

Management Discussion and Analysis for the performance of the twelve-month period ended 31 December 2021**Performance Overview**

In 2021, the total revenue from sales and services of S Hotels and Resorts Public Company Limited (“the Company”) was reported at THB 4,512.5 million nearly tripled the total revenue from sales and services of previous year. This reflects the success of the Company’s strategy which focus to diversify the risk by investing in hotels with balancing of revenue mix geographically and seasonally in order to create a well balance portfolio mix. As we can see from the past year, although the performance of the Company’s Thailand, Mauritius, and Fiji hotel portfolios were greatly affected by the lockdown measures to prevent the spread of Covid-19, the impact was largely offset by the strong recovery in performance of the Company’s UK and Maldives hotel portfolios.

The revenue from sales and services of Project CROSSROADS Phase 1 hotels and UK Portfolio hotels made up to 90.3% of total revenue in 2021. However, the lift in Covid-19 restrictions to reopen borders to international travellers as a result of high vaccination rates together with the increase in travel demand during year-end holidays brought up the proportion of revenue from sales and services of Thailand and Outrigger hotels in fourth quarter of 2021 to 16.4%, a positive signal to future revenue growth which can be substantial when tourism sector resumes normal.

During the past year, both CROSSROADS Phase 1 hotels received many awards and recognition of achievement from leading organizations at nationally and internationally levels. CROSSROADS Phase 1 hotels were highly rated among tourists and attracted various types of customer. The ADR of CROSSROADS Phase 1 hotels during fourth quarter of 2021 and December 2021 were \$418 and \$508 respectively which reached the highest quarterly and monthly ADR levels since its opening.

The adjusted earnings before interest, tax, and depreciation amortization (adjusted EBITDA) which excludes unrealized gain (loss) from FX and other non-recurring items reported profit of THB 340.4 million in fourth quarter of 2021 which was the second consecutive quarter of positive adjusted EBITDA reflecting the performance recovery of the Company.

