)
RevPAR (Baht) <sup>(3)</sup>	2,090	342	(83.7%)	244	346	41.8%	372	346	(7.0%)

**Note**

- (3) Reference exchange rate for 9M/2020 is 31.52 THB/USD, for 9M/2021 is 31.52 THB/USD  
Reference exchange rate for Q3/2020 is 31.33 THB/USD, for Q2/2021 is 31.36 THB/USD, for Q3/2021 is 32.92 THB/USD

Most of the Self-Managed Hotels are hotels in Thailand where the the Delta variant of COVID-19 spread rapidly and severely. The extended lockdown and curfew measures together with the addition of the list of dark red or maximum and strict control zones badly impacted the tourism industry in Thailand during the third-quarter this year. Two out of five hotels under Self-managed platform were in operation. Both hotels in operation during the third-quarter are hotels that benefited from the Phuket Sandbox program. In Q3/2021, the revenue per available room (RevPAR) of Self-managed hotels is reported at THB346, from occupancy rate at 14.2% and ADR at THB2,440, which is lower than RevPAR in Q2/2021 (quarter-on-quarter) by (7%) but higher than RevPAR in Q3/2020 (year-on-year) by 41.8%.

Outrigger Hotels

No. of Hotels	Change			Change			Change		
	9M/2020	9M/2021	(%)	Q3/2020	Q3/2021	(%)	Q2/2021	Q3/2021	(%)
No. of Hotels	3	3	-	3	3	-	3	3	-
No. of Keys	499	499	-	499	499	-	499	499	-
Average Occupancy Rate (%)	21.8%	7.4%	(14.4%)	10.6%	6.5%	(4.1%)	5.9%	6.5%	0.6%
ADR (Baht) <sup>(4)</sup>	4,844	2,216	(54.0%)	1,942	1,960	-	2,378	1,960	(17.8%)
RevPAR (Baht) <sup>(4)</sup>	1,055	164	(84.4%)	205	128	(38.2%)	141	128	(9.2%)

**Note**

- (4) Reference exchange rates for 9M/2020 are 14.381 THB/FJD, 0.8081 THB/MUR, for 9M/2021 are 15.322 THB/FJD, 0.7685 THB/MUR  
Reference exchange rates for Q3/2020 are 14.689 THB/FJD, 0.7862 THB/MUR, for Q2/2021 are 15.343 THB/FJD, 0.7716 THB/MUR, for Q3/2021 are 15.773 THB/FJD, 0.7734 THB/MUR

The impacts of COVID-19 pandemic on Outrigger hotels are severe. In the third-quarter of 2021, the Company continued to temporarily close 2 out of 3 Outrigger hotels since the Mauritius and Fiji Government still impose strict lockdown restrictions. The only Outrigger hotel which was in operation in the third-quarter this year was Outrigger Fiji Beach Resort. The Outrigger Fiji Beach Resort was opened as Alternative State Quarantine (ASQ) since June 2021 until the first week of September 2021 and returned to its normal operation on October 1<sup>st</sup> onwards. The revenue per available room (RevPAR) of Outrigger hotels in the third-quarter of 2021 was THB128, from occupancy rate at 6.5% and ADR at THB1,960, decreased by (9.2%) quarter-on-quarter and (38.2%) year-on-year.



Project CROSSROADS Phase 1 Hotels

No. of Hotels	Change			Change			Change		
	9M/2020	9M/2021	(%)	Q3/2020	Q3/2021	(%)	Q2/2021	Q3/2021	(%)
No. of Hotels	2	2	-	2	2	-	2	2	-
No. of Keys	376	376	-	376	376	-	376	376	-
Average Occupancy Rate (%)	23.0%	56.0%	33.0%	8.9%	56.7%	47.8%	44.3%	56.7%	12.3%
ADR (Baht) <sup>(3)</sup>	10,336	8,805	(16.1%)	7,568	9,954	31.4%	8,091	9,954	23.1%
RevPAR (Baht) <sup>(3)</sup>	2,374	4,931	104.5%	676	5,640	733.1%	3,587	5,640	57.1%

**Note**

- (3) Reference exchange rate for 9M/2020 is 31.52 THB/USD, for 9M/2021 is 31.52 THB/USD  
Reference exchange rate for Q3/2020 is 31.33 THB/USD, for Q2/2021 is 31.36 THB/USD, for Q3/2021 is 32.92 THB/USD

The recovery of tourism industry in Maldives, as a result of the reopening of international borders to tourist from all countries with only condition to show negative COVID-19 test result upon arrival, brought up the overall performance in the third-quarter of CROSSROADS Phase 1 hotels, which both hotels were in operation. In the third-quarter this year, the occupancy, ADR and RevPAR of CROSSROAD hotels improved significantly. The RevPAR of third-quarter this year increased 57.1% quarter-on-quarter and jumped 733.1% year-on-year. The RevPAR of nine months this year also doubled that of the same period last year reflecting the strong recovery in tourism sector which Maldives is one of the few countries that show potential of faster recovery to pre-pandemic levels than others.

