

**Management Discussion and Analysis for the performance of the three-month period ended 31 March 2022****Performance Overview**

For the first quarter of 2022 (Q1/2022), the total revenue from sales and services of S Hotels and Resorts Public Company Limited (“the Company”) was reported at THB 1,689.6 million, 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. However, the surge of Omicron at the end of last year has once again raised concerns about the economic recovery and tourism's direction. This creates short term impact to the Company's performance. The impact was quiet severe in Mauritius that reimposed lockdown measure to prevent the prolong pandemic. Moreover, the entering into low travel season in United Kingdom were the key factors driving the overall performance to edge down by 3.1% from the previous quarter.

However, the strong recovery in performance of hotels in Maldives could largely offset the negative impact from hotels operating in United Kingdom and Mauritius. CROSSROADS Phase 1 hotels were highly rated among tourists and attracted various types of customer. Despite the Russia-Ukraine conflict, CROSSROADS Phase 1 hotels has held the solid occupancy since the beginning of the year. The ADR of CROSSROADS Phase 1 hotels during Q1/2022 was \$449 per night, led the RevPAR to increase by 26.6% from the previous quarter which reached the highest levels since its opening.

The revenue from sales and services of Project CROSSROADS Phase 1 hotels and UK Portfolio hotels made up to 78.3% of total revenue in Q1/2022. However, the lift in Covid-19 restrictions to reopen borders to international travellers together with the increase in travel demand brought up the proportion of revenue from sales and services of Thailand and Outrigger hotels in Q1/2022 to 21.7%. This reflect a positive signal to future revenue growth which can be substantial when tourism sector recover to surpass pre-pandemic level and the international flights resumes to its normal schedule.

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 261.1 million in Q1/2022 which was the third consecutive quarter of positive adjusted EBITDA, reflecting the performance recovery of the Company.

Whereas, the Omicron strain has consistently noted a lower rate of severe cases and deaths. Along with the significant progress in booster-dose vaccination program have allowed the economic activities and tourism sector to recover, starting from the second quarter this year onwards. However, the economic recovery remains under pressure from several aspects such as the new wave of COVID-19 and the new variants of the virus. 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.

**Hotel Operations by Locations**

As aforesaid factors, the Group decided to resume its normal hotels operations for almost remaining properties in line with the tourism recovery and the relaxation of borders policy across the world. As of March 31, 2022, 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	Industry Outlook
Thailand	<p>The international travel in Q1/2022 improved significantly from the same period last year, recording the recovery of foreign tourists about 0.44 million arrivals, mainly from Europe, Middle Asia and the USA. The tourism sector is expected to gradually rebound as Thai government has announced that the Test &amp; Go scheme will be dropped from the requirements for international tourists from May 1, 2022 onwards.</p> <p>The Tourism Authority of Thailand (TAT) has set a target for tourism arrivals at 300,000 visitors per month during May – September 2022, before gaining momentum at end of this year. The number might grow to 1 million visitors per month during the high travel season in the fourth quarter. TAT predicts the inbound tourists at 5 million in 2022 mainly from Europe, the USA and Middle East. Whereas, the number of international arrivals may varied depend on the external factors, for example, the Chinese border reopening policy and the travel scheme for the CLMV countries. On the other hand, the challenging factors on the Russian-Ukraine conflict, rising fuel price, inflation and the global travel policy may arise and affect the travel confidence.</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 Q1/2022 to improve Q-Q. Especially, the occupancy rate of SAii Laguna Phuket was still able to reach at 56%.</p> <p>For the domestic travel has headed into the positive direction on the back of the progress in vaccines’ distribution and the tourism stimulus measures via “We travel together” project. The occupancy rate of SAii Laguna Phuket and SAii Phi Phi Island Village in April 2022 improved to 70% and 61%, respectively.</p>
Maldives	<p>The momentum in tourism sector has continued towards 2022 as travelers from all destinations can enter Maldives with no mandatory quarantine. This is owing 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 Q1/2022, 431,520 total arrivals were recorded which showed a 45% growth compared to numbers from Q1/2021. Tourists are seen spending their holidays for a longer duration, extending the average duration to 8.5 days in 2022 in which brought up the overall occupancy of hotels in Maldives to 70%</p>

