

Management's Discussion and Analysis for the performance of the nine months ended 30 September 2022**Performance Overview**

For the third quarter of 2022 (Q3/2022), S Hotels and Resorts Public Company Limited ("the Company") reported total revenue from sales and services at THB 2,362.1 million, an increase of 66.2% from the third quarter of last year. This was attributed to the tourism recovery gains momentum as restrictions ease and confidence returns throughout 2022. Compared with the previous quarter, revenue from sales and services improved by 14.0%, bringing up all hotels under the Company's portfolios except the Company's Maldives portfolio. The hotel operating results in Thailand showed a 30.7% improvement from the previous quarter, followed by the greater operating performance of Fiji and the UK Portfolio due to the high season approaches. Whereas the Maldives portfolio saw a slight decline in revenue in Q3/2022 according to the low season.

The Company has the adjusted net income which excludes unrealized gain (loss) from FX and other non-recurring items for Q3/2022 of THB 145.9 million, a strong turnaround both YoY and QoQ from core losses of THB 290.8 million in Q3/2021 and THB 110.9 million in Q2/2022. The return to profitability was due to the recovery of the operating results in all the Company's hotel portfolios and effective cost management.

Overall in the first nine months of the year 2022 (9M2022), total revenue from sales and services was recorded at THB 6,123.1 million, which improved over 2 times from the same period of 2021. The increase was attributed to the solid performance of Project CROSSROADS Phase 1 hotels which held a strong occupancy rate at 67% with an increase in ADR by 41% from the same period last year. At the same time, the UK Portfolio was able to maintain the occupancy rate at 59% in 9M2022 with higher ADR of 10% from the same period last year. Moreover, the Company foresees the great momentum in travel demand in Fiji, Mauritius, and Thailand, followed by the reopening of borders to international travelers, bringing up the revenue from Thailand and Outrigger hotels to THB 1,676.6 million or increased over 11 times from the same period last year. This reflects a positive signal to future revenue growth which can be substantial when the tourism sector recovers to surpass the pre-pandemic level and international flights resume their normal schedule.

The robust recovery of tourism is reflected not only in the number of tourist arrivals for many destinations across the globe but also in the rising tourism spending out of the major source markets. International expenditure by tourists from many countries in Europe and the United States is now at 70% to 85% of pre-pandemic levels, while spending from India, Saudi Arabia, and Qatar has already exceeded 2019 levels. These will be a key factor to grow the tourism sector and our hotel's performance. However, the pace of recovery was uneven among regions and countries, depending on the characteristics and regulations of each country. Nevertheless, the situation still has various uncertainties such as rising fuel price, inflation, the impact of 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 hotel operations for almost the remaining properties in line with the tourism recovery and the relaxation of borders policy across the world. As of September 2022, 36 properties out of 37 properties in the portfolio have resumed their 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 the details below:

Countries	Industry Outlook
Thailand	<p>Thailand's tourism situation during the first nine months of 2022 (9M2022) gradually recovered following the government continuous adjusting and lifting restrictions which is an obstacle to international tourists. The country has fully reopened to international tourism and no longer requires tourists to show proof of vaccination or ATK test results, and longer stays are now available. From 1 October 2022 to 31 March 2023, the period of stay is increased to 45 days (from 30 days) for tourists from visa-exempt countries, and 30 days (from 15 days) for those eligible for a visa on arrival (VOA).</p> <p>All these led the tourism sector to return to bustling again in the fourth quarter of the year. Thailand welcomed 3.1 million tourist arrivals in October 2022, closely reaching an average level of pre-Covid and increasing by 44% from the previous month. The number of visitors is expected to increase further in November and December which are the high-season months in Thailand. This will make the estimated accumulative inbound tourists exceed the target of 10 million visitors in 2022.</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 improving to 71% in October 2022. Particularly, SAii Phi Phi Island Village and SAii Laguna Phuket saw average occupancy rates of 81% and 77%, respectively. Additionally, it is likely to continue with an upward trend in occupancy rates towards the beginning of the next year.</p> <p>Under the base case scenario that China's zero-Covid policy is prolonged until next year, the Tourism Authority of Thailand (TAT) forecasts that international traveler entering Thailand to achieve 18 million visitors in 2023. While the government expects tourism revenue to reach THB 2.38 trillion next year, which is 80% of the pre-pandemic times.</p>