UK Portfolio Hotels

No. of Hotels	Change			Change			Change		
	9M/2020	9M/2021	(%)	Q3/2020	Q3/2021	(%)	Q2/2021	Q3/2021	(%)
No. of Hotels	29	28 <sup>(6)</sup>	(3.4%)	29	28 <sup>(6)</sup>	(3.4%)	28 <sup>(6)</sup>	28 <sup>(6)</sup>	-
No. of Keys	3,115	2,990 <sup>(6)</sup>	(2.3%)	3,115	2,990 <sup>(6)</sup>	(2.3%)	2,990 <sup>(6)</sup>	2,990 <sup>(6)</sup>	-
Average Occupancy Rate (%)	28.1%	45.9%	17.8%	31.3%	67.9%	36.6%	34.4%	67.9%	33.5%
ADR (Baht) <sup>(5)</sup>	2,417	3,301	37.5%	2,534	3,664	45.3%	2,845	3,664	29.2%
RevPAR (Baht) <sup>(5)</sup>	680	1,517	124.4%	793	2,489	215.1%	980	2,489	154.8%

**Note**

- (5) Reference exchange rate for 9M/2020 is 40.05 THB/GBP, for 9M/2021 is 43.65 THB/GBP  
Reference exchange rate for Q3/2020 is 40.44 THB/GBP, for Q2/2021 is 43.87 THB/GBP, for Q3/2021 is 45.37 THB/GBP
- (6) The change in number of keys (125) keys came from Mercure London Watford Hotel (59) keys, Mercure Newbury Elcot Park Hotel (73) keys and Mercure Brighton Seafront 7 keys

The revenue per available room (RevPAR) of UK portfolio hotels in the third quarter this year was reported at THB2,489, from occupancy rate at 67.9% and ADR at THB3,664, went up by 154.8% quarter-on-quarter and 215.1% year-on-year. The improve in third-quarter performance was resulting from the easing in COVID-19 restrictions as well as the peak holiday season in UK which significantly drove up the domestic demand. The RevPAR of nine months this year also went up by 124.4% compared to the same period last year.

**Discussion of operating results:**

Table comparing Financial performance of 9M/2020 and 9M/2021

	9M/2020		9M/2021		Change	
	THB million	%	THB million	%	THB million	%
Revenue from services	1,265.6	100.0%	2,768.5	100.0%	1,502.9	118.7%
Costs of services	(1,167.3)	(92.2%)	(2,370.3)	(85.6%)	(1,202.9)	(103.0%)
<b>Gross profit</b>	<b>98.3</b>	<b>7.8%</b>	<b>398.3</b>	<b>14.4%</b>	<b>299.9</b>	<b>305.1%</b>
Selling expenses	(159.8)	(12.6%)	(154.2)	(5.6%)	5.6	3.5%
Administrative expenses	(1,262.1)	(99.7%)	(1,082.9)	(39.1%)	179.1	14.2%
Other income	578.2	45.7%	195.3	7.1%	(382.9)	(66.2%)
Share of profit (loss) from investment in an asso	(157.4)	(12.4%)	(4.1)	(0.1%)	153.3	97.4%
Finance costs (Interest expenses)	(287.7)	(22.7%)	(516.6)	(18.7%)	(228.9)	(79.6%)
<b>Profit (loss) before income taxes</b>	<b>(1,190.4)</b>	<b>(94.1%)</b>	<b>(1,164.3)</b>	<b>(42.1%)</b>	<b>26.1</b>	<b>2.2%</b>
Income tax expenses	15.2	1.2%	0.1	0.0%	(15.1)	(99.3%)
<b>Profit (loss) of the year</b>	<b>(1,175.2)</b>	<b>(92.9%)</b>	<b>(1,164.2)</b>	<b>(42.1%)</b>	<b>11.0</b>	<b>0.9%</b>
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	52.5	4.1%	14.3	0.5%	(38.2)	(72.8%)
Non-recurring items <sup>[1]</sup>	(419.3)	(33.1%)	(110.8)	(4.0%)	308.5	73.6%
<b>Adjusted EBITDA <sup>[2]</sup></b>	<b>(563.9)</b>	<b>(44.6%)</b>	<b>177.7</b>	<b>6.4%</b>	<b>741.6</b>	<b>131.5%</b>
<b>Adjusted Net Profit (loss) for the period</b>	<b>(1,542.1)</b>	<b>(121.8%)</b>	<b>(1,260.7)</b>	<b>(45.5%)</b>	<b>281.4</b>	<b>18.2%</b>