However, the surge of Omicron at the end of the year has once again raised concerns about the economic recovery and tourism's direction. This creates short term impact to the Company’s performance in which the impact was limited in most locations but was quiet severe in Mauritius. Many countries have shifted from strict pandemic measures or zero-Covid policy to coexist with Covid-19 or living with Covid by accelerating the vaccination to reduce the hospitalization and mortality rates. The Covid-19 restrictions have been gradually relaxed and the quarantine is already no longer required in some countries. A positive sign to tourism industry as lockdown measures will not be used which drive the overall performance of the Company to recover strongly. 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 December 31, 2021, 36 properties out of 38 properties in the portfolio have resumed its normal operation, equivalent to 98% of the total number of keys (4,425 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><td>Nov</td><td>Dec</td></tr> <tr><td>√</td><td>√</td><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><td>Nov</td><td>Dec</td></tr> <tr><td>√</td><td>√</td><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><td>Nov</td><td>Dec</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><td>√</td><td>√</td></tr> </table> <p>- SAii Koh Samui Choengmon (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><td>Nov</td><td>Dec</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><td>X</td><td>√</td></tr> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	√	√	√	√	√	√	√	√	√	√	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	√	√	√	√	√	√	√	√	√	√	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	√	X	X	√	X	X	X	X	X	X	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	√	X	X	X	X	X	X	X	X	X	X	√	<p>Several waves of the Covid-19 pandemic slowed Thailand's economic recovery in 2021. However, during the fourth quarter of 2021, vaccination progressed significantly, and the pandemic in the country began to lessen. Gradual easing of strict control measures has resulted in the resumption of economic activities, including the tourism sector, which has begun to recover following the government's decision to reopen the country to foreign tourists on 1 November onwards from Test & Go scheme together with the phase 3 of the government's travel subsidy campaign Rao Tiew Duay Kan to boost up the domestic travel demand during year-end holidays whereas the number of foreign tourist arrival was slowly increased.</p> <p>With all the factors mentioned above together with management flexibility of the Company’s self-managed hotels in Thailand which able to quickly respond and adapt to accommodate various measures related to travelling and controlling the spread of Covid-19 announced by the authorities have caused the occupancy rate of the Company’s hotels in Thailand during fourth quarter of 2021 to reach its highest level of the year especially in December whereas the occupancy rate of SAii Laguna Phuket and SAii Phi Phi Island Village reached 64% and 59% respectively. The remaining two hotels in Koh Samui were able to reopened in the late of fourth quarter which shows positive sign of recovery as all four hotels of the</p>
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		<p>Company in Thailand already resumed normal operations.</p> <p>However, the breakout of Omicron at the end of the year has once again raised concerns about the economic recovery and tourism's direction. The Thai Government has temporarily suspended the Test & Go scheme for about a month in response to the growing concern about the surge of Omicron variant and resumed the new Test & Go scheme with stricter requirements on 1 February 2022. The moves aim to revive the tourism sector caused by the pandemic.</p> <p>The occupancy rate in January 2022 of SAii Laguna Phuket was still able to maintain at 62% although the Government has temporarily suspended the Test & Go scheme throughout the month of January with only Phuket Sandbox and State Quarantine still remained. The hotel was able to adapt quickly in order to capture travellers through Phuket Sandbox while the Test & Go quarantine free scheme was still temporarily suspended.</p>																																																																								
Maldives	<p>Project CROSSROADS Phase 1 Hotels:</p> <ul style="list-style-type: none"> - SAii Lagoon Maldives <table border="1" data-bbox="316 1384 836 1429"> <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><th>Nov</th><th>Dec</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><td>√</td><td>√</td> </tr> </tbody> </table> <ul style="list-style-type: none"> - Hard Rock Hotel Maldives <table border="1" data-bbox="316 1514 836 1559"> <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><th>Nov</th><th>Dec</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><td>√</td><td>√</td> </tr> </tbody> </table> <ul style="list-style-type: none"> - Konotta Maldives Resort <table border="1" data-bbox="316 1688 836 1733"> <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><th>Nov</th><th>Dec</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><td>X</td><td>X</td> </tr> </tbody> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	√	√	√	√	√	√	√	√	√	√	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	√	√	√	√	√	√	√	√	√	√	√	√	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	X	X	X	X	X	X	X	X	X	X	X	X	<p>The year 2021 was considered a great year for the recovery of tourism and hospitality business in Maldives despite of the fact that it was impacted by the Delta variant Covid-19 pandemic in the second quarter of 2021. As a result, the Maldivian government temporarily banned travellers from 8 South Asian countries such as India and Sri Lanka from travelling into Maldives. Among of them, Indian tourists were a major source market of tourism for Maldives. Nonetheless, as the Covid-19 pandemic began to slow down, the Maldivian government reopened its borders to arrivals from South Asian countries once again in July 2021. Thus, there were many Indian tourists visiting Maldives afterwards.</p> <p>The accumulated number of international tourists visiting Maldives in 2021 was 1.3 million accounted for 77% of 1.7 million, the total number of international tourists in 2019 which considered as pre-Covid year. In</p>
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Countries	Operating Period	Industry Outlook
		<p>fourth quarter of 2021, the number of foreign arrivals in Maldives already surpassed the pre-pandemic levels by 1% (0.451 million Vs. 0.448 million). Missing are visitors from other countries in Asia, such as China, South Korea, and Japan, as the travel restrictions of these countries have not yet been lifted. Once the situation has improved in these countries, it is expected that the number of international tourists will definitely be more than the pre-pandemic years.</p> <p>During the past year, both CROSSROADS Phase 1 Hotels received many awards and recognition of achievement from leading organizations at nationally and internationally levels such as Luxury Lifestyle Awards 2021, World Luxury Hotel Awards 2021 and International Hotel and Property Awards 2021.</p> <p>CROSSROADS Phase 1 Hotels were highly rated among tourists and attracted various types of customer such as honeymooners, family, seminar, or friends, which differentiate CROSSROADS Phase 1 Hotels from other typical Maldives resorts which is suitable for only honeymooners. In quarter of 2021, the ADR of CROSSROADS Phase 1 Hotels was \$418 which reached the highest level of ADR since its opening in September 2019 and higher than ADR of the same period during pre-pandemic year (2019) by 9%.</p> <p>The momentum in tourism has continued towards high tourist season during the beginning of 2022. Travelers from all destinations can enter Maldives with no mandatory quarantine. This is due to the geography of the Maldives, where it is made up of many small islands which allowed for easier control of the pandemic. All of the resorts are on private islands which reduce the chance for the virus from international tourists to spread to the local population.</p> <p>In 2021, two out of three hotels of the Company in Maldives were in operational. Konotta Maldives Resort continues to remain closed due to the transportation</p>