Countries	Industry Outlook
Maldives	<p>For 9M2022, Maldives saw a 37% YoY visitor growth at 1.2 million visitors. The main tourists entering Maldives are Indian at 13%, followed by Russian and UK, accounting for 11% each. While the hotels under Company’s portfolio have consistently outpaced the industry. Two hotels of CROSSROADS had an average occupancy rate in the 9M2022 at 66.7%, above the industry average at 58.8%, mostly contributed by tourists from the UK, Russian, and US which accounted for 19%, 14%, and 11% respectively. This reflected the portfolio’s straight to draw the attention from high spending tourists, leading the project’s ADR in 9M2022 to improve by 41% from the same period last year.</p> <p>The great momentum of international tourists entering the Maldives in the fourth quarter of 2022 (Q4/2022) is expected to continue at a rapid pace due to the high season approaching and more international flight routes and frequency. At the same time, the company foresees the greatest performance since its opening in 2019. CROSSROADS Project is predicted to enjoy the highest ADR at the level of 577 USD in December 2022.</p> <p>For the year 2022, the government targets to attract 1.6 million tourists and attain 13 million bed nights. Regardless of visitors from other countries in Asia, such as China, the country’s tourist arrival numbers are now almost to achieving pre-COVID-19 levels due to the hard work of those involved in the tourism sector. Following the reopening of the border in July 2021, the country’s tourism has gradually flourished and stabilized since the government conducted many activities to promote Maldives tourism in different countries around the world which resulted in a remarkable recovery in tourists arrival compared to other countries in the Asia-Pacific region. While the tourism industry is estimated to exceed the pre-COVID level in 2023 as the government has set a target of attracting 2.0 million tourists next year. An increase of 25% YoY is backed by the operation of a new runway in October 2022 and the forecast of Chinese tourists rebound.</p>
United Kingdom	<p>The strong recovery in the UK has kept its momentum. The growth of economic activity and tourism retrieved again since April 2022 following the high season approaching, allowing us to achieve the highest ADR at the level of 89 GBP in Q3/2022. The RevPAR in the said quarter improved by 22% from the previous quarter due to a higher occupancy rate and ADR at 7% and 9%, respectively. For 9M2022, the RevPAR stood at 48 GBP which is surpass the same period of 2019, pushed by a 19% increase in ADR from the pre-covid level. The Company expects a solid performance towards the festive season, leading the performance of the UK Portfolio to increase nearly 2018, which is the pre-Brexit level.</p> <p>Even though the year 2023 looks set to be an auspicious year for UK tourism, the prospects for the performance are cautiously optimistic. The challenging inflation environment worldwide, rising energy cost are set to put a damper on the cost side. Consequently, the Company has mitigated the impacts of rising energy prices by hedging the electricity and gas price around 80% of total consumption until the first quarter of 2023, covering the peak usage during winter. Moreover, the Company set the target to boost the average occupancy rate of the UK portfolio to reach a stabilized level of above 70% in 2023. With the strategic location of the Company’s hotels in the UK which located in key leisure and economic destination of the regional area, the Company expect to see the steady recovery trend throughout the year 2023.</p>

