

Management's Discussion and Analysis for the performance of the six-month period ended 30 June 2022**Performance Overview**

For the first half of year 2022, S Hotels and Resorts Public Company Limited (“the Company”) reported total revenue from sales and services at THB 3,761.0 million, almost tripled the total revenue from sales and services in the same period of 2021 from the recovery of hotel business in many countries, together with the high season approaches of UK and Fiji hotels portfolio. As a result, Revenue from sales and services of hotels in all countries in the Company's portfolio for the first six months of the year increased, compared to the same period last year. For the first six months of this year, the Company's UK and the Republic of Maldives hotels generated revenue from sales and services increased almost 3 times and 2 times from the same period of the previous year while Revenue from sales and services of the Company's Thailand and Outrigger portfolio increased more than 5 times and 15 times from the same period last year, following the recovery of the tourism sector and the travel season. As a result, the revenue proportion from sales and services of Thailand and Outrigger hotel portfolios for the first 6 months of 2022 increased from 8.3% in the same period last year to 25.0% of total revenue. This reflected the strong growth of operating performance in the Company's Thailand and Fiji hotels portfolio as well as in Mauritius' hotel portfolio.

Overall of the second quarter in 2022, Revenue from sales and services in all hotels under the Company's portfolios increased from both the previous year and the previous quarter except the Company's Maldives portfolio. The hotel operating results in Maldives portfolio in Q2/2022 decreased from Q1/2022 according to the low season whereas the high season approaches in the UK and Fiji impacted positively on their hotel operating results in the Company's UK and Outrigger hotel portfolios, rising 40.1% and 100.0% from the first quarter, respectively.

The number of foreign tourists in Thailand and the Republic of Fiji began to increase from the beginning of the year until the second quarter due to the easing and lifting of restrictions, boosting the occupancy rate of both the Company's hotel portfolios. The Occupancy Rate of Thailand's portfolio grew from 37.7% in Q1/2022 to 49.9% in Q2/2022 while Fiji's portfolio grew from 36.0% in Q1/2022 to 72.6% in Q2/2022.

The Company has 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 in the first half of the year returned to profitable at 638.5 million baht. This was due to the recovery of the operating results in all the Company's hotel portfolios, reflecting the recovery of the Company's operating results.

Nevertheless, the situation still has various uncertainties such as rising fuel price, inflation, the impact of and the Russian-Ukraine conflict as well as the new variants outbreak which is still risk factors and may affect the recovery of the tourism market and hotel business. The Company has continued to closely monitor and plan to cope with the situation and the risks that may arise to increase operational efficiency along with cost management and maintain the liquidity of the Company.

Hotel Operations by Locations

The Company resumed 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 June 2022, 36 properties out of 37 properties in the portfolio have resumed its normal operation, equivalent to 98.8% of the total number of keys (4,419 keys out of 4,472 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>Thailand's tourism situation in the second quarter of 2022 has recovered increasingly following the government continuously adjusting and lifting restrictions which is an obstacle to the international tourists. As a result, the number of international travellers entering Thailand increased significantly, especially in May and June which the number of travellers increased by 77.7% and 161.6% from April which is before the cancellation of Test and Go Program. After the cancellation of Test and Go Program, international travellers who have completed COVID-19 vaccines were no longer required to take an RT-PCR test, as well as the reduction of the coverage cost of the insurance to reduce travel costs and attract more travellers from neighbouring countries such as Malaysia, Laos, Cambodia and Myanmar. As of the end of June 2022, Thailand had the total number of international tourists at 2.1 million visitors, mainly from East Asia, South Asia and Europe, respectively.</p> <p>As aforesaid factors combined with the efficiency of the Company's hotel management in Thailand led to the occupancy rate of the Company's hotels in Thailand improved from the previous quarter particularly, SAii Phi Phi Island Village and SAii Laguna Phuket hotels saw an average occupancy rates at 64.8% and 57.0%, respectively. Additionally, it is likely to continue with an upward trend in occupancy rates. In July, all of the Company's hotels in Thailand showed higher occupancy rates from the previous month and the first half of the year.</p> <p>The Tourism Authority of Thailand (TAT) forecasts that a significant increase in the number of international travellers entering Thailand in the first half of the year will pass on the strong recovery of the Thai tourism industry in the second half of the year to recover greater. The tourism situation is expected to improve continuously especially, after the country is fully opened with the cancellation of the Thailand Pass system on July 1, 2022. TAT aims to stimulate international tourists throughout 2022, increasing to stand at 7-10 million visitors. Supported factors are the tourist season in the fourth quarter which is expected to see at least 1 million international tourists entering Thailand per month during this period.</p> <p>In addition, apart from the recovery of international tourists which began to see more clearly, the trend of domestic tourism continues to improve as well from the high vaccination coverage rate with booster-dose vaccination program and supporting factors from measures to stimulate domestic tourism and economy through Travel Together and Half-Price co-pay campaigns encouraging the tourism sector steadily in the second half of the year.</p> <p>However, the number of tourist arrivals depends on supporting factors and uncertainties, such as China's opening-country policy that affects the increase in the number of Chinese tourists entering Thailand and the Russian-Ukraine conflict that is still a pressure of the tourism industry to slow down. Moreover, higher oil prices and inflation affects the cost of travel and spending.</p>