Countries	Operating Period	Industry Outlook
		<p>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>At the beginning of 2021, the UK faced serious challenges regarding the Covid-19 pandemic. There were continuous and periodic lockdown to slow down the spread of Covid-19. The UK government later on lifted restrictions in 4 phases starting from March 2021. The final restrictions including lockdowns were completely lifted in July 2021 after a successful countrywide vaccination campaign and also after the rate of hospitalization declined to a manageable level which no longer poses a threat the healthcare infrastructure.</p> <p>For the UK tourism industry, the recovery has been much more challenging than other countries in Europe. In 2021, UK tourism depended primarily on domestic travellers from pent-up domestic travel demand due to international travel was still difficult. Staycation, a new tourism trend which allowed tourists to work while travelling and change their working environment, was gaining more popularity. This caused fast and strong recovery in UK hotels portfolio as all of them are regional hotels, which were not dependent on foreign travellers.</p> <p>The occupancy rate in fourth quarter of UK hotels portfolio stood at 57% slightly decline from previous quarter as every fourth and first quarter are generally considered to be the low season for travel to the UK. However, UK hotels portfolio were able to maintain ADR at high level continuously whereas ADR in fourth quarter of 2021 already higher than ADR of the same period last year by 20%. However, the spread of Covid-19 Omicron variant during late November to December last year caused short term impact on food and</p>



Countries	Operating Period	Industry Outlook																																																
		<p>beverage revenues as Festive Season sales were washed down due to restrictive government policies.</p> <p>The operating performance of UK hotels portfolio in January, RevPAR was still slightly below the pre-pandemic levels from lower occupancy rate caused by the spread of Covid-19 Omicron variant but was partly compensated by ADR that is higher than pre-pandemic levels.</p> <p>Amid the Omicron variant surge, the UK Government has ruled out any new covid related restrictions nor lockdown. A solid performance is expected to continue starting from March 2022 when business activities resume, and travel season begins.</p>																																																
<p>Fiji</p>	<p>- Outrigger Fiji Beach Resort</p> <table border="1" data-bbox="316 1041 837 1086"> <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><td>Nov</td><td>Dec</td> </tr> <tr> <td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✗</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td> </tr> </table> <p>- Castaway Island Fiji</p> <table border="1" data-bbox="316 1176 837 1220"> <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><td>Nov</td><td>Dec</td> </tr> <tr> <td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✗</td><td>✗</td><td>✗</td><td>✗</td><td>✗</td><td>✗</td><td>✗</td><td>✓</td> </tr> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✓	<p>In fourth quarter of 2021, all 2 hotels in Fiji were in operational in line with the announcement of borders reopening to international arrivals on December 1, 2021. The key source market of Fiji are tourists from Australia and New Zealand adding up to 85% of total foreign arrivals. The tourists from North America such as USA and Canada are about 12% of total arrivals in Fiji.</p> <p>The occupancy rate in December for Outrigger Fiji Beach Resort was 37% and for Castaway Island, Fiji was 63%. The quick recovery on occupancy rate was mainly due to the rise in travel demand during year-end holidays even though December was the first month that both hotels reopened to international tourists after more than 20 months of closure.</p> <p>Great momentum in tourism has continued towards January with festive season and school holidays in Australia. The occupancy rate of Outrigger Fiji Beach Resort in January went up to 51% and of Castaway Island, Fiji maintained at 66% slightly better than previous month. However, during February to March is normally a low season in Fiji which is the peak tropical cyclone season.</p>
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Mauritius	<p>- Outrigger Mauritius Beach Resort</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><td>Nov</td><td>Dec</td> </tr> <tr> <td>v</td><td>v</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>v</td><td>v</td><td>v</td> </tr> </table>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	v	v	x	x	x	x	x	x	x	v	v	v	<p>Mauritius has fully reopened its borders to vaccinated foreign visitors since October 1, 2021 after 18 months of lockdown because of COVID-19 pandemic. The occupancy rate in fourth quarter of 2021 of Outrigger Mauritius Beach Resort recovered strongly to 54% after long months of closure. The majority of arrivals in Mauritius are travellers from Europe especially British and French and another key source market is travellers from South Africa.</p> <p>However, the spread of Covid-19 new variant Omicron, beginning in December that originate from Africa whereas South Africa is one of the key source market, has hardly hit the tourism industry in Mauritius. Many foreign tourists have canceled or postponed their trips. Countries like USA. and France added Mauritius into Covid high risk countries and warned people to avoid travelling. Thus, the occupancy rate in January 2022 of Outrigger Mauritius Beach Resort dropped sharply to 25%. However, the Covid-19 situation in Mauritius is improving. France has just recently removed Mauritius out of the Covid high risk countries. The tourism sector in Mauritius is expected to recover from April onwards.</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 five fiscal years (year 2017-2021), the Company’s consolidated total assets has grown at an average rate of 40% 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 Choengmon, 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, consisting of Outrigger Fiji Beach Resort and Castaway Island Fiji and one hotel in Mauritius named Outrigger Mauritius Beach Resort "Outrigger Hotels";