Countries	Industry Outlook
	<p>According to portfolio enhancement through asset rotation strategy including the divestment of underperformed assets and the reinvestment of the proceeds in properties with higher potential. During 2022, the company completed the asset disposal transactions of Mercure Burton Upon Trent Newton Park Hotel and Mercure London Watford for total of GBP 19 million. The proceeds from this sale will now be reinvested to uplift other UK properties, including top-performing assets that contribute 60-70% of the UK portfolio’s EBITDA. Therefore, the company has set the goal to enhance the average ADR in 2023 to improve by around 5-10%.</p>
Fiji	<p>The prospects of Fiji’s tourism have been headed toward a stronger-than-expected recovery since the second quarter of 2022 onwards. The steady recovery reflects strong pent-up demand for intra-regional travel and the obvious selling points of Fiji. According to Asia’s travel readiness index, Fiji is ranked number 1 among 28 countries for its favorable conditions for tourism recovery. The government of Fiji forecasts the full year 2022 tourist arrivals to be 500,000 visitors, 55% of the pre-COVID-19 level. This positive momentum is supported by a strong tourism demand from the key international market, including Australia, New Zealand, and the US which accounted for 90% of the total tourist arrivals. However, Fiji has a high season between the second and third quarters of the year. In September 2022, Fiji received 72,657 visitors which is 89% of arrival levels compared with the same period of a pre-COVID year. While the Company's operating result in Fiji’s hotels reflects a strong recovery of the leisure tourism sector. In September 2022, our hotels in Fiji achieved at 85% average occupancy Rate and 17% growth in RevPAR from the pre-COVID-19 level. The company expected that the strength of Fiji's hotel operating results will be able to keep positive for the remainder of 2022 and 2023 in line with the government’s forecasts. Tourist arrivals are anticipated to reach 85% of 2019 levels in 2023 with positive metrics, showing that visitors to Fiji tend to stay longer and spend more.</p>
Mauritius	<p>For the 1H2022, the hospitality business in Mauritius is still faced challenges, presenting a slower-than-expected recovery pace and lagging behind regional island tourist destinations. However, the tourism sector shows a progressive improvement in the third quarter of the year following the relaxation of measures and resuming of flights' normal operation. After Mauritius lifted its COVID-19 entry requirements and canceled self-isolation for unvaccinated tourists in July 2022, the number of international arrivals for Q3/2022 increased by 20% from the previous quarter. Consequently, the arrivals for 9M2022 stood at 638,332 visitors, achieving 64% of the year's target.</p> <p>The tourism sector foresees to grow rapidly throughout the remainder of the year due to the high season approaches. In October 2022, Mauritius received 117,323 visitors, increasing by 45% compared to the previous month. Moreover, we see a positive sign of recovery including an increase in several flights and the average length of stay among those tourists which now go up from 10 days to 14 days. All indicators reaffirm that the forecasted number of travelers for the year 2022 of 1 million people will be reached by the end of the year and will be a key factor to grow our hotel's performance.</p>

Significant Development

- (1) In May 2022, SHR entered into a Sale and Purchase with vacant possession for the 50-key Mercure Burton upon Trent Newton Park in an amount of GBP 2.0 million (equivalent to THB 83.0 million). The objective is to effectively manage the hotels in the UK portfolio to be consistent with the direction and vision of the Company.
- (2) In August 2022, SHR completed the head lease acquisition of Mercure Perth for GBP 2.7 million (including VAT) which is part of the efficiency improvement strategy of the Company's UK portfolio.
- (3) In October 2022, SHR entered into a Sale and Purchase with vacant possession of Mercure London Watford of GBP 17.0 million (equivalent to THB 717.7 million). The objective is to effectively manage the hotels in the UK portfolio to be consistent with the direction and vision of the Company.

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 (the year 2017-2021), the Company's consolidated total assets have grown at an average rate of 33% per annum. The Company has a unique portfolio of hotels in desirable global holiday destinations as follows

- (1) Five hotels under a 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 consist 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 Aimbridge Hospitality EMEA (previously named 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 joint venture, are not consolidated within the Company's hospitality business, and are instead accounted for using the equity method, according to which the Company receives a share of profit or loss from the investment in the joint ventures.

As of September 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 total of 4,472 rooms.

Revenue from services by management platforms:

<i>Unit: THB Million</i>	9M/2021	% by type	9M/2022	% by type	% Change	Q2/2022	% by type	Q3/2022	% by type	% Change
Self-Managed Hotels ⁽¹⁾	108.7	3.9%	664.1	10.8%	511.1%	208.0	10.0%	271.8	11.5%	30.7%
Outrigger Hotels ⁽¹⁾	44.7	1.6%	1,012.4	16.5%	2,163.0%	365.0	17.6%	465.0	19.7%	27.4%
Project CROSSROADS Phase 1 Hotels	1,069.4	38.6%	1,768.9	28.9%	65.4%	562.0	27.1%	552.4	23.4%	(1.7%)
UK Portfolio Hotels ⁽²⁾	1,545.7	55.8%	2,677.6	43.7%	73.2%	936.3	45.2%	1,072.8	45.4%	14.6%
Total revenue from services	2,768.5	100.0%	6,123.1	100.0%	121.2%	2,071.3	100.0%	2,362.1	100.0%	14.0%

Note

- (1) Three Outrigger Hotels were rebranded and converted to a Self-Managed platform in February 2021, however, the Company display these three Outrigger Hotels in the Self-Managed platform for a total of Q1/2021 to compare the performance with Q1/2022
- (2) The Company has changed the method of revenue recognition from the share of profit or loss from the investment to consolidated within the Company's financial statement since March 2021

