

Management's Discussion and Analysis for the performance of the twelve months ended 31 December 2022**Performance Overview**

For the fourth quarter of 2022 (Q4/2022), S Hotels and Resorts Public Company Limited (“the Company”) reported total revenue from sales and services at THB 2,569.5 million, an increase of 47.3% from the fourth quarter of the year 2021. 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 8.8%, driven by a greater operating performance of 59.7% of the hotel portfolio in Thailand, which has benefited from the fully opening border in October 2022 along with strong pent-up demand. In addition, the revenue of the CROSSROADS project in the Republic of Maldives increased by 22.3% from the previous quarter due to the onset of the high season. However, hotel revenue in the United Kingdom and the Republic of Fiji declined by 8.1% and 16.0%, respectively, due to seasonal fluctuation factors.

The Company reported adjusted net profit (loss), excluding unrealized gain (loss) from exchange rates. And non-recurring revenue in Q4/2022 amounted to 125.0 million baht, a strong recovery from 31.3 million baht in the fourth quarter of last year, supported by the recovery of the operating results in all the Company's hotel portfolios and effective cost management. However, operating profit decreased from 145.9 million baht in the third quarter of 2022 due to the uneven performance of the tourism sector in Thailand and the Republic of Maldives in the fourth quarter of 2022. Those geographies usually have a peak travel season between the 4th and 1st quarter annually. Whereas, it could not return to normal conditions for an entire quarter by starting to see the positive recovery sign of tourism to normal levels from the second half of November 2022 onwards. Therefore, this could only partially offset the impact of entering the low seasons in the UK and the Republic of Fiji.

For the overall operating results in 2022, the Company achieved the target for the total revenue from sales and services which was reported at THB 8,692.6 million, 93% increased from the previous year. The growth was attributed to the solid performance of the UK hotel portfolio and the CROSSROADS project. The UK hotel portfolio was able to maintain an average occupancy rate of 60% with a higher ADR of 7%, compared to 2021. Meanwhile, the two hotels in the CROSSROADS project held a solid occupancy rate of 66%, with a higher ADR of 28% from last year. Moreover, Outrigger hotels had great momentum in travel demand in the hotel sector, as a result of the reopening of borders to international travellers in 2022. The average occupancy rate increased significantly to 64%, with the average daily room rate rising by 49% from 2021. Besides, the revenue and profit from the performance of the Outrigger hotel portfolio have grown over 2019 which is the pre-COVID19 levels. However, Thai properties reflected the laggard performance among other geographical locations. Despite the complete opening of the country at the end of 2022 resulted in the occupancy rate for the year 2022 recovering to 57%, an increase in ADR of 68% was attributed to the good feedback on implementing the SAii brand concept into the self-managed hotels.

Hotel Operations by Locations

Signs of recovery in the tourism sector were reflected in the increase in the number of international travellers and the rising revenue of tourism in many countries by the number of tourists. Globally, over 900 million people travelled abroad, more than doubling from 2021 or equivalent to 63% of 2019 pre-COVID-19 levels. However, indicators reflect that the rate of recovery was different and varied from region to region; the middle east and Europe region showed the most remarkable recovery as the incoming foreign tourists accounted for 83% and 80% of pre-pandemic levels, respectively. Asia was the region with the slowest recovery, which corresponded to a slower border opening compared to other regions. Nevertheless, the revenue generated from tourism was recovering faster than the recovery in the number of tourists in many regions. This benefited from the longer length of stay, higher willingness to spend from travellers, and greater expenses for transportation and accommodation, derived from the inflation. In addition, several destinations have reported tourism income that exceeded 2019 levels.

For 2023, the United Nations World Tourism Organization (UNWTO) forecasts a sequential recovery based on strong expenditures recorded in 2022. Besides, there was an increase in travellers from emerging markets such as France, Germany and Italy, Qatar, India and Saudi Arabia, which shows accelerate growth in occupying a market share in 2022, along with catalysts factors in 2023 from the lifting of travel restrictions in Asian countries. Especially China, which occupied the most significant global market share in 2019, will significantly affect the recovery of the tourism sector at the global scale, particularly in Asia. Regardless, economic retardation and geopolitical conflicts may affect the destination choice of tourists who contemplate value-seeking and domestic travel between regions to rapidly respond to challenges posed by economic conditions.