Countries	Industry Outlook
	<p>in Q1/2022. Whereas the occupancy rate of CROSSROADS Phase 1 Hotels was well above average at 74%.</p> <p>United Kingdom has continued to remain the top source market in Q1/2022, with a total of 12% market capacity, followed by Russia, India, and Germany. However, the second quarter of the year is considering as the low season of Russian’s travel, providing the limited negative impact caused by the Russia-Ukraine conflict. The key market such as the USA, Middle East, and Israel will be a replacement business for the rest of the year.</p> <p>Given the aforesaid positive factors together with the proactive marketing strategy to attract customers from several regions across the globe. CROSSROADS Phase 1 Hotels are predicted to maintain favorable occupancy rate towards 2022 and able to enhance ADR by the Company’s strategies on high spending customer concentration and the properties renovation.</p> <p>The estimated number of international tourists visiting Maldives in 2022 is 1.6 million, accounted for 94% of the total number of international tourists in 2019 which considered as pre-Covid year. 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 year.</p>
<p>United Kingdom</p>	<p>The strong recovery in the UK has kept its momentum, reflected by the operating performance of UK hotels portfolio in Q1/2022. RevPAR was still slightly below the pre-pandemic levels amidst the spread of Covid-19 Omicron variant. The lower occupancy rate caused by pandemic was fully compensated by an increase in ADR, 15% higher than pre-pandemic levels.</p> <p>The UK Government has ruled out any new covid related restrictions nor lockdown. The resumption of business activities and a solid performance is expected to continue starting from April to September 2022, in accordance with the travel season.</p> <p>The company projects the RevPAR to return to the pre-pandemic level of 2019 as the hotels in UK portfolio are regional hotels located in key leisure and economic destinations which gain more popularity from pent-up domestic travel. While the upside to restore 2022 RevPAR is expected from the recovery of MICE (Meetings, Incentive Travel, Conventions, Exhibitions) activities.</p>
<p>Fiji</p>	<p>The operating performance of 2 hotels in Fiji showed a great momentum in leisure segment even though December 2021 was the first month that both hotels reopened to international tourists after more than 20 months of closure.</p> <p>The occupancy rate in January 2022 for Castaway Island, Fiji and Outrigger Fiji Beach Resort stood at 66% and 51%, respectively. Despite a normal low season in February to March, the quick recovery is expected to resume from April 2022 with the positive trend throughout the year, supported by the strong travel demand. 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>

Countries	Industry Outlook
Mauritius	<p>The tourism sector in Mauritius has recorded a sharp recovery, followed the fully reopened its borders to vaccinated foreign visitors after 18 months of lockdown. The majority of arrivals in Mauritius are travellers from Europe especially British and French and another key source market is travellers from South Africa. Consequently, the spread of Covid-19 new variant Omicron, beginning in December that originate from Africa whereas South Africa has hardly hit the industry in Mauritius during Q1/2022. However, the Covid-19 situation in Mauritius is improving. France has recently removed Mauritius out of the Covid high risk countries. The tourism sector in Mauritius is expected to recover from April onwards. Accordingly, the occupancy rate of Outrigger Mauritius Beach Resort improved sharply to 60% in April 2022 and expected to continue to increase throughout the year 2022.</p>

**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 March 31, 2022, 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	Q1/2021	% by type	Q1/2022	% by type	Change(%)
Self-Managed Hotels	34.6	6.4%	184.2	10.9%	432.4%
Outrigger Hotels <sup>(1)</sup>	22.9	4.2%	182.4	10.8%	696.4%
Project CROSSROADS Phase 1 Hotels	398.3	73.2%	654.5	38.7%	64.3%
UK Portfolio Hotels <sup>(2)</sup>	88.0	16.2%	668.5	39.6%	659.7%
<b>Total revenue from services</b>	<b>543.8</b>	<b>100.0%</b>	<b>1,689.6</b>	<b>100.0%</b>	<b>210.7%</b>

Unit: THB Million	Q4/2021	% by type	Q1/2022	% by type	Change(%)
Self-Managed Hotels	125.3	7.2%	184.2	10.9%	47.0%
Outrigger Hotels <sup>(1)</sup>	160.6	9.2%	182.4	10.8%	13.6%
Project CROSSROADS Phase 1 Hotels	558.0	32.0%	654.5	38.7%	17.3%
UK Portfolio Hotels <sup>(2)</sup>	900.1	51.6%	668.5	39.6%	-25.7%
<b>Total revenue from services</b>	<b>1,743.9</b>	<b>100.0%</b>	<b>1,689.6</b>	<b>100.0%</b>	<b>-3.1%</b>