Countries	Industry Outlook
Maldives	<p>The number of tourists entering Maldives has continued to increase since the country was fully opened in July 2021 which resulted in a remarkable recovery in performance compared to other countries in the Asia-Pacific region. At the end of June, Maldives saw a 59% YoY visitor growth at 813,211 visitors, more than half of the 2022 target of 1.6 million visitors set by the Maldives Ministry of Tourism. Two hotels of CROSSROADS Phase 1 had an average occupancy rate in the first half of year 2022 at 69.7%, above the industry average at 61.0%.</p> <p>For the first half of 2022, the main tourists entering Maldives are Indian at 15%, followed by UK and Russian, accounting for 12% and 10%, respectively, while there are mainly tourists from the UK, Russian and US accounting for 19%, 14% and 11% respectively in the hotels under Company’s portfolio. This reflected the limited impact of the Russia-Ukraine conflict on the tourism sector in Maldives. The number of Russian tourists began to recover back to normal levels since May.</p> <p>The trend of the number of international tourists entering Maldives in the second half of the year is still expected to further increase due to high season approaching and more international flight routes and frequency to Maldives which will supporting and attracting higher number of travellers.</p>
United Kingdom	<p>UK tourism continues to show strong recovery. The growth of economic activity and tourism retrieved again since April 2022 following high season approaching, with the expectation of continuous growth until the third quarter due to the summer holiday, All these led to the tourism sector has returned to bustling again after the first quarter of 2022 which it was short-term affected by the outbreak of Omicron variant and low season period.</p> <p>In the second quarter, the Company's operating results of the UK hotel group were in line with the industry. The RevPAR increased 50.9% QoQ due to higher occupancy rates and ADRs at 15.3% and at 13.4%, respectively, compared to the previous quarter.</p> <p>All Company's hotels in UK are located in regional area which is in key leisure and economic destination with a continuous pent-up demand from domestic tourism. Therefore, it is expected that there will be a continuous recovery trend throughout the year along with the obvious signs of a recovery from the events of the MICE industry (Meetings, Incentive Travel, Conventions, Exhibitions or MICE) in 2022, The Company forecasts the performance of hotels in UK will increase above 2019, which is the pre-pandemic level. Also, it has also set a goal to increase the room rate per night or ADR.</p>
Fiji	<p>The strong recovery in Fiji has kept its momentum since the end of 2021 after the country opened and restrictions were eased. Based on Asia’s travel readiness index, Fiji is ranked number 1 among 28 countries for its favorable conditions for tourism recovery. In June 2022, Fiji received 62,130 visitors, which is 73% of pre-COVID levels and an increase of 30% compared to the previous month. This reflects a strong recovery and positive momentum throughout 2022 driven by a strong tourism demand from key international market, including Australia, New Zealand and US. For the first half of the year, Fiji saw a total of 205,529 international visitors, accounting for 50% of the total number of international tourists in pre-COVID levels or 2019.</p> <p>From the great recovery in the first half of the year, the government of Fiji forecasts full year 2022 tourist arrivals to 500,000 visitors, 55% of the pre-COVID-19 level.</p>

Countries	Industry Outlook
Mauritius	<p>The ease of pandemic and the fully reopening border for tourists affected the tourism industry in Mauritius in 2022 which began to recover. The number of international tourists entering Mauritius from January to June were a total of 376,556 visitors, with the main tourist groups being French, British and South Africans, respectively.</p> <p>Th trend of Mauritius tourism in 2022 is expected to increase continuously throughout the year with a better recovery growth in the second half of the year than the first half due to the opening of the country and the relaxation of entry regulations, On 1 July, 2022, Mauritius lifted its COVID-19 entry requirements and canceled self-isolation for unvaccinated tourists as well as adding more flight routes to stimulate the number of tourists to increase.</p>

Significant Development

- (1) In May 2022, SHR has entered into a sale agreement for the 50-key Mercure Burton upon Trent Newton Park in an amount of GBP 2.0 million (equivalent to THB 83.0 million) in which the sale was part of the efficiency improvement strategy of the Company’s UK portfolio.