The number of tourists traveling into the countries operated by the company

(Unit: Million people)	2019	2022	2023
Thailand	39.9	11.1	25.0
Republic of Maldives	1.7	1.7	1.8
United Kingdom	40.9	30.0	35.0
Republic of the Fiji Islands	0.9	0.6	0.8
Republic of Mauritius	1.4	1.0	1.4

Thailand

Thailand's tourism began to grow in the fourth quarter of 2022 due to the country's opening up and the government's tourism stimulus measures. As a result, the number of foreign tourists travelling to Thailand in 2022 reached 11.1 million people, representing a 25 times increase from 2021, with the top 3 tourists coming from neighbouring which were Malaysia, India and Laos. While in 2023, the Tourism Authority of Thailand expects that there will be at least 25 million foreign tourists visiting Thailand, doubling from the previous year and accounting for 62% of foreign tourists travelling to Thailand in 2019. The driving factor for such growth was the return of Chinese tourists. According to the abovementioned factors, combined with the company's hotel management efficiency in Thailand, the prime location of our properties which were at the top of list of destinations for foreign tourists such as Phuket,

Phi Phi Island and Koh Samui, the revenue per available room (RevPAR) of the company's hotels in Thailand in the fourth quarter of 2022 successfully recovered to pre-COVID19 levels. The acceleration of the recovery affects the performance of the company's hotels which has improved exponentially in 2023, with the occupancy rate expected to recover closer to the pre-COVID-19 level. While the average daily room rate is plausible to increase over 2019, which was supported by the positive feedback on adopting the SAii brand concept to the company's self-managed hotels and the benefit from an increase in the proportion of revenue from direct booking.

Republic of Maldives

For 2022, Maldives saw a 30% YoY visitor growth to reach 1.7 million international tourist arrival, which successfully bounced back close to the pre-Covid19 level, regardless of the resumption of Asian tourists, especially the Chinese. The top 3 tourists, with a market share of around 40%, were from India, Russia and the United Kingdom, respectively. The number of foreign tourists entering the Republic of Maldives is expected to be approximately 1.8 million in 2023, presenting 6% higher than the pre-COVID-19 level. Tourists from the European zone, led by the UK, Germany and Italy, were expected to travel mainly to the Maldives, followed by tourists from India and Russia. The return of Chinese tourists to travel abroad after the government announced the country's re-opening is another essential stimulus because Chinese tourists occupied up to 20% of the tourism market in the Maldives in 2019. For the performance of hotels in the CROSSROADS project the occupancy rate in 2022 was 65.8%, which was higher than the industry average of 58.9%. The company's main customers were tourists from the UK, Russia, and the United States, accounting for 24%, 20% and 15%, respectively, reflecting the hotels' strength in attracting high-spending tourists and increasing the ADR up to 28% from the previous year. For 2023, the occupancy rate and average daily rate were expected to continue to grow. This was driven by a proactive marketing plan, focusing on the customers' quality to maximize the Market Mixed and managing the efficient ADR along with the product upgrade scheme to uplift the properties to better match the current trend in tourism.

United Kingdom

For 2022, UK tourism continues to recover due to strong demand from the domestic tourism sector. The economic and tourism activities have grown significantly since April 2022. This allowed the company's hotels in the UK (UK Portfolio) to boost the revenue per available room (RevPAR) to 48 GBP in 2022, accounting for an increase of 30% from the previous year. It was surpassing the pre-COVID-19 level, with the highest ADR of 89 GBP during the peak quarter in Q3. The great momentum is predicted to continue towards 2023, mainly driven by the recovery of the occupancy rate. Moreover, the company aims to increase the occupancy rate to beat a stable level of at least 70%. Nevertheless, all of the company properties in the UK portfolios were operated in the mid-scale to the upper scale, located in the tourist attractions and major economic cities that heavily depend on domestic tourism demand, accounting for approximately 90% of the total number of hotels guests. Therefore, we are confident in the prospects for strong growth in tourism demand despite the headwind of economic conditions.