- (3) Two upper upscale successfully developed hotels, as part of Project CROSSROADS Phase 1 in the Emboodhoo 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 in the United Kingdom operated under the Mercure brands and managed by Interstate Hotels & Resorts which is a leading hotel operator 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 December 31, 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:

Unit: THB Million	FY2020	% by type	FY2021	% by type	Change(%)
Self-Managed Hotels ⁽¹⁾	328.9	21.0%	234.0	5.2%	(28.9%)
Outrigger Hotels ⁽¹⁾	607.1	38.8%	205.3	4.5%	(65.2%)
Project CROSSROADS Phase 1 Hotels	626.9	40.1%	1,627.4	36.1%	159.6%
UK Portfolio Hotels ⁽²⁾	0	0%	2,445.8	54.2%	N/A
Total revenue from services	1,562.9	100.0%	4,512.5	100.0%	188.7%

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.

Unit: THB Million	Q3/2021	% by type	Q4/2021	% by type	Change(%)
Self-Managed Hotels	31.9	2.2%	126.4	7.2%	296.2%
Outrigger Hotels ⁽¹⁾	9.9	0.7%	159.4	9.2%	1,510.1%
Project CROSSROADS Phase 1 Hotels	390.6	27.5%	558.0	32.0%	42.9%
UK Portfolio Hotels ⁽²⁾	989.2	69.6%	900.1	51.6%	(9.0%)
Total revenue from services	1,421.6	100.0%	1,743.9	100.0%	22.7%

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.

Total revenue from sales and services for FY2021 was THB 4,512.5 million almost tripled the revenue of the same period last year. The revenue from sales and services of Project CROSSROADS Phase 1 Hotels and UK Portfolio Hotels made up to 90.3% of total revenue during FY2021 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 FY2021 still affected by the prolonged COVID-19. However, in Q4/2021, Thailand, Mauritius and Fiji have reopened their borders to foreign travellers which caused the proportion of Self-Managed Hotels and Outrigger Hotels' revenue to total revenue to improve from 2.9% in previous quarter to 16.4% in Q4/2021, a positive sign for future revenues that will not be concentrated only in UK and Maldives when tourism sectors of all countries resume normal.

Project CROSSROADS Phase 1 Hotels, Self-Managed Hotels and Outrigger Hotels achieved higher revenue in Q4/2021 when compared to previous quarter as a result of high travel season during year-end and the borders reopening plan. The revenue from UK portfolio Hotels, on the other hand, declined slightly due to the low season in UK. However, the revenue from UK portfolio Hotels still contribute the majority part of company's total revenue at 51.6%.

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

Self-Managed Hotels

No. of Hotels	Change			Change			Change		
	FY2020	FY2021	(%)	Q4/2020	Q4/2021	(%)	Q3/2021	Q4/2021	(%)
No. of Hotels	5	5	-	5	5	-	5	5	-
No. of Keys	657	657	-	657	657	-	657	657	-
Average Occupancy Rate (%)	22.5%	17.1%	(5.4%)	17.6%	30.4%	12.8%	14.2%	30.4%	16.2%
ADR (Baht) ⁽³⁾	7,594	3,402	(55.2%)	3,255	4,268	31.1%	2,440	4,268	74.9%
RevPAR (Baht) ⁽³⁾	1,708	583	(65.9%)	571	1,298	127.3%	346	1,298	275.1%