Overall, in the 9-month performance of the year 2022, the revenue from sales and services of the Company's hotels grew in all 4 portfolios, which Outrigger Hotels got the most remarkable recovery at more than 22 times, followed by Self-managed Hotels that growing 6 times stronger than the same period last year. UK and CROSSROADS phase 1 Hotels also see revenue increase at 73.2% and 65.4% compared to the year 2021. The total revenue from sales and services of the hotels in the UK and the CROSSROADS Phase 1 Hotels for the 9-months accounted for 72.6% of the total portfolio, dropped from the same period last year at 94.5% which reflects the recovery of Self-managed Hotels and Outrigger Hotels. Compared to the previous quarter, Self-managed Hotels and Outrigger Hotels have 30.7% and 27.4% revenue increase, in which Self-managed Hotels gain strong momentum from the fully-open border of Thailand since July, and Outrigger Hotels was still in high demand, especially in Fiji. UK Portfolio Hotels also had higher revenue as the country entered the high season, however, Project CROSSROADS Phase 1 Hotels' revenue dropped slightly 1.7% from the seasonality.

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

Indicators	9M/2021	9M/2022	Change(%)	Q2/2022	Q3/2022	Change(%)
No. of Hotels	5.0	5.0	-	5.0	5.0	-
No. of Keys	657.0	657.0	-	657.0	657.0	-
Average Occupancy Rate (%)	12.7%	47.4%	34.76%	49.9%	54.5%	4.61%
ADR (Baht)	2,700	4,897	81.35%	4,276	4,911	14.86%
RevPAR (Baht)	342	2,322	579.47%	2,132	2,676	25.49%

Most of the Company's self-managed hotels are located in Thailand and show continuous recovery since the beginning of the year 2022 due to the ease of restrictions to attract more international travelers, and the government policy of Rao-Tiew-Duay-Kan to enhance domestic tourism. Moreover, since 1st July 2022, Thailand has fully opened the border which resulted in the number of international tourists increased by 54% in July compared to the previous month. As a result, the performance of Self-Managed Hotels (in which Konotta Maldives hotel still closed its operation) in Q3 had an average occupancy rate of 54.5%, increase by 4.6% from the previous quarter and the ADR was at 4,911 THB. The Q3 RevPAR was at 2,676 THB, which increased by 25.5% from Q2. For the 9-months, Self-managed Hotels have an occupancy rate of 47.4%, and an ADR of 4,897 THB which made a total RevPAR of 2,322 THB, significantly improved from last year at 342 THB. The Company expected that the Self-managed Hotels will still gain momentum from the fully-open border and the travel season from Q4'22 to Q1'23.

Outrigger Hotels

Indicators	9M/2021	9M/2022	Change(%)	Q2/2022	Q3/2022	Change(%)
No. of Hotels	3.0	3.0	-	3.0	3.0	-
No. of Keys	499.0	499.0	-	499.0	499.0	-
Average Occupancy Rate (%)	7.4%	58.3%	50.8%	63.6%	78.0%	14.4%
ADR (Baht) ⁽¹⁾	2,216	7,281	228.5%	6,894	7,708	11.8%
RevPAR (Baht) ⁽¹⁾	164	4,243	2479.8%	4,386	6,014	37.1%

Note

(1) Reference exchange rate of the 9 month of the year 2021: 15.32 THB/FJD, 0.77 THB/MUR, and the reference exchange rate of the 9 month of the year 2022: 15.97 THB/FJD, 0.78 THB/MUR

Reference exchange rate for the second quarter of the year 2022: 15.94 THB/FJD, 0.79 THB/MUR, and the reference exchange rate for the third quarter of the year 2022: 16.39 THB/FJD, 0.81 THB/MUR

Hotels operating under the Outrigger brand consist of two hotels in the Republic of Fiji and one hotel in the Republic of Mauritius which already open the country to welcome international tourists in the fourth quarter of 2021. Due to strong demand, especially in Fiji, our 2 properties in Fiji gain increasing occupancy rates throughout the Q3 which is travel season, and the average occupancy rate in Q3 reach over 85%. The RevPAR of Outrigger Hotels in Q3 was at 6,014 THB, resulting from a higher occupancy rate of 78.0% and ADR of 7,708 THB, an increase from Q2 at an occupancy rate 63.6% and ADR of 6,894 THB. For the 9 months, Outrigger Hotels' portfolio had ADR of 7,281 THB, which exceed the pre-COVID level, and an occupancy rate of 58.3%, which in total made the RevPAR reach 4,243 THB.