Over the past year, the UK tourism industry has been affected by inflation in energy costs, wages and food costs. However, the company estimates that hotel operating costs in the UK already pass the peak in the third quarter of 2022 as energy costs have gradually decreased. Even though food costs remain at high level, the company focuses on cost management by adjusting the workforce rate to correspond with the occupancy rate and the ability to adjust room and food prices to reflect variable costs. In addition, the company closely monitor and consider to entering

into hedging contracts to mitigate its exposure to future cost of electricity and natural gas which are the company's major energy cost, at the right level and time, together with prioritizing management measures and closely controlling operating costs.

Republic of the Fiji Islands

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. The number of foreign tourists entering the country in 2022 achieved the goal of 600,000 people, reflecting an increase of more than 18 times from 2021 and 70% compared to 2019. Tourist growth acceleration has been signalled since July 2022, consequently, almost 0.8 million international tourists are expected to visit Fiji in 2023, accounting for 85% of 2019 tourist arrival. as the upward trend of travel demand along with the current popularity of tourism, which focuses more on the leisure tourism sector. The majority of foreign visitors entering the country are from Australia, New Zealand and the Americas, which accounted for 90% of Fiji's market share. As our hotels in Fiji are a hotel with characters that directly respond to the leisure tourism sector, have a high repetition rate and the strength of our partner distribution channels these factors drive the overall performance of the Company's hotels to stand out from the industry with an average daily room rate (ADR) in 2022 increased to 504 Fiji dollars, rising by 11% compared with the pre-pandemic level. It also recorded its highest operating profit since the acquisition in late 2018. The substantial tourism volume, positive signs for longer stays, and rising tourist expenses will catalyze RevPAR in 2023 to increase significantly, particularly in Castaway Fiji. However, Outrigger Fiji Beach showed only marginal performance improvements, which were affected by the gradual closure of some inventory for the hotel's renovation according to the uplifting program.

Republic of Mauritius

In early 2022, the Republic of Mauritius faced challenges from the epidemic of the Omicron virus, and the airline's service has not returned to normal situation. Hence, in the first half of the year, the recovery of the tourism industry of the Republic of Mauritius was slower compared to other island-like tourist destinations. However, the quarantine measures for foreigners have been lifted, and the country fully opened from July 1, 2022. The number of foreign tourists vacationing in Mauritius in 2022 almost exceed 1 million people, representing 72% compared to 2019 and a 455% growth from 2021. The top three tourists, with around 48% market share, were from France, UK, and Germany. In 2023, the number of foreign tourists travelling to the Republic of Mauritius is expected to exceed 1.4 million, at least 1% increase from 2019. Although the revenue per available room (RevPAR) of Mauritius hotels in 2022 has remained at the same pre-COVID-19 levels. But given the acceleration in July, the Outrigger Mauritius hotel's operating performance is expected to improve considerably in 2023. The occupancy rate tends to recover closer to the period before COVID-19 while the average daily room rate (ADR) tends to increase higher than in 2019, backed by the strong demand for leisure travel, the strength of partner distribution channels and the effective marketing adaptation.

Significant Development

- In May 2022, SHR entered into a Sale and Purchase with vacant possession of 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.
- In June 2022, the Company completed the loan refinance agreement with a group of financial institutions in the United Kingdom. This aligned with the Company's financial strategy, resulting in more flexibility and efficiency in cash flow management.
- 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.
- 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, with the number of keys growth since the start of our operation up to date at 45.5% 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 the 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 the 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.

The company has 37 commercially operating hotels, comprising hotels under its management, the Outrigger Hotel, hotels in the CROSSROADS Phase 1 project, the company's hotels in the United Kingdom, and hotels under joint ventures has a total of 4,472 rooms. As of December 31, 2022, 36 hotels out of 37 have resumed their normal operation, equivalent to 98.8% of the total number of rooms (4,419 out of a total of 4,472 rooms).