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-four upper midscale hotels operated 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 June 30, 2022, the Company operated 37 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 4,472 rooms.

Revenue from services by management platforms:

<i>Unit: THB Million</i>	H1/2021	% by type	H1/2022	% by type	% Change	Q1/2022	% by type	Q2/2022	% by type	% Change
Self-Managed Hotels ⁽¹⁾	76.8	5.7%	392.3	10.4%	410.7%	184.2	10.9%	208.0	10.0%	12.9%
Outrigger Hotels ⁽¹⁾	34.3	2.6%	547.4	14.6%	1,473.9%	182.4	10.8%	365.0	17.6%	100.0%
Project CROSSROADS Phase 1 Hotels	678.9	50.4%	1,216.5	32.3%	79.2%	654.5	38.7%	562.0	27.1%	-14.1%
UK Portfolio Hotels ⁽²⁾	556.4	41.3%	1,604.8	42.7%	188.4%	668.5	39.6%	936.3	45.2%	40.1%
Total revenue from services	1,346.9	100.0%	3,761.0	100.0%	179.2%	1,689.6	100.0%	2,071.3	100.0%	22.6%

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 2021

Overall, the first half of the year 2022, the revenue from sales and services of the Company’s hotels grew in all 4 portfolios. Outrigger Hotels got the most remarkable recovery, more than 15 times, followed by self-managed hotels that grew 5 times stronger than the same period last year. UK and Project CROSSROADS Phase 1 Hotels also saw higher performance in the first six months of the year, at 188.4% and 79.2%, respectively. The revenue from sales and services of the hotels in UK and the CROSSROADS Maldives project for the first half of the year fell to 75.0% of total revenue from sales and services. It reflected the recovery of other portfolios especially, Outrigger Hotels that the proportion of revenue from sales and services increased to 14.6% of total revenue from sales and services in the first half of 2022.

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

Self-Managed Hotels

Indicators	H1/2021	H1/2022	Change(%)	Q1/2022	Q2/2022	Change(%)
No. of Hotels	5	5	-	5	5	-
No. of Keys	657	657	-	657	657	-
Average Occupancy Rate (%)	11.9%	43.8%	31.9%	37.7%	49.9%	12.2%
ADR (Baht)	2,859	4,888	71.0%	5,708	4,276	(25.1%)
RevPAR (Baht)	339	2,142	531.0%	2,152	2,132	(0.9%)

Most of the Company's self-managed hotels located in Thailand started to see the sign of recovery since the beginning of the year 2022 due to the removal of restrictions to relax and attract more international travellers particularly, the number in May rose almost double from the previous month after the government cancelled the Test & Go program. Additionally, it led to a positive momentum on the performance of all 4 Self-Managed Hotels located in Thailand (while Konotta Maldives which is the Company's self-managed hotel still closed its operation). In the second quarter, the average occupancy rate was 49.9%, improving 12.2% from the previous quarter, even though the second quarter was in the low season period. ADR of self-managed platform in Q2/2022 was 4,276 baht with RevPAR of 2,132 baht, which is stable from the first quarter but increase with an improvement rate of 473.0%. The operating results in the first half of 2022, RevPAR went more than 6 times from the same period last year to stand at 2,142 baht as a result of the better recovery sign from both the average occupancy rate of 43.8% and ADR of 4,888 baht. Thus, in the second half of the year, it is expected to see the recovery momentum to return back to normal level driven by the growth of international tourists after the country's opening, as well as benefiting from the government's travel subsidy campaign to stimulate domestic tourism and economy.