Project CROSSROADS Phase 1 Hotels

Indicators	9M/2021	9M/2022	Change(%)	Q2/2022	Q3/2022	Change(%)
No. of Hotels	2.0	2.0	-	2.0	2.0	-
No. of Keys	376.0	376.0	-	376.0	376.0	-
Average Occupancy Rate (%)	56.0%	66.7%	10.7%	65.2%	60.8%	-4.4%
ADR (Baht) ⁽²⁾	8,800	13,481	53.2%	12,499	12,895	3.2%
RevPAR (Baht) ⁽²⁾	4,931	8,993	82.4%	8,146	7,839	-3.8%

Note

- (2) Reference exchange rate of the 9 month of year 2021: 31.51 THB/USD and reference exchange rate of the 9 month of year 2022: 34.62 THB/USD
Reference exchange rate of the second quarter of the year 2022: 34.40 THB/USD and reference exchange rate of the third quarter of the year 2022: 36.41 THB/USD

As Maldives had been in low season during the Q3, the RevPAR of Project CROSSROADS Phase 1 Hotels was at 7,839 THB from occupancy rate at 60.8% and ADR of 12,895 THB, lower from previous quarter from the cycle of tourism in Maldives. For 9 month performance, the performance of both hotels in Maldives saw significant improvement from same period last year from RevPAR at 8,993 THB, occupancy rate at 66.7% and ADR at 13,481 THB. The Company still expect the tourism industry in Maldives will remain strong and in high demand, which will lead to better performance for our hotels in Maldives, especially in Q4 which is the travel season.

UK Portfolio Hotels

Indicators	9M/2021	9M/2022	Change(%)	Q2/2022	Q3/2022	Change(%)
No. of Hotels	28 ⁽⁴⁾	27 ⁽⁴⁾	(3.6%)	27 ⁽⁴⁾	27 ⁽⁴⁾	-
No. of Keys	2,990 ⁽⁴⁾	2,940 ⁽⁴⁾	(1.7%)	2,940 ⁽⁴⁾	2,940 ⁽⁴⁾	-
Average Occupancy Rate (%)	45.9%	59.0%	13.0%	61.8%	69.0%	7.2%
ADR (Baht) ⁽³⁾	3,301	3,496	5.9%	3,475	3,801	9.4%
RevPAR (Baht) ⁽³⁾	1,517	2,062	35.9%	2,146	2,622	22.1%

Note

- (3) Reference exchange rate of the 9 month of year 2021: 43.65 THB/GBP and reference exchange rate of the 9 month of year 2022: 43.47 THB/GBP.
Reference exchange rate of the second quarter of the year 2022: 43.22 THB/GBP and Reference exchange rate of the third quarter of the year 2022: 42.83 THB/GBP
- (4) The change in number of keys (50) keys came from the sold of Mercure Burton upon Trent Newton Park Hotel

As Q2-Q3 of each year is the travel season in UK, the performance of our hotels also increase since Q2 which we can see from the RevPAR of Q3 at 2,622 THB, 22.1% increased from previous quarter, with occupancy rate at 69.0% and ADR of 3,801 THB. The ADR in Q3 was higher than pre-COVID level and the highest ADR of the UK Portfolio hotels since the opening. The 9 month performance of UK Portfolio Hotels have RevPAR at 2,062 THB from occupancy rate at 59.0% and ADR of 3,496 THB, increase from same period last year.

Discussion of results of operations:

