

To : Managing Director
The Stock Exchange of Thailand

Date : August 8, 2022

Re : Management Discussion and Analysis for the period ended June 30, 2022

The Board of Directors is pleased to announce the Company's results of operation for the period ended June 30, 2022 as follows: -

Net loss after corporate income tax for the three-month period ended June 30, 2022 and 2021:

(Baht in million)	<u>2022</u>	<u>2021</u>	<u>Change</u>
The Company	85.71	122.93	(30.28) %
Consolidated	44.86	113.43	(60.45) %

The Company:

The Company's loss before corporate income tax benefits for the three-month period ended June 30, 2022 decreased by Baht 37.22 million against the corresponding period of last year. The decrease in the Company's loss was mainly attributed to the decrease in loss before income tax benefits of Shangri-La Hotel, Bangkok ("SLBK") by Baht 31.37 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 5.85 million.

Revenues from hotel operations of SLBK increased by Baht 108.03 million from Baht 39.93 million to Baht 147.96 million mainly due to the increase in all types of revenue including room, food & beverages and other revenue resulting from relaxation of Thailand travel restrictions in May 2022. Gross Profit before expenses increased by Baht 83.27 million. Selling and administrative expenses increased by Baht 7.49 million and Baht 27.98 million, respectively. Depreciation expense decreased by Baht 5.74 million against last year. Finance cost increased by Baht 19.80 million mainly due to weakening of Thai Baht currency against US Dollar. As a result, the loss before corporate income tax benefits decreased by Baht 31.37 million from Baht 85.81 million to Baht 54.44 million.

Loss before corporate income tax benefits of SLCM decreased by Baht 5.85 million as compared to 2021, mainly attributed to higher revenues from hotel operations by Baht 21.89 million from Baht 11.71 million to Baht 33.60 million as a result of higher occupancy. Gross Profit before expenses increased by Baht 17.23 million. Selling and administrative expenses increased by Baht 2.39 million and Baht 10.64 million, respectively. Depreciation Expenses decreased by Baht 1.54 million against last year. As a result, the loss before corporate income tax benefits decreased by Baht 5.85 million from Baht 37.12 million to Baht 31.27 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits decreased by Baht 37.22 million from Baht 122.93 million to Baht 85.71 million. The Company recorded a net loss after tax benefits of Baht 85.71 million for the three-month period ended June 30, 2022 compared to Baht 122.93 million last year (decreased by 30.28%).

Consolidated:

The consolidated loss before corporate income tax benefits for three-month period ended June 30, 2022 decreased by Baht 68.68 million against last year. The decrease in consolidated loss before corporate income tax benefits was due to decrease in the Company's loss before corporate income tax benefits of Baht 37.22 million and increase in profit from subsidiaries by Baht 31.46 million. The increase in profit of subsidiaries was largely due to the increase in exchange gain from loan to a related company and the dividend income from Don Muang Tollway Public Company Limited. As a result, the corporate income tax benefits decreased by Baht 4.66 million mainly as a result of lower loss from the Company. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the three-month period ended June 30, 2022 decreased by Baht 68.57 million against last year (decreased by 60.45%).

Net loss after corporate income tax for the six-month period ended June 30, 2022 and 2021:

(Baht in million)	<u>2022</u>	<u>2021</u>	<u>Change</u>
The Company	164.49	229.72	(28.40%)
Consolidated	129.49	197.45	(34.42%)

The Company:

The Company's loss before corporate income tax benefits for the six-month period ended June 30, 2022 decreased by Baht 91.96 million against the corresponding period of last year. The decrease in the Company's loss was mainly attributed to the decrease in loss before income tax benefits of Shangri-La Hotel, Bangkok ("SLBK") by Baht 80.44 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 11.52 million.

Revenues from hotel operations of SLBK increased by Baht 146.96 million from Baht 98.67 million to Baht 245.63 million mainly due to the decrease in all types of revenue including room, food & beverages and other revenue resulting from higher occupancy and catering revenue due to restrictions were gradually relaxed. Gross Profit before expenses increased by Baht 116.41 million. Selling and administrative expenses increased by Baht 10.80 million and Baht 37.72 million, respectively. Depreciation expense decreased by Baht 11.23 million against last year. Finance cost decreased by Baht 1.19 million mainly due to decrease in unrealized exchange loss US Dollar loan compared to 2021. As a result, the loss before corporate income tax benefits decreased by Baht 80.44 million from Baht 180.93 million to Baht 100.49 million.

Loss before corporate income tax benefits of SLCM decreased by Baht 11.52 million as compared to 2021, mainly attributed to higher revenues from hotel operations by Baht 31.13 million from Baht 27.93 million to Baht 59.06 million as a result of higher room occupancy and average room rates in 2022 due to relaxation of Thailand travel restrictions and government stimulus program to drive domestic demand. Gross Profit before expenses increased by Baht 24.70 million. Selling and administrative expenses increased by Baht 3.06 million and Baht 13.41 million, respectively. Depreciation Expenses decreased by Baht 3.13 million against last year. As a result, the loss before corporate income tax benefits decreased by Baht 11.52 million from Baht 75.52 million to Baht 64.00 million.

Consequently, the total loss of SLBK and SLCM before corporate income tax benefits decreased by Baht 91.96 million from Baht 256.45 million to Baht 164.49 million. The corporate income tax benefits decreased by Baht 26.73 million as compared to 2021 due to lower loss before income tax in 2022. The Company recorded a net loss after tax benefits of Baht 164.49 million for the six-month period ended June 30, 2022 compared to loss of Baht 229.72 million last year (decreased by 28.40%).

Consolidated:

The consolidated loss before corporate income tax benefits for the six-month period ended June 30, 2022 decreased by Baht 95.08 million against last year. The decrease in consolidated loss before corporate income tax benefits was due to decrease in the Company's loss before corporate income tax benefits of Baht 91.96 million and increase in profit from subsidiaries by Baht 3.12 million. The increase in profit of subsidiaries was largely due to the increase in exchange gain from loan to a related company. As a result, the corporate income tax benefits decreased by Baht 31.66 million. Overall, the consolidated net loss after tax benefits attributable to the equity holders of the Company for the six-month period ended June 30, 2022 decreased by Baht 67.96 million against last year (decreased by 34.42%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director