Table comparing Financial performance of Q2/2021 and Q3/2021

	Q2/2021		Q3/2021		Change	
	THB million	%	THB million	%	THB million	%
Revenue from services	803.1	100.0%	1,421.6	100.0%	618.5	77.0%
Costs of services	(785.5)	(97.8%)	(1,018.7)	(71.7%)	(233.1)	(29.7%)
<b>Gross profit</b>	<b>17.6</b>	<b>2.2%</b>	<b>402.9</b>	<b>28.3%</b>	<b>385.3</b>	<b>2,188.3%</b>
Selling expenses	(50.4)	(6.3%)	(64.4)	(4.5%)	(14.1)	(27.9%)
Administrative expenses	(398.3)	(49.6%)	(424.8)	(29.9%)	(26.5)	(6.6%)
Other income	34.8	4.3%	12.0	0.8%	(22.8)	(65.5%)
Share of profit (loss) from investment in an asso	3.4	0.4%	(1.4)	(0.1%)	(4.8)	(140.3%)
Finance costs (Interest expenses)	(191.5)	(23.8%)	(194.1)	(13.7%)	(2.6)	(1.4%)
<b>Profit (loss) before income taxes</b>	<b>(584.4)</b>	<b>(72.8%)</b>	<b>(269.8)</b>	<b>(19.0%)</b>	<b>314.6</b>	<b>53.8%</b>
Income tax expenses	13.0	1.6%	(12.1)	(0.8%)	(25.1)	(192.8%)
<b>Profit (loss) of the year</b>	<b>(571.4)</b>	<b>(71.1%)</b>	<b>(281.9)</b>	<b>(19.8%)</b>	<b>289.6</b>	<b>50.7%</b>
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	30.3	3.8%	(8.9)	(0.6%)	(39.3)	(129.4%)
Non-recurring items <sup>[1]</sup>	(8.1)	(1.0%)	-	-	8.1	100.0%
<b>Adjusted EBITDA <sup>[2]</sup></b>	<b>(31.7)</b>	<b>(3.9%)</b>	<b>252.5</b>	<b>17.8%</b>	<b>284.2</b>	<b>897.6%</b>
<b>Adjusted Net Profit (loss) for the period</b>	<b>(549.2)</b>	<b>(68.4%)</b>	<b>(290.8)</b>	<b>(20.5%)</b>	<b>258.4</b>	<b>47.1%</b>

Table comparing Financial performance of Q3/2020 and Q3/2021

	Q3/2020		Q3/2021		Change	
	THB million	%	THB million	%	THB million	%
Revenue from services	114.0	100.0%	1,421.6	100.0%	1,307.6	1,146.8%
Costs of services	(382.0)	(335.0%)	(1,018.7)	(71.7%)	(636.7)	(166.7%)
<b>Gross profit</b>	<b>(268.0)</b>	<b>(235.0%)</b>	<b>402.9</b>	<b>28.3%</b>	<b>670.9</b>	<b>250.4%</b>
Selling expenses	(32.6)	(28.6%)	(64.4)	(4.5%)	(31.8)	(97.7%)
Administrative expenses	(249.3)	(218.6%)	(424.8)	(29.9%)	(175.5)	(70.4%)
Other income	46.4	40.7%	12.0	0.8%	(34.4)	(74.1%)
Share of profit (loss) from investment in an asset	1.4	1.2%	(1.4)	(0.1%)	(2.7)	(201.4%)
Finance costs (Interest expenses)	(90.9)	(79.7%)	(194.1)	(13.7%)	(103.2)	(113.5%)
<b>Profit (loss) before income taxes</b>	<b>(593.0)</b>	<b>(520.1%)</b>	<b>(269.8)</b>	<b>(19.0%)</b>	<b>323.2</b>	<b>54.5%</b>
Income tax expenses	(6.5)	(5.7%)	(12.1)	(0.8%)	(5.5)	(84.1%)
<b>Profit (loss) of the year</b>	<b>(599.5)</b>	<b>(525.8%)</b>	<b>(281.9)</b>	<b>(19.8%)</b>	<b>317.7</b>	<b>53.0%</b>
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	3.3	2.9%	(8.9)	(0.6%)	(12.2)	(374.6%)
Non-recurring items <sup>[1]</sup>	-	-	-	-	-	-
<b>Adjusted EBITDA <sup>[2]</sup></b>	<b>(267.1)</b>	<b>(234.3%)</b>	<b>252.5</b>	<b>17.8%</b>	<b>519.6</b>	<b>194.5%</b>
<b>Adjusted Net Profit (loss) for the period</b>	<b>(596.3)</b>	<b>(523.0%)</b>	<b>(290.8)</b>	<b>(20.5%)</b>	<b>305.5</b>	<b>51.2%</b>