**Note**

- (1) Three Outrigger Hotels were rebranded and converted to Self-Managed platform since February 2021, however, the Company display these three Outrigger Hotels into the Self-Managed platform for total of Q1/2021 to compare the performance with Q1/2022
- (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 202

Total revenue from sales and services for Q1/2022 was THB 1,689.6 million, increased by 210.7% from the revenue of the same period last year because of the border re-opening in many countries (including Fiji, Mauritius, and Thailand), together with the strong tourism recovery in UK and Maldives. The main revenue came from UK Portfolio Hotels at 39.6% of total revenues, followed by Project CROSSROADS Phase 1 Hotels at 38.7% of total revenues. The total revenue contribution of these two portfolio are at 78.3% of total revenues of the Company.

Compared to Q4/2021, the revenues decreased by 3.1% from last quarter as a result of low season in UK which caused the revenues of UK Portfolio Hotels to contract by 25.7% QoQ. However, other portfolio performance has improved, compared with the previous quarter. Project CROSSROADS Phase 1 Hotels has recorded the revenue growth of 17.3% on the back of strong travel demand in Maldives. Moreover, the revenue of Self-Managed Hotels improved by 47.0% from previous quarter and Outrigger Hotels achieved higher revenue of 13.6%, supporting by the tourism recovery mainly from Fiji. As the tourism in several countries started to recover to the pre-pandemic level, the Company foresee a positive sign for 2022 performance which will growth from previous year to our expected level.

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

Self-Managed Hotels

	Q1/2021	Q1/2022	Change (%)	Q4/2021	Q1/2022	Change (%)
No. of Hotels	5	5	-	5	5	-
No. of Keys	657	657	-	657	657	-
Average Occupancy Rate (%)	11.1%	37.7%	26.6%	30.4%	37.7%	7.3%
ADR (Baht) <sup>(3)</sup>	2,755	5,708	107.2%	4,268	5,708	33.7%
RevPAR (Baht) <sup>(3)</sup>	306	2,152	602.3%	1,298	2,152	65.8%

**Note**

(3) Reference exchange rate for Q1/2021 is 30.2570 THB/USD and for Q4/2021 is 33.3783 THB/USD  
Reference exchange rate for Q1/2022 is 33.0529 THB/USD

Most of the Self-Managed Hotels are hotels in Thailand which benefited from the country re-opening for foreign travellers in November 2021. The Test&Go policy which made the immigration to the country more convenient together with the phase 3 of the government's travel subsidy campaign Rao-Tiew-Duay-Kan were the key factors to boost up the performance of 4 Self-Manged Hotels in Thailand in Q1/2022 (while Konotta Maldives still closed its operation). The revenue per available room (RevPAR) of Self-managed hotels in Q1/2022 was reported at THB 2,152, from occupancy rate of 37.7% and ADR at THB 5,708, which was significantly higher than RevPAR in Q4/2021 (quarter-on-quarter) by 65.8% and RevPAR in Q1/2021 (year-on-year) by 602.3%.

Outrigger Hotels

	Q1/2021	Q1/2022	Change (%)	Q4/2021	Q1/2022	Change (%)
No. of Hotels	3	3	-	3	3	-
No. of Keys	499	499	-	499	499	-
Average Occupancy Rate (%)	9.9%	32.7%	22.8%	31.2%	32.7%	1.4%
ADR (Baht) <sup>(4)</sup>	2,294	6,965	203.6%	6,760	6,965	3.0%
RevPAR (Baht) <sup>(4)</sup>	226	2,275	906.1%	2,111	2,275	7.8%

**Note**

(4) Reference exchange rate for Q1/2021 is 14.8507 THB/FJD, 0.7605 THB/MUR, and for Q4/2022 is 15.8400 THB/FJC, 0.7720 THB/MUR  
Reference exchange rate for Q1/2022 is 15.5394 THB/FJD, 0.7548 THB/MUR

Both Mauritius and Fiji have reopened their borders to international travellers since Q4/2021, allowing the Outrigger Hotels recognized the good market response and recorded the positive trend for occupancy rate. Despite the first quarter in Fiji was normally the low season due to the peak tropical cyclone season, the occupancy rate of Fiji properties stood at the same level with previous quarter. On the other hand, the spread of Covid-19 new variant Omicron has uneven affected the number of travellers in Mauritius, dragged down the occupancy rate to decline from our forecast. The occupancy rate and ADR of Outrigger hotels in Q1/2022 was at 32.7% and THB 6,965, with RevPAR at THB 2,275, improved slightly from previous quarter, and significant leap from same period last year at 22.8% increase in occupancy rate, and RevPar increased at 906.1%.