Revenue from services by management platforms:

<i>Unit: THB Million</i>	FY2021	% by type	FY2022	% by type	% Change	Q3/2022	% by type	Q4/2022	% by type	% Change
Self-Managed Hotels ⁽¹⁾	234.0	5.2%	1,098.2	12.6%	369.4%	271.8	11.5%	434.1	16.9%	59.7%
Outrigger Hotels ⁽¹⁾	205.3	4.6%	1,486.2	17.1%	623.8%	465.0	19.7%	473.8	18.4%	1.9%
Project CROSSROADS Phase 1 Hotels	1,627.4	36.1%	2,444.5	28.1%	50.2%	552.4	23.4%	675.6	26.3%	22.3%
UK Portfolio Hotels ⁽²⁾	2,445.7	54.2%	3,663.6	42.1%	49.8%	1,072.8	45.4%	986.0	38.4%	(8.1%)
Total revenue from services	4,512.5	100.0%	8,692.6	100.0%	92.6%	2,362.1	100.0%	2,569.5	100.0%	8.8%

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

For the year 2022, total revenue from services of the Company reported at THB 8,962.6 million, improved almost 2 times from 2021 as a result of revenue growth from Project CROSSROADS and UK Portfolio hotels which show a significant increment at 50% in each portfolio. The key driver of both portfolios came from the highest ADR since its starting operations. The remarkable performance of Outrigger hotels also played an important role in driving the Company's revenue. The revenue of Outrigger hotels increased by THB 1,200 million compared to the prior year, or increased by 7 times on the back of the strong demand for tourism in Fiji. Moreover, self-managed hotels in Thailand recorded an increase in revenue by THB 800 million, in tandem with the recovery of the tourism industry, together with the efficiency improvement as mentioned earlier.

Total revenue from services in Q4/2022 was at THB 2,569.5 million, improved by 8.8% from the previous quarter. The Company saw strong growth in Thailand and Maldives portfolio which entered into high season while Outrigger hotels reported a marginal increase in revenue. The increase in Outrigger hotels were mainly from the outpaced performance of Mauritius despite the drop in performance of Fiji due to the low season approaches and the starting of a major renovation as planned. Whereas, the revenue of the UK portfolio also decreased by 8.1% from the seasonal effect.

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

Self-Managed Hotels

Indicators	FY2021	FY2022	Change(%)	Q3/2022	Q4/2022	Change(%)
No. of Hotels	4 ⁽¹⁾	4 ⁽¹⁾	-	4 ⁽¹⁾	4 ⁽¹⁾	-
No. of Keys	604	604	-	604	604	-
Average Occupancy Rate (%)	18.6%	56.7%	38.1%	59.2%	71.9%	12.7%
ADR (Baht)	3,402	5,709	67.8%	4,912	7,435	51.4%
RevPAR (Baht)	634	3,237	410.6%	2,910	5,346	83.7%

Note

(1) As Konotta Maldives is still under temporarily closed, the Company excluded the hotel from the calculation of the key indicators

Most of the Self-Managed hotels are the hotels in Thailand, reflecting the continuous recovery throughout the year 2022, leading to strong performance in Q4/2022 with the occupancy rate stood at 71.9%, an increase from the previous quarter at 59.2%. ADR in Q4/2022 was at THB 7,435, a growth of 51.4% from the previous quarter. As a result, RevPAR of Q4 was at THB 5,436, already surpassed the same period pre-COVID level. Overall performance for the year 2022 ended with RevPAR at THB 3,237 which derived from the occupancy rate at 56.7% and ADR of THB 5,709, an increase significantly from the prior year thanks to the ease in immigration policy and the fully-open border.

Outrigger Hotels

Indicators	FY2021	FY2022	Change(%)	Q3/2022	Q4/2022	Change(%)
No. of Hotels	3	3	-	3	3	-
No. of Keys	499	499	-	499	499	-
Average Occupancy Rate (%)	13.4%	63.6%	50.1%	77.8%	79.6%	1.8%
ADR (Baht) ⁽¹⁾	4,890	7,296	49.2%	7,735	7,304	-5.6%
RevPAR (Baht) ⁽¹⁾	656	4,638	606.7%	6,014	5,811	-3.4%

Note

(2) Reference exchange rate for the year 2021 is 15.94 THB/FJD, 0.79 THB/MUR, and the reference exchange rate for the year 2022 is 16.01 THB/FJD, 0.80 THB/MUR

Reference exchange rate for the third quarter of the year 2022 is 16.39 THB/FJD, 0.81 THB/MUR, and the reference exchange rate for the fourth quarter of the year 2022 is 16.14 THB/FJD, 0.83 THB/MUR