[1] Non-recurring items is defined as Gain on disposal of share of JV company transaction and disposal of sublease and Gain from FV adjustment on investment in the joint ventures.

[2] Adjusted EBITDA is calculated from EBT plus Finance cost, Depreciation and Amortization, Interest income from Loan to JVs and deduct Interest income, unrealized loss from exchange rates and non-recurring items

### Revenue from services

The Revenue from services for the nine-month period of 2021 (9M/2021) is reported at THB 2,768.5 million, increased by 118.7% over the same period of last year (9M/2020), due primarily to the change in revenue recognition method of FS JV from share of profit (loss) from investment in joint venture to consolidate with the Company's financial statement since March 2021 as well as the recovery of tourism sector in UK and Maldives from the lifting in lockdown measures and travel-related restrictions. In the third quarter of 2021, the Company posted THB 1,421.6 million in revenue from services, went up by THB 618.5 million or jumped by 77% over the previous quarter.

### Costs of services

The costs of services in 9M/2021 was THB 2,370.3 million, increased by 103.0% over the same period last year. The rise in cost of services came from two main factors. Firstly, the increase in cost of services consistent with the higher number of hotels in operation from the acquisition of UK portfolio in Q1/2021. Lastly, the suspension of hotel service of all the hotels owned by the Company as a result of COVID-19 pandemic in Q2/2020. The expenses incurred during the suspension of hotel service were booked under the administrative expenses. The cost of services in Q3/2021 went up to 1,018.7 million or increased 29.7% quarter-on-quarter in line with the higher revenue from sales and services.

**Gross profit**

Gross profit in 9M/2021 is reported at THB 398.3 million, jumped by 305.1% over the same period last year, due primarily to the performance recovery in UK and Maldives portfolios. The gross profit of the Company increased considerably by THB 385.4 million from THB 17.6 million in Q2/2021 to THB 403.0 in Q3/2021 caused mainly by the strong recovery in performance of UK and Maldives portfolios.

**Selling expenses**

The selling expenses in Q3/2021 was THB 64.4 million, went up by 27.9% from THB 50.4 million in Q2/2021, consistent with the higher in revenue due to the recovery of tourism sector in UK and Maldives. The selling expense in 9M/2021 posted at THB 154.2 million, declined by THB (5.6) million or (3.5%) compared to the same period last year owing partly to the cost reduction plan as well as the temporary suspension in hotel services in the second quarter last year.

**Administrative expenses**

The administrative expenses in 9M/2021 was THB 1,082.9 million, fell by 14.2% over the same period last year. The main reason was the reclassification of COGS of temporarily closed hotels to administrative expenses whereas in Q2/2020 all of the hotels owned by the Company were temporarily closed due to the COVID-19 pandemic. However, the administrative expenses in Q3/2021 went up by THB 26.5 million or increased by 6.6% quarter-on-quarter consistent with the higher revenue from sales and services.

**Finance Costs**

The finance costs in 9M/2021 is reported at THB 516.6 million, increased by 79.6% over the same period last year. This was mainly due to the additional borrowings incurred from the acquisition of FS JV together with the consolidation of FS JV's loan into the Company's financial statements. The finance costs in Q3/2021 increased slightly when compared to the previous quarter as a result of the rise in loan outstanding caused by the drawdown of the remaining facility from the acquisition of FS JV.