Outrigger Hotels

Indicators	H1/2021	H1/2022	Change(%)	Q1/2022	Q2/2022	Change(%)
No. of Hotels	3	3	-	3	3	-
No. of Keys	499	499	-	499	499	-
Average Occupancy Rate (%)	7.9%	48.2%	40.4%	32.7%	63.6%	31.0%
ADR (Baht) ⁽¹⁾	2,334	6,930	198.2%	7,001	6,894	(1.5%)
RevPAR (Baht) ⁽¹⁾	184	3,342	1,726.1%	2,287	4,386	91.8%

Note

- (1) Reference exchange rate of the first half of the year 2021: 15.10 THB/FJD, 0.77 THB/MUR and reference exchange rate of the first half of the year 2022: 15.75 THB/FJD, 0.77 THB/MUR
Reference exchange rate of the first quarter of the year 2022: 15.56 THB/FJD, 0.76 THB/MUR and reference exchange rate of the second quarter of the year 2022: 15.94 THB/FJD, 0.79 THB/MUR

Hotels operate under the Outrigger brand consist of two hotels in the Republic of Fiji and one hotel in Republic of Mauritius which already open the country to welcome international tourists since the fourth quarter of 2021. The Company's hotels has a positive performance with a steady growth of the occupancy rate since the beginning of the year. During the second quarter, the tourist season in Fiji led to RevPAR of 4,386 baht due to an increased occupancy rate, growing to 63.6% from the first quarter of 2022 to be at 48.2%. For the six-month period of 2022, 3 Outrigger Hotels had ADR at 6,930 baht which is above pre-Covid-19 levels with an occupancy rate of 48.2%, resulting in RevPAR of 3,342 baht.

Project CROSSROADS Phase 1 Hotels

Indicators	H1/2021	H1/2022	Change(%)	Q1/2022	Q2/2022	Change(%)
No. of Hotels	2	2	-	2	2	-
No. of Keys	376	376	-	376	376	-
Average Occupancy Rate (%)	55.7%	69.7%	14.0%	74.3%	65.2%	(9.1%)
ADR (Baht) ⁽²⁾	8,205	13,741	67.5%	14,843	12,499	(15.8%)
RevPAR (Baht) ⁽²⁾	4,571	9,579	109.5%	11,028	8,146	(26.1%)

Note

- (2) Reference exchange rate of the first half of year 2021: 30.81 THB/USD and reference exchange rate of the first half of year 2022: 33.72 THB/USD
Reference exchange rate of the first quarter of the year 2022: 33.05 THB/USD and reference exchange rate of the second quarter of the year 2022: 34.40 THB/USD

The recovery of the tourism sector in the first half of 2022 has continued, resulted in project CROSSROADS Phase 1 Hotels gained RevPAR at 9,579 baht with an average occupancy rate of 69.7% and ADR of 13,741 baht. However, according to low season of Maldives in Q2/2022, RevPAR decreased by 26.1% compared to the previous quarter from the average occupancy rate at 65.2% and the ADR at 12,499 baht. The operating result is expected to grow better than pre-COVID-19 levels when the tourism market has fully recovered especially during the 4th quarter that is high season period of every year.

UK Portfolio Hotels

Indicators	H1/2021	H1/2022	Change(%)	Q1/2022	Q2/2022	Change(%)
No. of Hotels	28 ⁽⁴⁾	27 ⁽⁴⁾	(3.6%)	28 ⁽⁴⁾	27 ⁽⁴⁾	(3.6%)
No. of Keys	2,990 ⁽⁴⁾	2,940 ⁽⁴⁾	(1.7%)	2,990 ⁽⁴⁾	2,940 ⁽⁴⁾	(1.7%)
Average Occupancy Rate (%)	30.3%	53.8%	23.5%	46.2%	61.4%	15.3%
ADR (Baht) ⁽³⁾	2,722	3,300	21.3%	3,065	3,475	13.4%
RevPAR (Baht) ⁽³⁾	824	1,777	115.5%	1,415	2,135	50.9%

Note

- (3) Reference exchange rate of the first half of year 2021: 42.80 THB/GBP and reference exchange rate of the first half of year 2022: 43.80 THB/GBP.
Reference exchange rate of the first quarter of the year 2022: 44.37 THB/GBP and Reference exchange rate of the second quarter of the year 2022: 43.22 THB/GBP
- (4) The change in number of keys (50) keys came from the sold of Mercure Burton upon Trent Newton Park Hotel

Since April 2022, the UK is back in the tourist season. This is reflected from RevPAR of the second quarter of 2022, which increased by 50.9% to 2,135 baht following the average occupancy rate of 61.4% and ADR of 3,475 baht. Thus, in the first half of 2022, UK Portfolio Hotels saw RevPAR at 1,777 baht, with an average occupancy rate of 53.8% and ADR of 3,300 baht.