Note

- (2) Reference exchange rate for FY2020 is 31.294 THB/USD, for FY2021 is 31.977 THB/USD
Reference exchange rate for Q4/2020 is 30.615 THB/USD, for Q3/2021 is 32.92 THB/USD, for Q4/2021 is 33.38 THB/USD

Most of the Self-Managed Hotels are hotels in Thailand which benefited from the country reopening plan to foreign travellers in November last year together with the phase 3 of the government's travel subsidy campaign Rao Tiew Duay Kan to boost up the domestic travel demand. The numbers of domestic travellers went up substantially during December from the year-end holidays with support from subsidy campaign. Four out of five hotels under Self-managed platform which all are hotels in Thailand were in operation. In Q4/2021, the revenue per available room (RevPAR) of Self-managed hotels is reported at THB 1,298, from occupancy rate of 30.4% and ADR at THB 4,268, which is significantly higher than RevPAR in Q3/2021 (quarter-on-quarter) by 275.1% and RevPAR in Q4/2020 (year-on-year) by 127.3%.

Outrigger Hotels

No. of Hotels	Change			Change			Change		
	FY2020	FY2021	(%)	Q4/2020	Q4/2021	(%)	Q3/2021	Q4/2021	(%)
No. of Hotels	3	3	-	3	3	-	3	3	-
No. of Keys	499	499	-	499	499	-	499	499	-
Average Occupancy Rate (%)	19.8%	13.4%	(6.4%)	13.9%	31.2%	17.3%	6.5%	31.2%	24.7%
ADR (Baht) ⁽⁴⁾	4,423	4,881	10.4%	2,460	6,760	174.8%	1,960	6,760	244.9%
RevPAR (Baht) ⁽⁴⁾	876	655	(25.2%)	343	2,111	515.4%	128	2,111	1,549.2%

Note

- (3) Reference exchange rates for FY2020 are 14.443 THB/FJD, 0.7984 THB/MUR, for FY2021 are 15.46 THB/FJD, 0.7713 THB/MUR
Reference exchange rates for Q4/2020 are 14.60 THB/FJD, 0.7692 THB/MUR, for Q3/2021 are 15.773 THB/FJD, 0.7734 THB/MUR, for Q4/2021 are 15.84 THB/FJD, 0.7759 THB/MUR

Both Mauritius and Fiji succeeded in controlling the spread of COVID-19 and have reopened their borders to international travellers since the beginning of fourth quarter, The Company decided to reopen all three Outrigger hotels in line with borders reopening plan of both Mauritius and Fiji. The occupancy rate and ADR of Outrigger hotels in fourth quarter improved significantly with RevPAR increased to THB 2,111, from occupancy rate of 31.2% and ADR at THB 6,760, higher than occupancy rate and ADR quarter-on-quarter by 24.7% and 244.9% respectively and year-on-year by 17.3% and 174.8% respectively.

Project CROSSROADS Phase 1 Hotels

No. of Hotels	Change			Change			Change		
	FY2020	FY2021	(%)	Q4/2020	Q4/2021	(%)	Q3/2021	Q4/2021	(%)
No. of Hotels	2	2	-	2	2	-	2	2	-
No. of Keys	376	376	-	376	376	-	376	376	-
Average Occupancy Rate (%)	27.6%	57.8%	30.2%	41.3%	63.1%	21.8%	56.7%	63.1%	6.4%
ADR (Baht) ⁽³⁾	9,117	10,219	12.1%	7,098	13,944	96.4%	9,956	13,944	40.1%
RevPAR (Baht) ⁽³⁾	2,515	5,908	134.9%	2,933	8,796	199.9%	5,643	8,796	55.9%

Note

- (3) Reference exchange rate for FY2020 is 31.294 THB/USD, for FY2021 is 31.977 THB/USD
Reference exchange rate for Q4/2020 is 30.615 THB/USD, for Q3/2021 is 32.92 THB/USD, for Q4/2021 is 33.38 THB/USD

The continued recovery of tourism industry as well as high travel season approaching in Maldives brought up the overall performance in the fourth-quarter of CROSSROADS Phase 1 hotels, which both hotels were in operation. In the fourth-quarter this year, the occupancy, ADR and RevPAR of CROSSROAD hotels improved significantly. The RevPAR of fourth-quarter this year was THB 8,796 from occupancy rate of 63.1% with ADR at 13,944 or increased by 55.9% quarter-on-quarter and almost doubled when compared year-on-year. In addition, ADR in fourth quarter of CROSSROADS Phase 1 hotels reached the highest since its opening in September 2019, reflecting the strong performance recovery of CROSSROADS Phase 1 hotels and has great potential to perform better than pre-pandemic levels when tourism sector fully resume.