Outrigger Hotels operating under the Outrigger brand consists of two hotels in the Republic of Fiji and one hotel in the Republic of Mauritius which both countries had fully opened the border to welcome international tourists, and gain strong momentum from incoming tourists. With respect to Outrigger Fiji Beach entering into the major renovation, resulting in a lower occupancy rate and ADR in Q4/2022 compared to the previous quarter as some of its inventory was temporarily closed for the renovation. However, Castaway Island still had an improvement in occupancy rate by 6.5% from previous quarter. Furthermore, Outrigger Mauritius saw the positive sign in ramping up its performance in Q4/2022 which held an occupancy rate of 83.1% from pent-up demand in leisure tourism. As a result, the occupancy of Outrigger hotels in Q4/2022 was at 79.6% (1.8% increased quarter-on-quarter), and ADR of THB 7,304, 5.6% decreased from the previous quarter. Performance of Outrigger hotels for the year 2022 closed with occupancy rate at 63.6%, ADR of THB 7,296 compared to the prior year at 13.4% and THB 4,890, respectively.

Project CROSSROADS Phase 1 Hotels

Indicators	FY2021	FY2022	Change(%)	Q3/2022	Q4/2022	Change(%)
No. of Hotels	2	2	-	2	2	-
No. of Keys	376	376	-	376	376	-
Average Occupancy Rate (%)	57.8%	65.8%	8.0%	60.8%	63.2%	2.4%
ADR (Baht) ⁽²⁾	10,197	14,120	38.5%	12,895	16,123	25.0%
RevPAR (Baht) ⁽²⁾	5,895	9,293	57.6%	7,839	10,185	29.9%

Note

- (3) Reference exchange rate for the year 2021 is 31.98 THB/USD and reference exchange rate of year 2022 is 35.06 THB/USD
Reference exchange rate of the third quarter of the year 2022 is 36.41 THB/USD and reference exchange rate of the fourth quarter of the year 2022 is 36.38 THB/USD

As Maldives enters into the high season in Q4/022, leading to higher performance. CROSSROADS recorded the occupancy rate at 63.2%, which increased by 2.4% from Q3/2022, and ADR of THB 16,123, which increased by 25% from previous quarter. For the full year of 2022, the RevPAR reported at THB 9,293, a 57.6% increased from the previous year which derived from an occupancy rate of 65.8% and ADR of THB 14,120. The RevPAR of year 2022 has reached its highest level since its opening in 2019. This was benefited by the advantage of our location, the service provided in the project which includes not just hotels, but also restaurants, retails and the integrated tourism facilities. The Company has continuously upgraded the products to better match with customers' needs and to maximize the performance of the project.

UK Portfolio Hotels

Indicators	FY2021	FY2022	Change(%)	Q3/2022	Q4/2022	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 (%)	49.3%	59.9%	10.6%	69.0%	62.7%	-6.3%
ADR (Baht) ⁽³⁾	3,373	3,476	3.0%	3,801	3,421	-10.0%
RevPAR (Baht) ⁽³⁾	1,663	2,083	25.2%	2,622	2,145	-18.2%

Note

- (3) Reference exchange rate for the year 2021 is 43.99 THB/GBP and reference exchange rate for the year 2022 is 43.26 THB/GBP.
Reference exchange rate of the third quarter of the year 2022 is 43.83 THB/GBP and Reference exchange rate of the fourth quarter of the year 2022 is 42.64 THB/GBP

- (4) The change in the number of keys (50) keys came from the sales of Mercure Burton upon Trent Newton Park Hotel

Low season in the UK normally started from Q4/2022 annually which impacted our hotels' performance to decline from the previous quarter. The occupancy of the UK portfolio stood at 62.7% with ADR of THB 3,421 in Q4/2022, decreased by 6.3% and 10.0% respectively, compared to the previous quarter. However, the outlook of overall performance for year the 2022 reflected the dramatical growth from the prior year from RevPAR at THB 2,083 or jumped by 25.2% YoY. This was derived from an occupancy rate of 59.9% and ADR of THB 3,476, which recorded the highest ADR of the portfolio since the start of operation.