### Project CROSSROADS Phase 1 Hotels

	Q1/2021	Q1/2022	Change (%)	Q4/2021	Q1/2022	Change (%)
No. of Hotels	2	2	-	2	2	-
No. of Keys	376	376	-	376	376	-
Average Occupancy Rate (%)	67.1%	74.3%	7.2%	63.1%	74.3%	11.2%
ADR (Baht) <sup>(5)</sup>	8,287	14,843	79.1%	13,944	14,843	6.4%
RevPAR (Baht) <sup>(5)</sup>	5,564	11,028	98.2%	8,796	11,028	25.4%

#### Note

- (5) Reference exchange rate for Q1/2021 is 30.2570 THB/USD and for Q4/2021 is 33.3783 THB/USD  
Reference exchange rate for Q1/2022 is 33.0529 THB/USD

The continued recovery of tourism industry as well as the high travel season in Maldives brought up the overall performance in the first quarter of 2022 of CROSSROADS Phase 1 hotels. The occupancy, ADR and RevPAR of CROSSROAD hotels improved significantly. The RevPAR of Q1/2022 was THB 11,028 from occupancy rate of 74.3% with ADR at 14,843 which is the highest occupancy rate and ADR since the opening of CROSSROADS Phase 1 Hotels. The occupancy rate increased by 11.2% from previous quarter, and RevPar increased by 25.4% quarter-to-quarter and almost double of the same period last year. The Company strongly believes that the performance of CROSSROADS Phase 1 Hotels will have great potential to perform better than pre-pandemic levels when tourism sector fully resume.

### UK Portfolio Hotels

	Q1/2021	Q1/2022	Change (%)	Q4/2021	Q1/2022	Change (%)
No. of Hotels	29	28 <sup>(7)</sup>	-3.4%	28	28	-
No. of Keys	3,115	2,990 <sup>(7)</sup>	-4.0%	2,990	2,990	-
Average Occupancy Rate (%)	18.1%	46.2%	28.0%	57.4%	46.2%	-11.2%
ADR (Baht) <sup>(6)</sup>	2,147	3,065	42.8%	3,511	3,065	-12.7%
RevPAR (Baht) <sup>(6)</sup>	389	1,415	263.4%	2,015	1,415	-29.8%

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- (6) Reference exchange rate for Q1/2021 is 41.7196 THB/GBP, and for Q4/2021 is 45.0127 THB/GBP  
Reference exchange rate for Q1/2022 is 44.3722 THB/GBP
- (7) 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 which caused the revenue per available room (RevPAR) of UK portfolio hotels in the Q1/2022 was reported at THB 1,415 from occupancy rate at 46.2% and ADR at THB 3,065. The occupancy rate dropped by 11.2% and ADR dropped by 12.7% quarter-on-quarter. Comparing with to the same period last year, the occupancy rate and ADR increased by 28.0% and 42.8% respectively. As the UK Government show a sign that there will be no COVID-19 restrictions policy, the Company expected that the tourism in UK will recover strongly from Q2 until Q3 which is the travel season in UK.