UK Portfolio Hotels

No. of Hotels	Change			Change			Change		
	FY2020	FY2021	(%)	Q4/2020	Q4/2021	(%)	Q3/2021	Q4/2021	(%)
No. of Hotels	29	28 ⁽⁶⁾	(3.4%)	29	28 ⁽⁶⁾	(3.4%)	28 ⁽⁶⁾	28 ⁽⁶⁾	-
No. of Keys	3,115	2,990 ⁽⁶⁾	(2.3%)	3,115	2,990 ⁽⁶⁾	(2.3%)	2,990 ⁽⁶⁾	2,990 ⁽⁶⁾	-
Average Occupancy Rate (%)	26.2%	49.3%	23.1%	20.4%	57.4%	37.0%	67.9%	57.4%	(10.5%)
ADR (Baht) ⁽⁵⁾	2,384	3,373	41.5%	2,250	3,511	56.0%	3,664	3,511	(4.2%)
RevPAR (Baht) ⁽⁵⁾	624	1,663	166.5%	458	2,015	340.0%	2,489	2,015	(19.0%)

Note

- (5) Reference exchange rate for FY2020 is 40.14 THB/GBP, for FY2021 is 43.99 THB/GBP
Reference exchange rate for Q4/2020 is 40.42 THB/GBP, for Q3/2021 is 45.37 THB/GBP, for Q4/2021 is 45.01 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 travelling and business activities in UK are normally slowdown during fourth quarter and first quarter due to the cold temperature and less daylight hours. The revenue per available room (RevPAR) of UK portfolio hotels in the fourth quarter this year was reported at THB 2,015 from occupancy rate at 57.4% and ADR at THB 3,511, dropped by 19.0% quarter-on-quarter but increased by 340.0% year-on-year as a result of the easing in COVID-19 restrictions from the high vaccination rate and low hospitalization rate which no longer poses a threat the country healthcare system.

Discussion of operating results:

Table comparing Financial performance of FY2020 and FY2021

	FY2020		FY2021		Change	
	THB million	%	THB million	%	THB million	%
Revenue from services	1,562.9	100.0%	4,512.5	100.0%	2,949.6	188.7%
Costs of services	(1,668.3)	(106.7%)	(3,596.0)	(79.7%)	(1,927.6)	(115.5%)
Gross profit	(105.4)	(6.7%)	916.5	20.3%	1,021.9	969.5%
Selling expenses	(171.5)	(11.0%)	(223.0)	(4.9%)	(51.5)	(30.0%)
Administrative expenses	(2,200.8)	(140.8%)	(1,540.5)	(34.1%)	660.2	30.0%
Other income	652.8	41.8%	177.1	3.9%	(475.7)	(72.9%)
Share of profit (loss) from investment in an asso	(172.1)	(11.0%)	(2.9)	(0.1%)	169.2	98.3%
Finance costs (Interest expenses)	(377.4)	(24.2%)	(692.7)	(15.4%)	(315.3)	(83.5%)
Profit (loss) before income taxes	(2,374.4)	(151.9%)	(1,365.5)	(30.3%)	1,008.9	42.5%
Income tax expenses	3.7	0.2%	131.3	2.9%	127.5	3,403.2%
Profit (loss) of the year	(2,370.7)	(151.7%)	(1,234.2)	(27.4%)	1,136.4	47.9%
<u>Adjusted items</u>						
Net unrealized loss on exchange rate	68.3	4.4%	21.4	0.5%	(46.9)	(68.6%)
Non-recurring items ^[1]	394.1	25.2%	(16.6)	(0.4%)	(410.7)	(104.2%)
Adjusted EBITDA ^[2]	(596.7)	(38.2%)	518.0	11.5%	1,114.8	186.8%
Adjusted Net Profit (loss) for the period	(1,908.2)	(122.1%)	(1,229.4)	(27.2%)	678.9	35.6%