Discussion of results of operations:

Table comparing financial performance of FY2021 and FY2022, and Q3/2022 and Q4/2022.

	FY2021		FY2022		Change(%)	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	4,512.5	100.0%	8,692.6	100.0%	4,180.1	92.6%
Costs of services	3,596.0	79.7%	5,807.4	66.8%	2,211.5	61.5%
Gross profit	916.5	20.3%	2,885.1	33.2%	1,968.6	214.8%
Other income	177.1	3.9%	131.7	1.5%	(45.4)	(25.6%)
Selling expenses	223.0	4.9%	352.3	4.1%	129.3	58.0%
Administrative expenses	1,520.3	33.7%	1,795.1	20.7%	274.9	18.1%
Gain (Loss) from Exchange rate	(20.3)	(0.4%)	21.0	0.2%	41.3	203.4%
Share of profit (loss) from investment in an associate and joint ventures	(2.9)	(0.1%)	(21.5)	(0.2%)	(18.6)	(642.5%)
Finance costs (Interest expenses)	692.7	15.4%	841.6	9.7%	148.9	21.5%
Profit (loss) before income taxes	(1,365.5)	(30.3%)	27.4	0.3%	1,392.9	102.0%
Income tax expenses (income)	(131.3)	(2.9%)	13.0	0.1%	144.3	109.9%
Profit (loss) of the year	(1,234.2)	(27.4%)	14.4	0.2%	1,248.6	101.2%
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	21.4	0.5%	(15.8)	(0.2%)	(37.2)	(173.6%)
Non-recurring items ¹	(16.6)	(0.4%)	(37.3)	(0.4%)	(20.7)	(125.0%)
Adjusted EBITDA²	518.0	11.5%	1,907.5	21.9%	1,389.4	268.2%
Adjusted Net Profit (loss) for the period	(1,229.4)	(27.2%)	(38.7)	(0.4%)	1,190.7	96.9%

	Q3/2022		Q4/2022		Change(%)	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	2,362.1	100.0%	2,569.5	100.0%	207.4	8.8%
Costs of services	1,528.2	64.7%	1,593.3	62.0%	65.1	4.3%
Gross profit	833.9	35.3%	976.2	38.0%	142.3	17.1%
Other income	79.3	3.4%	28.3	1.1%	(51.0)	(64.4%)
Selling expenses	95.3	4.0%	95.3	3.7%	0.0	0.0%
Administrative expenses	434.2	18.4%	522.1	20.3%	88.0	20.3%
Gain (Loss) from Exchange rate	24.9	1.1%	(12.9)	(0.5%)	(37.9)	(151.8%)
Share of profit (loss) from investment in an associate and joint ventures	(3.3)	(0.1%)	(4.4)	(0.2%)	(1.1)	(33.5%)
Finance costs (Interest expenses)	232.6	9.8%	240.8	9.4%	8.2	3.5%
Profit (loss) before income taxes	172.8	7.3%	128.9	5.0%	(44.0)	(25.4%)
Income tax expenses (income)	(34.7)	(1.5%)	21.0	0.8%	55.7	160.6%
Profit (loss) of the year	207.5	8.8%	107.9	4.2%	(99.6)	(48.0%)
<i>Adjusted items</i>						
Net unrealized loss on exchange rate	(24.0)	(1.0%)	17.1	0.7%	41.2	171.3%
Non-recurring items ⁽¹⁾	(37.5)	(1.6%)	-	-	37.5	-
Adjusted EBITDA⁽²⁾	613.8	26.0%	675.9	26.3%	62.2	10.1%
Adjusted Net Profit (loss) for the period	145.9	6.2%	125.0	4.9%	(20.9)	(14.4%)

- (1) Non-recurring items are 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 fourth quarter of 2022 was reported at THB 2,569.5 million, increased by 8.8% from the previous quarter, mainly from the high season of our CROSSROADS phase 1 hotels in Maldives and Self-Managed hotels in Thailand, resulting in an increase of 22.3% and 59.7% in revenue compared to Q3/2022. For full-year operating performance, the Company reported total Revenue from sales and services at THB 8,692.6 million, almost double the revenue from prior year as most of the hotels in our portfolio came back to fully operated, in line with the fully open border in each of the country. Moreover, the Company also fully recognized the revenue from our UK portfolio.