**Discussion of operating results:**

Table comparing Financial performance of Q1/2021 and Q1/2022

	Q1/2021		Q1/2022		Change	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	543.8	100.0%	1,689.6	100.0%	1,145.9	210.7%
Costs of services	566.1	104.1%	1,258.8	74.5%	692.7	122.4%
<b>Gross profit</b>	<b>(22.3)</b>	<b>(4.1%)</b>	<b>430.8</b>	<b>25.5%</b>	<b>453.1</b>	<b>2,032.5%</b>
Selling expenses	39.4	7.2%	80.7	4.8%	41.3	104.8%
Administrative expenses	259.8	47.8%	383.7	22.7%	124.0	47.7%
Other income	148.5	27.3%	10.4	0.6%	(138.0)	(93.0%)
Share of profit (loss) from investment in an associate and joint ventures	(6.2)	(1.1%)	(9.0)	(0.5%)	(2.8)	(45.2%)
Finance costs (Interest expenses)	130.9	24.1%	175.6	10.4%	44.7	34.1%
<b>Profit (loss) before income taxes</b>	<b>(310.1)</b>	<b>(57.0%)</b>	<b>(207.7)</b>	<b>(12.3%)</b>	<b>102.3</b>	<b>33.0%</b>
Income tax expenses	0.8	0.2%	(3.7)	(0.2%)	(4.5)	(540.8%)
<b>Profit (loss) of the year</b>	<b>(310.1)</b>	<b>(57.0%)</b>	<b>(204.1)</b>	<b>(12.1%)</b>	<b>106.0</b>	<b>34.2%</b>
<u>Adjusted items</u>						
Net unrealized loss on exchange rate	(7.1)	(1.3%)	5.1	0.3%	12.3	172.1%
Non-recurring items <sup>[1]</sup>	(102.7)	(18.9%)	-	-	102.7	100.0%
<b>Adjusted EBITDA <sup>[2]</sup></b>	<b>(43.2)</b>	<b>(7.9%)</b>	<b>261.1</b>	<b>15.5%</b>	<b>304.2</b>	<b>704.7%</b>
<b>Adjusted Net Profit (loss) for the period</b>	<b>(420.7)</b>	<b>(77.4%)</b>	<b>(199.0)</b>	<b>(11.8%)</b>	<b>221.8</b>	<b>52.7%</b>

Table comparing Financial performance of Q4/2021 and Q1/2022

	Q4/2021		Q1/2022		Change	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	1,743.9	100.0%	1,689.6	100.0%	(54.3)	(3.1%)
Costs of services	1,225.7	70.3%	1,258.8	74.5%	33.1	2.7%
<b>Gross profit</b>	<b>518.2</b>	<b>29.7%</b>	<b>430.8</b>	<b>25.5%</b>	<b>(87.4)</b>	<b>(16.9%)</b>
Selling expenses	68.8	3.9%	80.7	4.8%	11.9	17.3%
Administrative expenses	457.6	26.2%	383.7	22.7%	(73.9)	(16.1%)
Other income	(18.2)	(1.0%)	10.4	0.6%	28.7	157.2%
Share of profit (loss) from investment in an associate and joint ventures	1.2	0.1%	(9.0)	(0.5%)	(10.2)	(821.4%)
Finance costs (Interest expenses)	176.1	10.1%	175.6	10.4%	(0.5)	(0.3%)
<b>Profit (loss) before income taxes</b>	<b>(201.2)</b>	<b>(11.5%)</b>	<b>(207.7)</b>	<b>(12.3%)</b>	<b>(6.5)</b>	<b>(3.3%)</b>
Income tax expenses	(131.2)	(7.5%)	(3.7)	(0.2%)	127.5	97.2%
<b>Profit (loss) of the year</b>	<b>(70.0)</b>	<b>(4.0%)</b>	<b>(204.1)</b>	<b>(12.1%)</b>	<b>(134.1)</b>	<b>(191.4%)</b>
<u>Adjusted items</u>						
Net unrealized loss on exchange rate	7.1	0.4%	5.1	0.3%	(2.0)	(28.0%)
Non-recurring items <sup>[1]</sup>	94.2	5.4%	-	-	(94.2)	-
<b>Adjusted EBITDA <sup>[2]</sup></b>	<b>340.4</b>	<b>19.5%</b>	<b>261.1</b>	<b>15.5%</b>	<b>(79.3)</b>	<b>(23.3%)</b>
<b>Adjusted Net Profit (loss) for the period</b>	<b>31.3</b>	<b>1.8%</b>	<b>(199.0)</b>	<b>(11.8%)</b>	<b>(230.3)</b>	<b>(735.2%)</b>

[1] Non-recurring items is defined as Gain (Loss) on disposal of share of JV company transaction and Gain (Loss) on disposal of sublease and Gain (Loss) 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 first quarter of 2022 was reported at THB 1,698.6 million, increased by 210.7% over the same period of last year, due primarily to the border reopening in many countries, the strong recovery in tourism especially in UK and Maldives, and 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. Compared to the fourth quarter of 2021, the revenues slightly dropped by 3.1% as a result of low season in UK. However, as the Company have mitigated the risk by having diversify portfolio in many target destination, the seasonal effect of UK didn't have significant impact on the overall performance of the Company.