Discussion of results of operations:

Table comparing Financial performance of H1/2021 and H1/2022

	H1/2021		H1/2022		Change(%)	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	1,346.9	100.0%	3,761.0	100.0%	2,414.0	179.2%
Costs of services	1,351.6	100.3%	2,685.9	71.4%	1,334.3	98.7%
Gross profit	(4.7)	(0.3%)	1,075.0	28.6%	1,079.7	23,048.3%
Selling expenses	89.8	6.7%	161.6	4.3%	71.9	80.1%
Administrative expenses	658.1	48.9%	838.8	22.3%	180.7	27.5%
Other income	183.3	13.6%	33.1	0.9%	(150.2)	(81.9%)
Share of profit (loss) from investment in an associate and joint ventures	(2.8)	(0.2%)	(13.7)	(0.4%)	(11.0)	(397.6%)
Finance costs (Interest expenses)	322.5	23.9%	368.3	9.8%	45.8	14.2%
Profit (loss) before income taxes	(894.5)	(66.4%)	(274.3)	(7.3%)	620.2	69.3%
Income tax expenses	(12.2)	(0.9%)	26.6	0.7%	38.8	319.0%
Profit (loss) of the year	(882.3)	(65.5%)	(301.0)	(8.0%)	581.4	65.9%
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	23.2	1.7%	(8.9)	(0.2%)	(32.1)	(138.2%)
Non-recurring items ¹	(110.8)	(8.2%)	-	-	110.8	100.0%
Adjusted EBITDA²	(74.8)	(5.6%)	638.5	17.0%	713.3	953.2%
Adjusted Net Profit (loss) for the period	(969.9)	(72.0%)	(309.8)	(8.2%)	660.1	68.1%

Table comparing Financial performance of Q1/2022 and Q2/2022

	Q1/2022		Q2/2022		Change(%)	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	1,689.6	100.0%	2,071.3	100.0%	381.7	22.6%
Costs of services	1,258.8	74.5%	1,427.1	68.9%	168.3	13.4%
Gross profit	430.8	25.5%	644.2	31.1%	213.4	49.5%
Selling expenses	80.7	4.8%	81.0	3.9%	0.3	0.3%
Administrative expenses	383.7	22.7%	455.1	22.0%	71.3	18.6%
Other income	10.4	0.6%	22.7	1.1%	12.3	117.6%
Share of profit (loss) from investment in an associate and joint ventures	(9.0)	(0.5%)	(4.8)	(0.2%)	4.2	46.8%
Finance costs (Interest expenses)	175.6	10.4%	192.7	9.3%	17.0	9.7%
Profit (loss) before income taxes	(207.7)	(12.3%)	(66.6)	(3.2%)	141.2	68.0%
Income tax expenses	(3.7)	(0.2%)	30.3	1.5%	34.0	928.0%
Profit (loss) of the year	(204.1)	(12.1%)	(96.9)	(4.7%)	107.2	52.5%
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	5.1	0.3%	(14.0)	(0.7%)	(19.1)	(372.8%)
Non-recurring items ⁽¹⁾	-	-	-	-	-	-
Adjusted EBITDA⁽²⁾	261.1	15.5%	377.4	18.2%	116.3	44.6%
Adjusted Net Profit (loss) for the period	(199.0)	(11.8%)	(110.9)	(5.4%)	88.1	44.3%

- (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 second quarter of 2022 was reported at THB 2,071.3 million, increased by 22.6 % from the first quarter, mainly from the revenue of hotels in UK and Fiji which entering into the high season, resulted in higher occupancy rate and ADR. For the first half of year 2022, the revenues from sales and services was at THB 3,761.0 million, increased by 179.2% from the same period last year from the border reopen in many countries 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. We expected that the revenues for the second half of year 2022 will grow stronger as the high season coming in many portfolios, and together with the ease of policy to welcome more tourism of Thailand.

Costs of services

The costs of services in second quarter of 2022 was THB 1,427.1 million, increased by 13.4% over the previous quarter from higher revenues. The costs of services to revenues for the second quarter was at 68.9%, lower than the first quarter which was at 74.5% as a result of more economy of scales from higher occupancy rate in UK and Fiji hotels. For the costs of services for 1st half of year was at THB 2,685.9 million, higher than same period last year which reported at THB 1,351.6 million from higher number of hotels in operation and the change of costs of services recognition of UK portfolio hotels.