**Other income**

Other income in 9M/2021 was THB 195.3 million dropped by THB (382.9) million or (66.2%) over the same period last year. The gain on share sale under JV agreement and the gain on sublease in Q1/2020 of total THB 419.3 million were the main reasons. Other income in Q3/2021 was THB 12.0 million declined by THB 22.8 million quarter-on-quarter due to the receipt of insurance claim in Q2/2021.

**Share of profit (loss) from an associate and joint ventures**

The share of profit (loss) from an associate and joint ventures was THB (4.1) million for 9M/2021, increased by THB 153.3 million from that reported in 9M/2020. This was due primarily to the temporarily closure of UK portfolio hotels during Q2/2020 caused by the COVID-19 pandemic. In Q3/2021, the share of profit (loss) from an associate and joint ventures turned to loss THB (1.4) million from profit THB 3.4 million in Q2/2021. The loss in

Q3/2021 was partially came from the loss in JV Island 3 with WEWD which is still under development.

**Adjusted EBITDA**

Adjusted EBITDA in 9M/2021 turned to profit THB 177.7 million from loss THB (563.9) million in 9M/2020 caused mainly by the performance recovery of UK and CROSSROADS Maldives portfolios. Similarly, adjusted EBITDA in Q3/2021 turned to profit THB 252.5 million from loss THB (31.7) million in previous quarter. The positive adjusted EBITDA reported in Q3/2021 was the first time in more than a year since the COVID-19 pandemic emerged.

**Profit (loss) for the period**

The Company reported profit (loss) for 9M/2021 and Q3/2021 at THB (1,164.2) million and THB (281.9) million respectively. The decline in loss by THB (289.6) million or (50.7)% quarter-on-quarter was due primarily to the performance recovery in UK and Maldives portfolios.

**Analysis of Financial Position and Investment Structure**

The Company has changed the accounting treatment of FS JV from equity method to consolidated financial statements since March 2021 when the Company increase its ownership stake in FS JV. The FS JV consolidation caused significant changes in assets and liabilities to the Company’s financial statements as at last financial year end.

As at September 30, 2021, the Company’s total assets is reported at THB 38,408.2 million, increased by THB 11,290.9 million or 41.6% from the year end 2020. Total liabilities of the Company also went up by THB 10,728.2 million from the year end 2020 to THB 22,169.5.2 million as at September 30, 2021. The interest bearing debt of the Company as at September 30, 2021 stood at THB 14,344.6 million jumped from THB 8,483.0 million as at year end 2020 due mainly to the additional borrowings incurred from the FS JV’s acquisition transaction together with the consolidation of FS JV’s loan into the Company’s financial statements.

Although the increase in interest bearing debt has caused the IBD/E (Interest Bearing Debt to Equity) ratio to rise to 0.88 times as at September 30, 2021, it is still well below the Company’s covenant.

	December 31, 2020	September 30, 2021	Change	
	(THB million)	(THB million)	(THB million)	%
Cash and cash equivalents	2,492.7	1,887.8	(604.8)	(24.3%)
Total current assets	3,638.4	3,653.2	14.8	0.4%
Property, plant and equipment, net	19,288.7	31,351.3	12,062.6	62.5%
Total non-current assets	23,478.9	34,754.9	11,276.1	48.0%
<b>Total assets</b>	<b>27,117.3</b>	<b>38,408.2</b>	<b>11,290.9</b>	<b>41.6%</b>
Total interest-bearing debt	8,483.0	14,344.6	5,861.6	69.1%
Other liabilities	2,958.3	7,825.0	4,866.6	164.5%
<b>Total liabilities</b>	<b>11,441.3</b>	<b>22,169.5</b>	<b>10,728.2</b>	<b>93.8%</b>
<b>Total equity</b>	<b>15,675.9</b>	<b>16,238.6</b>	<b>562.7</b>	<b>3.6%</b>
<b>Interest-bearing debt to equity (times)</b>	<b>0.54</b>	<b>0.88</b>	<b>0.34</b>	<b>63.2%</b>

Yours faithfully,

S Hotels and Resorts Public Company Limited

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(Ms. Samitta Tinnam)

Chief Financial Officer / Company Secretary

**Investor Relations Contact**

Tel: +66 (0) 2058 9888

Email: [ir@shotelsresorts.com](mailto:ir@shotelsresorts.com)