Table comparing Financial performance of Q3/2021 and Q4/2021

	Q3/2021		Q4/2021		Change	
	THB million	%	THB million	%	THB million	%
Revenue from services	1,421.6	100.0%	1,743.9	100.0%	322.3	22.7%
Costs of services	(1,018.7)	(71.7%)	(1,225.7)	(70.3%)	(207.0)	(20.3%)
Gross profit	402.9	28.3%	518.2	29.7%	115.3	28.6%
Selling expenses	(64.4)	(4.5%)	(68.8)	(3.9%)	(4.3)	(6.7%)
Administrative expenses	(424.8)	(29.9%)	(457.6)	(26.2%)	(32.8)	(7.7%)
Other income	12.0	0.8%	(18.2)	(1.0%)	(30.3)	(251.6%)
Share of profit (loss) from investment in an asso	(1.4)	(0.1%)	1.2	0.1%	2.6	190.3%
Finance costs (Interest expenses)	(194.1)	(13.7%)	(176.1)	(10.1%)	18.0	9.3%
Profit (loss) before income taxes	(269.8)	(19.0%)	(201.2)	(11.5%)	68.6	25.4%
Income tax expenses	(12.1)	(0.8%)	131.2	7.5%	143.2	1,188.1%
Profit (loss) of the year	(281.9)	(19.8%)	(70.0)	(4.0%)	211.8	75.2%
<i>Adjusted items</i>		-		-		
Net unrealized loss on exchange rate	(8.9)	(0.6%)	7.1	0.4%	16.1	179.8%
Non-recurring items ^[1]	-	-	94.2	5.4%	94.2	100.0%
Adjusted EBITDA ^[2]	252.5	17.8%	340.4	19.5%	87.9	34.8%
Adjusted Net Profit (loss) for the period	(290.8)	(20.5%)	31.3	1.8%	322.1	110.8%

Table comparing Financial performance of Q4/2020 and Q4/2021

	Q4/2020		Q4/2021		Change	
	THB million	%	THB million	%	THB million	%
Revenue from services	297.3	100.0%	1,743.9	100.0%	1,446.7	486.7%
Costs of services	(501.0)	(168.5%)	(1,225.7)	(70.3%)	(724.7)	(144.7%)
Gross profit	(203.7)	(68.5%)	518.2	29.7%	722.0	354.4%
Selling expenses	(11.7)	(3.9%)	(68.8)	(3.9%)	(57.0)	(486.4%)
Administrative expenses	(938.7)	(315.8%)	(457.6)	(26.2%)	481.1	51.3%
Other income	74.6	25.1%	(18.2)	(1.0%)	(92.8)	(124.4%)
Share of profit (loss) from investment in an asso	(14.7)	(4.9%)	1.2	0.1%	15.9	108.5%
Finance costs (Interest expenses)	(89.8)	(30.2%)	(176.1)	(10.1%)	(86.3)	(96.2%)
Profit (loss) before income taxes	(1,184.0)	(398.3%)	(201.2)	(11.5%)	982.8	83.0%
Income tax expenses	(11.5)	(3.9%)	131.2	7.5%	142.6	1,244.5%
Profit (loss) of the year	(1,195.4)	(402.2%)	(70.0)	(4.0%)	1,125.4	94.1%
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	15.8	5.3%	7.1	0.4%	(8.7)	(54.9%)
Non-recurring items ^[1]	823.8	277.1%	94.2	5.4%	(729.6)	-
Adjusted EBITDA ^[2]	(22.4)	(7.5%)	340.4	19.5%	362.8	1,618.9%
Adjusted Net Profit (loss) for the period	(355.8)	(119.7%)	31.3	1.8%	387.1	108.8%

[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 sales and services for the full year period of 2021 (FY2021) is reported at THB 4,512.5 million, increased by 188.7% over the same period of last year (FY2020), 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 strong recovery of tourism sector in UK and Maldives from the lifting in lockdown measures and travel-related restrictions. In the fourth quarter of 2021, the Company posted THB 1,743.9 million in revenue from services, went up by THB 322.3 million or 22.7% over the previous quarter due mainly to the high travel season approaching for year-end holidays in many regions especially in Maldives together with the borders reopening plan in Thailand, Mauritius and Fiji during the fourth quarter.

Costs of services

The costs of services in FY2021 was THB 3,596.0 million, increased by 115.5% 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. Secondly, 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 Q4/2021 went up to 1,225.7 million or increased by 20.3% quarter-on-quarter in line with the higher revenue from sales and services.