Gross profit

Gross profit for the second quarter of 2022 was reported at THB 644.2 million, and Gross profit margin at 31.1%, higher than first quarter at THB 430.8 million and margin at 25.5%. Compared to first half of 2021, the gross profit for first half of 2022 turned profit at THB 1,075.0 million from previous year loss at THB (4.7) million.

Selling expenses

The selling expenses in Q2/2022 was THB 81.0 million, slightly increase from Q1/2022. Total selling expense for 1st half of 2022 was THB 161.6 million, increase by 80.1% from the same period last year.

Administrative expenses

The administrative expenses in second quarter of 2022 was THB 455.1 million, increased by 18.6% from the previous quarter, and the administrative expenses for the 1st half of 2022 was THB 838.8 million, increased by 27.5% from same period last year. The main reason of the increasing was the higher number of hotels opening which caused the administrative expense to increase. However, compared to the increasing in revenues from sales and services, the proportion of increase for the administrative expenses is lower than the increased in revenues as a result of the good management of cost and expenses to match with the current tourism situation.

Finance Costs

The finance costs in first half of 2022 was THB 368.3 million, increased from the same period last year by 14.2% as a result of higher interest rate which started to increase since beginning of year 2022 and also the change in recognition of interest payment of FS JV. For the second quarter of year 2022, the finance cost was reported at THB 192.7 million, higher than first quarter at THB 175.6 million, or increased by 9.7%. However, the Company already mitigated the risk of higher interest rate which make the impact to our performance is not significant.

Other income

Other income for 1st half of 2022 was THB 33.1 million dropped by THB (150.2) 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 (4.8) million for second quarter of 2022, compared to THB (9.0) million in first quarter of 2022 due primarily to higher performance of UK Portfolio hotels under JV, however, the UK Portfolio hotels stills have net loss for the period. For the share of profit (loss) from an associated and joint venture for first half of 2022 was at THB (13.7) million, increased from THB (2.8) million last year from the net loss of UK portfolio hotels under JV, and the JV in Maldives for SO/ hotels is still under construction of the hotel and has yet to recognize the revenues.

Adjusted EBITDA

Adjusted EBITDA in 1st half of 2022 was reported at THB 638.5 million from loss THB (74.8) million in first half of 2021 as a result of better performance from most of the hotels resumed their business activities. The Adjusted EBITDA for second quarter of year 2022 was also increased 44.6% from previous quarter from higher revenues and the effective cost and expenses control.

Profit (loss) for the period

The Company reported profit (loss) for first half and second quarter of 2022 at THB (309.8) million and THB (110.9) million respectively, in which the profit (loss) for second quarter has lower loss at THB 88.1 million or improved by 44.3% compared to previous quarter, and the profit (loss) for first half has lower loss at THB 660.1 million or improved by 68.1% from the same period last year.

Analysis of Financial Position and Investment Structure

As at June 30, 2022, the Company's total assets is reported at THB 37,047.5 million, increased by THB 589.1 million or 1.6% from 31 March 2022. Total liabilities of the Company also increased by THB 141.4 million from 31 March 2022 to THB 21,050.1 million. The interest bearing debt of the Company as at June 30, 2022 stood at THB 13,876.3 million, decreased from THB 13,892.7 million as reported by end of first quarter due to the repayment of each term loan facilities.

The decrease in interest bearing debt has caused the IBD/E (Interest Bearing Debt to Equity) ratio to changed, slightly to 0.87 times as at June 30, 2022, it is still well below the Company's covenant.

	March 31, 2022	June 30, 2022	Change	
	(THB million)	(THB million)	(THB million)	(THB million)
Cash and cash equivalents	1,808.6	1,981.2	172.6	9.5%
Total current assets	4,572.1	4,695.3	123.3	2.7%
Property, plant and equipment, net	28,474.8	28,836.8	362.0	1.3%
Total non-current assets	31,886.3	32,352.2	465.8	1.5%
Total assets	36,458.4	37,047.5	589.1	1.6%
Total interest-bearing debt	13,892.7	13,876.3	(16.3)	(0.1%)
Other liabilities	7,016.1	7,173.7	157.7	2.2%
Total liabilities	20,908.7	21,050.1	141.4	0.7%
Total equity	15,549.7	15,997.4	447.7	2.9%
Interest-bearing debt to equity (times)	0.89	0.87	(0.03)	

Yours faithfully,

S Hotels and Resorts Public Company Limited

- // -

(Ms. Samitta Tinnam)

Chief Financial Officer / Company Secretary

Investor Relations Contact

Tel: +66 (0) 2058 9888

Email: ir@shotelsresorts.com