

To : Managing Director
The Stock Exchange of Thailand

Date : February 21, 2022

Re : Management Discussion and Analysis for the year ended December 31, 2021

The Board of Directors is pleased to announce the Company's results of operation for the year ended December 31, 2021 as follows: -

Net loss after corporate income tax for the year ended December 31, 2021 and 2020:

(Baht in million)	<u>2021</u>	<u>2020</u>	<u>Change</u>
The Company	361.25	295.46	22.27%
Consolidated	492.81	983.11	(49.87)%

The Company:

The Company's loss before corporate income tax benefits for the year ended December 31, 2021 increased by Baht 73.28 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 73.55 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 0.27 million.

Revenues from hotel operations of SLBK decreased by Baht 247.01 million from Baht 504.99 million to Baht 257.98 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 131.19 million. Selling and administrative expenses decreased by Baht 31.38 million and Baht 71.12 million, respectively. Depreciation expense decreased by Baht 17.35 million against last year. Finance cost increased by Baht 64.25 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 73.55 million from Baht 243.08 million to Baht 316.63 million.

Loss before corporate income tax benefits of SLCM decreased by Baht 0.27 million as compared to 2020, mainly attributed to lower revenues from hotel operations by Baht 70.14 million from Baht 146.67 million to Baht 76.53 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 42.80 million. Selling and administrative expenses decreased by Baht 9.20 million and Baht 30.63 million, respectively. Depreciation Expenses decreased by Baht 4.15 million against last year. As a result, the loss before corporate income tax benefits decreased by Baht 0.27 million from Baht 137.94 million to Baht 137.67 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits increased by Baht 73.28 million from Baht 381.01 million to Baht 454.29 million. The corporate income tax benefits increased by Baht 7.49 million as compared to 2020 due to record the deferred tax asset regarding defined benefit obligation during the year. The Company recorded a net loss after tax benefits of Baht 361.25 million for the year ended December 31, 2021 compared to loss of Baht 295.46 million last year (increased by 22.27%).

Consolidated:

The consolidated loss before corporate income tax benefits for the year ended December 31, 2021 decreased by Baht 475.60 million against last year. The decrease in consolidated loss before corporate income tax benefits was due to increase in the Company's loss before corporate income tax benefits of Baht 73.28 million and decrease in loss from subsidiaries by Baht 548.88 million. The decrease in loss of subsidiaries was largely due to the impairment losses on financial assets and share of losses investments in associates. As a result, the corporate income tax benefits increased by Baht 19.93 million. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the year ended December 31, 2021 decreased by Baht 490.30 million against last year (decreased by 49.87%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director