Table comparing Financial performance of 9M/2021 and 9M/2022

	9M/2021		9M/2022		Change(%)	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	2,768.5	100.0%	6,123.1	100.0%	3,354.5	121.2%
Costs of services	2,370.3	85.6%	4,214.1	68.8%	1,843.9	77.8%
Gross profit	398.3	14.4%	1,908.9	31.2%	1,510.7	379.3%
Selling expenses	154.2	5.6%	256.9	4.2%	102.7	66.6%
Administrative expenses	1,082.9	39.1%	1,273.0	20.8%	190.1	17.5%
Other income	195.3	7.1%	137.4	2.2%	(58.0)	(29.7%)
Share of profit (loss) from investment in an associate and joint ventures	(4.1)	(0.1%)	(17.0)	(0.3%)	(12.9)	(312.3%)
Finance costs (Interest expenses)	516.6	18.7%	600.8	9.8%	84.2	16.3%
Profit (loss) before income taxes	(1,164.3)	(42.1%)	(101.5)	(1.7%)	1,062.8	91.3%
Income tax expenses (income)	(0.1)	(0.0%)	(8.0)	(0.1%)	(7.9)	(7,198.4%)
Profit (loss) of the year	(1,164.2)	(42.1%)	(93.5)	(1.5%)	1,070.7	92.0%
<i>Adjusted items</i>	-		-			
Net unrealized loss on exchange rate	14.3	0.5%	(32.9)	(0.5%)	(47.2)	(330.2%)
Non-recurring items ¹	(110.8)	(4.0%)	(37.5)	(0.6%)	73.3	66.1%
Adjusted EBITDA²	177.7	6.4%	1,252.2	20.5%	1,074.6	604.8%
Adjusted Net Profit (loss) for the period	(1,260.7)	(45.5%)	(163.9)	(2.7%)	1,096.8	87.0%

Table comparing Financial performance of Q2/2022 and Q3/2022

	Q2/2022		Q3/2022		Change(%)	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	2,071.3	100.0%	2,362.1	100.0%	290.8	14.0%
Costs of services	1,427.1	68.9%	1,528.2	64.7%	101.1	7.1%
Gross profit	644.2	31.1%	833.9	35.3%	189.7	29.4%
Selling expenses	81.0	3.9%	95.3	4.0%	14.3	17.7%
Administrative expenses	455.1	22.0%	434.2	18.4%	(20.9)	(4.6%)
Other income	22.7	1.1%	104.2	4.4%	81.6	359.5%
Share of profit (loss) from investment in an associate and joint ventures	(4.8)	(0.2%)	(3.3)	(0.1%)	1.5	30.4%
Finance costs (Interest expenses)	192.7	9.3%	232.6	9.8%	39.9	20.7%
Profit (loss) before income taxes	(66.6)	(3.2%)	172.8	7.3%	239.4	359.6%
Income tax expenses (income)	30.3	1.5%	(34.7)	(1.5%)	(65.0)	(214.4%)
Profit (loss) of the year	(96.9)	(4.7%)	207.5	8.8%	304.4	314.2%
<i>Adjusted items</i>	-		-			
Net unrealized loss on exchange rate	(14.0)	(0.7%)	(24.0)	(1.0%)	(10.0)	(71.6%)
Non-recurring items ⁽¹⁾	-	-	(37.5)	(1.6%)	(37.5)	-
Adjusted EBITDA⁽²⁾	377.4	18.2%	613.8	26.0%	236.3	62.6%
Adjusted Net Profit (loss) for the period	(110.9)	(5.4%)	145.9	6.2%	256.8	231.6%

- (1) Non-recurring items is defined as Gain (Loss) on the disposal of a share of JV company transaction Gain (Loss) on the 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 third quarter of 2022 was reported at THB 2,362.1 million, which increased by 14.0 % from the second quarter, mainly from the revenue of hotels in the UK, Fiji and Thailand which entering into the high season in UK and Fiji and the fully-open border of Thailand, resulted in higher occupancy rate and ADR. For the 9 month of year 2022, the revenues from sales and services was at THB 6,123.1 million, increased by 121.2% 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 will remain on the rising trend in fourth quarter from the high season in many countries and the border fully-open in Thailand that provide positive sign for the festival season.

Costs of services

The costs of services in third quarter of 2022 was THB 1,528.2 million, increased by 7.1% over the previous quarter from higher revenues. The costs of services to revenues for the third quarter was at 64.7%, lower than the second quarter at 68.9% as a result of higher economy of scales from increasing in occupancy rate for UK, Fiji and Thailand hotels. For the costs of services for 9 month of year was at THB 4,214.1 million, higher than same period last year which reported at THB 1,843.9 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 third quarter of 2022 was reported at THB 833.9 million, and Gross profit margin at 35.3%, higher than second quarter at THB 644.2 million and margin at 31.1%. Compared to 9 month of 2021, the gross profit improved from THB 398.3 million to be at THB 1,908.9 million.

