



CS/21-098

November 15, 2021

Subject : Management Discussion and Analysis of the operating performance for the three-month and nine-month periods ending 30 September 2021 (Edit)

Attention : The President of the Stock Exchange of Thailand

Copy to: The Secretary
The Security and Exchange Commission

JCK Hospitality Public Company Limited (“Company”) would like to report the consolidated operating performance results for the three-month and nine-month periods ending 30 September 2021

Important Matters within the Period

1. During the current period, the Company entered into a land sale and purchase contract with an individual at a price of Baht 64.8 million. The Company paid for a land sale and the seller registered the transfer of ownership of the land to the Company.
2. During the current period, the Company invested in the hotel business by purchasing ordinary shares of two subsidiaries, accounting for 100 percent of its registered capital. As a result, the Company prepared the consolidated financial statements for the three-month and nine-month periods ended 30 September 2021 for the first time in accordance with the basis of preparation of the consolidated financial statements. Based on assessment of the above transaction, the management determined that the acquisition of ordinary shares of the subsidiaries which amounted Baht 31 million is a purchase of assets because the acquired assets are not business units as defined in Thai Financial Reporting Standard No.3 (revised 2018) Business Combination. As a result, the Company recorded the transaction cost of land and hotel buildings as Baht 322 million and debt's assets as Baht 291 million, net transaction is Baht 31 million as at the purchase date.
The group's accounting policy for the value of land and buildings is using the revaluation method, the Company recorded the value of assets as fair value according to the appraisal of land and hotel buildings by an independent appraiser in the consolidated financial statements. The Company recorded the surplus from asset revaluation in other comprehensive income for the current period amounting to Baht 122 million (net of income tax). However, the Company is evaluating the completeness of the subsidiaries' liabilities at the purchase date which is expected to be completed within 2021.
3. During the period, the subsidiary entered into an agreement to purchase and sell land and construction (hotel building) thereon with a company and a shareholder of the Company under the payment conditions as stipulated in the agreement. The subsidiary has outstanding future payments of Baht 78 million.

The operating performance result for Q3/2021 compare with Q3/2020

1. The 3rd quarter of 2021, the Company's total revenue was amount of Baht 60.85 million, a decreased amount of Baht 137.60 million, or equal to 69.34% from the 3rd quarter of 2020 due to the shops are closed during July – August 2021 from the Covid-19 situation, the government has measure not to sit and eat in restaurants for the red area of 29 provinces causing the customer behavior to be cautious and change, resulting sales in branch that opened have not achieved a target.
2. The Company's cost of goods sold in the 3rd quarter of 2021 was amount of Baht 33.95 million, a decreased amount of Baht 47.73 million, or equal to 58.44% from the 3rd quarter of 2020. When comparing the cost-to-sales ratio, found that increase about 16.94% from 3rd quarter of 2020. This is a result of the Company doing promotions to stimulate sales, to a discount 40-60% from sale price, resulting to higher costs and from the situation of the Covid-19 virus causing of higher prices increase the average cost per head.
3. The Company's selling and administrative expenses in the 3rd quarter of 2021 was amount of Baht 74.63 million, a decreased amount of Baht 43.31 million, or equal to 36.72% from the 3rd quarter of 2020. As the Company's discount for rental fee during period because the closing on July-August 2021. In addition, expenditure control policies to be in the same direction with the decrease in revenue from the COVID-19 epidemic continuously situation.
4. The Company's financial cost in the 3rd quarter of 2021 was Baht 8.97 million, an increased amount of Baht 2.43 million, or equal to 37.21% from the 3rd quarter of 2020 due to an increasing in long-term loans of subsidiaries, and the Company's recording of the interest expense on the lease liability in accordance with TFRS 16.
5. The Company's had net loss amount of Baht 56.19 million, an increased amount of Baht 48.63 million, or equal to 643.25% from the 3rd quarter of 2020. The branch is closed during the month of July - August 2021 (corresponding to the decrease in revenue) and the Covid-19 situation that has occurred continuously and for a long time. In addition, the economy in 2021 slowed down.

The operating performance result for the nine-month period compare with the same period of year 2020

1. The Company's total revenue for the nine-month period of 2021 was amount of Baht 297.72 million, a decreased amount of Baht 222.36 million, or equal to 42.75% from the nine-month period of 2020 due to the ongoing COVID-19 situation in the country. In addition, the economy in 2021 slowed down.
2. The Company's has total cost of sales for the nine-month period of 2021 was amount of Baht 153.03 million, a decreased amount of Baht 62.26 million, or equal to 28.92% from the same nine-month period of 2020 when comparing the cost-to-sales ratio, found that for the nine-month period of 2021 was increase about 11% from the nine-month period of 2020, as a result of the Company's promotion to stimulate sales, resulting in a 40-60%

discount from sales, resulting in higher costs and the impact of rising market prices increase the average cost per head.

3. The Company's selling and administrative expenses for the nine-month period of 2021 was amount of Baht 283.36 million, a decreased was amount of Baht 103.84 million, or equal to 26.82% for the same period of 2020 as lower sales and reductions in rental and service charges during the Covid-19 situation.
4. The Company's financial expenses for the nine-month period of 2021 was amount of Baht 24.85 million, an increase amount of Baht 2.12 million or equal to 9.33% from the nine-month period of 2020 as the increasing due to long-term loans of subsidiaries, and the company's recording of the interest expense on the lease liability in accordance with TFRS 16.
5. The Company's had a net loss for the nine-month period of 2021 was amount of Baht 164.69 million, an increase amount of Baht 60.22 million, or equal to 57.64% from the nine-month period of 2020 due to the ongoing and long-time the Covid-19 situation. In addition, the economy in 2021 slowed down.

Please be informed accordingly.

Sincerely yours,



(Mr. Athawut Taechaubol)

Joint Chief Executive Officer