Gross profit

Gross profit in FY2021 is reported at THB 916.5 million turned from loss THB (105.4) million in previous year, due primarily to the strong performance recovery in UK and Maldives portfolios. The gross profit of the Company increased by THB 115.3 million from THB 402.9 million in Q3/2021 to THB 518.2 in Q4/2021 caused mainly by the high season approaching for year-end holidays which achieved higher ADR.

Selling expenses

The selling expenses in Q4/2021 was THB 68.8 million, went up slightly by 6.7% from THB 64.4 million in Q3/2021, consistent with the higher in revenue due to the high season approaching as well as the borders reopening plan. The selling expense in FY2021 posted at THB 223.0 million, increased by THB 51.5 million or 30.0% compared to the same period last year owing to the increase in revenue from strong performance recovery in UK and Maldives portfolios.

Administrative expenses

The administrative expenses in FY2021 was THB 1,540.5 million, fell by (30.0%) 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 Q4/2021 went up by THB 32.8 million or increased by 7.7% quarter-on-quarter consistent with the higher revenue from sales and services.

Finance Costs

The finance costs in FY2021 is reported at THB 692.7 million, increased by 83.5% 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 Q4/2021 declined slightly when compared to the previous quarter as a result of the decrease in loan outstanding from normal loan repayment schedule.

Other income

Other income in FY2021 was THB 177.1 million dropped by THB (475.7) million or (72.9%) 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.

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

The share of profit (loss) from an associate and joint ventures was THB (2.9) million for FY2021, increased by THB 169.2 million from that reported in FY2020. This was due primarily to the huge loss of UK portfolio hotels during Q2/2020 caused by the COVID-19 pandemic which at that time UK portfolio hotels was still a joint venture. In Q4/2021, the share of profit (loss) from an associate and joint ventures turned to profit THB 1.2 million from loss of THB (1.4) million in Q3/2021. The profit in Q4/2021 was partially came from the improved performance of the remaining three UK hotels under JV structure with FICO UK.

Adjusted EBITDA

Adjusted EBITDA in FY2021 turned to profit THB 518.0 million from loss THB (596.7) million in FY2020 caused mainly by the strong performance recovery of UK and CROSSROADS Maldives portfolios. Similarly, adjusted EBITDA in Q4/2021 which profit improved by THB 87.9 million to THB 340.4 million when compared to the previous quarter as a result of high travel season approaching. The report shows second consecutive quarter of positive adjusted EBITDA reflecting the performance recovery of the Company.

Profit (loss) for the period

The Company reported profit (loss) for Q4/2021 and FY2021 at THB (70.0) million and THB (1,234.2) million respectively. The decline in loss by THB (211.8) million quarter-on-quarter was due primarily to the deferred tax assets amount THB 132 million as well as the performance recovery from borders reopening plan and high travel season approaching.

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 December 31, 2021, the Company’s total assets is reported at THB 37,214.1 million, increased by THB 10,096.8 million or 37.2% from the year end 2020. Total liabilities of the Company also went up by THB 9,890.9 million from the year end 2020 to THB 21,332.3 million as at December 31, 2021. The interest bearing debt of the Company as at December 31, 2021 stood at THB 14,126.0 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 0.89 times as at December 31, 2021, it is still well below the Company’s covenant.

	December 31, 2020	December 31, 2021	Change	
	(THB million)	(THB million)	(THB million)	%
Cash and cash equivalents	2,492.7	1,913.7	(578.9)	(23.2%)
Total current assets	3,638.4	4,723.0	1,084.6	29.8%
Property, plant and equipment, net	19,288.7	29,068.1	9,779.4	50.7%
Total non-current assets	23,478.9	32,491.2	9,012.3	38.4%
Total assets	27,117.3	37,214.1	10,096.8	37.2%
Total interest-bearing debt	8,483.0	14,126.0	5,643.0	66.5%
Other liabilities	2,958.3	7,206.2	4,247.9	143.6%
Total liabilities	11,441.3	21,332.3	9,890.9	86.4%
Total equity	15,675.9	15,881.9	205.9	1.3%
Interest-bearing debt to equity (times)	0.54	0.89	0.35	64.4%

Yours faithfully,

S Hotels and Resorts Public Company Limited

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Chief Financial Officer / Company Secretary

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