Selling expenses

The selling expenses in Q3/2022 was THB 95.3 million, increase from Q2/2022 by 17.7% in line with the increasing in revenue. Total selling expense from the beginning of 2022 was THB 256.9 million, increase by 66.7% from the same period last year.

Administrative expenses

The administrative expenses in Q3/2022 was THB 434.2 million, decreased by 4.6% from the previous quarter, and the administrative expenses for the 9 month period of 2022 was THB 1,273.0 million, increased by 17.5% from same period last year from the higher number of hotels opening which caused the administrative expense to increase.

Finance Costs

The finance costs year-to-date of 2022 was THB 600.8 million, increased from the same period last year by 16.3% as a result of higher interest rate which started to increase since beginning of year 2022, especially the USD LIBOR rate. The finance cost for the 9 month period was reported at THB 232.6 million, higher than second quarter at THB 192.7 million, or increased by 20.7%. However, the Company already mitigated the risk of higher interest rate which make the impact to SHR performance is not significant.

Other income

Other income for Q1 to Q3 of 2022 was THB 137.4 million, dropped by THB (58.0) 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. For Q3/2022, other income was reported at THB 104.2 million, increase from previous quarter which reported at THB 22.7 million as a result from the business interruption claim and the non-recurring items from the head lease acquisition of Mercure Perth in our UK Portfolio Hotels.

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

The share of profit (loss) from an associate and joint ventures was THB (3.3) million for third quarter of 2022, compared to THB (4.8) million in second quarter of 2022 due primarily to higher performance of UK Portfolio hotels under JV, however, the JV in Maldives which is still under construction for the SO/ Maldives still have net loss during construction period. For the share of profit (loss) from an associated and joint venture for 9 month of 2022 was at THB (17.0) million, increased from THB (4.1) million last year.

Adjusted EBITDA

Adjusted EBITDA during Q1 to Q3 of 2022 was reported at THB 1,252.2 million, increased from THB 177.7 million during the same period of year 2021 as a result of better performance from our hotels, and the resuming of their business activities. The Adjusted EBITDA for third quarter of year 2022 was also increased 62.6% from previous quarter from higher revenues and the effective cost and expenses control.

Profit (loss) for the period

The Company reported profit (loss) for 9 month of 2022 at THB (93.5) million, improved significantly from profit (loss) of THB (1,164.2) million for the same period last year as a result of the tourism recovery. And for third quarter of year 2022, the profit (loss) was at THB 207.5 million, increased from both same period last year and from previous quarter, and turn profit for the first time in the year 2022 after the Company had net loss for Q1/2022 and Q2/2022. The profit in Q3 came mainly from the performance in all of our hotels had gain their momentum together with the strict cost and expense control.

Analysis of Financial Position and Investment Structure

As at September 30, 2022, the Company's total assets is reported at THB 38,433.0 million, increased by THB 1,218.9 million or 3.3% from 31 December 2021. Total liabilities of the Company also increased by THB 17.7 million from 31 December 2021 to THB 21,349.9 million. The interest bearing debt of the Company as at September 30, 2022 stood at THB 14,072.5 million, decreased from THB 14,126.0 million as reported by end of year 2021 due to the repayment of each term loan facility.

The decrease in interest-bearing debt has caused the IBD/E (Interest Bearing Debt to Equity) ratio to decreased to 0.82 times as at September 30, 2022, it is still well below the Company's covenant.

	Dec 31, 2021	Sep 30, 2022	Change	
	(THB million)	(THB million)	(THB million)	%
Cash and cash equivalents	1,913.7	1,837.4	(76.3)	(4.0%)
Total current assets	4,723.0	4,643.4	(79.6)	(1.7%)
Property, plant and equipment, net	29,068.1	29,593.5	525.4	1.8%
Total non-current assets	32,491.2	33,789.6	1,298.5	4.0%
Total assets	37,214.1	38,433.0	1,218.9	3.3%
Total interest-bearing debt	14,126.0	14,072.5	(53.5)	(0.4%)
Other liabilities	7,206.2	7,277.4	71.2	1.0%
Total liabilities	21,332.3	21,349.9	17.7	0.1%
Total equity	15,881.9	17,083.1	1,201.2	7.6%
Interest-bearing debt to equity (times)	0.89	0.82	(0.07)	

Yours faithfully,

S Hotels and Resorts Public Company Limited

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Chief Financial Officer / Company Secretary

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