**Costs of services**

The costs of services in first quarter of 2022 was THB 1,258.8 million, increased by 122.4% 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 number of operating hotels for this year was higher than same period last year which some hotels temporary closed its operation during COVID-19 pandemic. The costs of services compared to previous quarter was increased by 2.7% from the higher fuel cost, energy price, and depreciation.

**Gross profit**

Gross profit for the first quarter of 2022 was reported at THB 430.9 million, turned from loss at THB (22.3) million in previous year, due primarily to the occupancy rate reach the breakeven point in many hotels. However, when compared to fourth quarter of 2021, the gross profit decreased by 16.9% as a result of lower revenue, higher costs of services.

**Selling expenses**

The selling expenses in Q1/2022 was THB 80.7 million, went up by 17.3% from Q4/2021, as a result of higher marketing campaigns and promotions to attract customers to the properties.

**Administrative expenses**

The administrative expenses in first quarter of 2022 was THB 383.7 million, increased by 47.7% over the same period last year. The main reason of the increasing was the higher number of hotels opening which caused the administrative expense to increase.

**Finance Costs**

The finance costs in first quarter was THB 175.6 million, almost the same level as previous quarter and increased by 34.1% 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.

**Other income**

Other income for Q1/2022 was THB 10.4 million dropped by THB 138 million over the same period last year as the first quarter of 2021, the Company have the fair value adjustment on joint venture which caused the other income to be higher than this year.

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

The share of profit (loss) from an associate and joint ventures was THB (9.0) million for first quarter of 2022, compared to THB 1.2 million in fourth quarter of 2021 due primarily to the low season of tourism in UK during the first quarter.

**Adjusted EBITDA**

Adjusted EBITDA in Q1/2022 turned to profit THB 261.1 million from loss THB (43.2) million in first quarter of 2021 as a result of better performance from UK Portfolio Hotels and Project CROSSROADS Phase 1 Hotels. However, when compared to previous quarter, the adjusted EBITDA dropped by 23.3% from higher costs of services and higher energy cost. The report shows third consecutive quarter of positive adjusted EBITDA reflecting the performance recovery of the Company.

**Profit (loss) for the period**

The Company reported profit (loss) for Q1/2022 was THB (199.0) million compared to profit (loss) at THB 31.3 million in fourth quarter of 2021 because in the fourth quarter of 2021, the Company have the deferred tax asset at THB 132 million and fair value adjustment in joint venture at THB 65.9 million, causing the profit (loss) in Q4/2021 to be higher than Q1/2022. However, the Company foresee that the tourism sector in many countries start to recovery strongly and have a positive sign on the Company performance of year 2022.

**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 March 31, 2022, the Company’s total assets is reported at THB 36,458.4 million, decreased by THB 755.7 million or 2.0% from the year end 2021. Total liabilities of the Company also fell up by THB 423.5 million from the year end 2021 to THB 20,908.7 million as at March 31, 2022. The interest bearing debt of the Company as at March 31, 2022 stood at THB 13,982.7 million, decreased from THB 14,126.0 million as at year end 2021 due mainly to the repayment of each term loan facilities.

The decrease in interest bearing debt hasn’t caused the IBD/E (Interest Bearing Debt to Equity) ratio to changed, and the ratio remained at 0.89 times as at March 31, 2022, 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	1,913.7	1,808.6	(105.1)	(5.5%)
Total current assets	4,723.0	4,572.1	(150.9)	(3.2%)
Property, plant and equipment, net	29,068.1	28,474.8	(593.3)	(2.0%)
Total non-current assets	32,491.2	31,886.3	(604.8)	(1.9%)
<b>Total assets</b>	<b>37,214.1</b>	<b>36,458.4</b>	<b>(755.7)</b>	<b>(2.0%)</b>
Total interest-bearing debt	14,126.0	13,892.7	(233.3)	(1.7%)
Other liabilities	7,206.2	7,016.1	(190.2)	(2.6%)
<b>Total liabilities</b>	<b>21,332.3</b>	<b>20,908.7</b>	<b>(423.5)</b>	<b>(2.0%)</b>
<b>Total equity</b>	<b>15,881.9</b>	<b>15,549.7</b>	<b>(332.2)</b>	<b>(2.1%)</b>
<b>Interest-bearing debt to equity (times)</b>	<b>0.89</b>	<b>0.89</b>	<b>0.00</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)