Costs of services

The costs of services in the fourth quarter of 2022 was THB 1,593.3 million, increased by 4.3% over the previous quarter from the higher cost of services of our hotels in Thailand and Maldives which entering high season. However, the Company had lower costs of service to sales percentage from 64.7% to 62.0% as the better efficiency of Self-Managed hotels and CROSSROADS hotels, concerning the own-managed platform. The costs of services for the year 2022 were THB 5,807.4 million, higher than last year by 61.5% from an increase in revenue of all geographies together with the fully recognized cost for UK portfolio hotels.

Gross profit

Gross profit for the fourth quarter of 2022 was reported at THB 976.2 million, and the Gross profit margin at 38.0%, better than the third quarter at THB 833.9 million and a margin of 35.3%. This was mainly from a superior margin of Self-Managed hotels and the CROSSROADS project. Compared to the year 2021, the gross profit improved from THB 916.5 million to THB 2,885.1 million owing to the resumptions of normal hotel operations for almost the remaining properties (except Konotta Maldives which has temporarily closed).

Selling expenses

The selling expenses in Q4/2022 were at THB 95.3 million, which remained the same level as the previous quarter and reflected the efficiency in expenses management of the Company. Total selling expense for the year 2022 was at THB 352.3 million, a 58.0% increased from the prior year in parallel with an increase in revenue.

Administrative expenses

The administrative expenses in Q4/2022 were THB 522.1 million, an increase of 20.3% from the previous quarter, and the administrative expenses for the year 2022 were THB 1,795.1 million, an increase of 18.1% from the same period last year, in response to the higher number of hotels reopening for services.

Finance Costs

The finance costs for the full year 2022 were THB 841.6 million, increased from the year 2021 by 21.5% as a result of higher interest rates which started to increase since the beginning of the year 2022, especially the USD LIBOR rate. The finance cost for the fourth quarter was reported at THB 240.8 million, higher than the third quarter at THB 232.6 million, or an increased of 3.5%. The slight increase quarter-on-quarter was a result of our mitigation plans in hedging the interest rate on both USD and GBP loan, together with the prepayment ahead of the loan schedule from disposal proceeds on UK portfolio hotels.

Other income

Other income for the year 2022 was THB 131.7 million, which dropped by THB (45.4) million over the prior year. In the first quarter of 2021, the Company realized the fair value adjustment on the joint venture which caused the one-time recognition of other income. For Q4/2022, other income was reported at THB 28.3 million, a decrease from THB 79.3 million in the previous quarter. In the third quarter, the Company recorded one-time transactions 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 associate and joint ventures was THB (4.4) million for the fourth quarter of 2022, compared to THB (3.3) million in the previous quarter due primarily to the low season in the UK together with the construction period of JV in Maldives. The share of profit (loss) from an associated and joint venture for the year 2022 was THB (21.5) million, a higher share of loss by THB (2.9) million compared to last year.

Adjusted EBITDA

Adjusted EBITDA for the year 2022 was reported at THB 1,928.2 million, increased from THB 518.0 million during the year 2021 in accordance with the resuming of business activities. The Adjusted EBITDA for the fourth quarter of the year 2022 was reported at THB 675.9 million, a 10.1% increased from the previous quarter in line with the higher revenues, the change in profit margin mix from the seasonality, and the effective cost management.

Profit (loss) for the period

The Company reported profit for the year 2022 at THB 14.4 million, reversed from a loss of THB (1,234.2) million, considered the first net profit reported since the COVID-19 outbreak. This emphasized the strong rebound in the tourism industry and the strength of our hotels portfolio. For the fourth quarter of the year 2022, the profit (loss) was at THB 107.9 million, recoding net profit for 2 consecutive quarters. However, the declined in profit from the previous quarter came from the non-recurring transaction in Q3/2022 which are the business interruption claim, profit from the inter-company loan exchange rate and the tax income. While in Q4/2022, the company had no non-recurring items with the tax expense, related to the upward trend of revenue.

Analysis of Financial Position and Investment Structure

As of December 31, 2022, the Company's total assets are reported at THB 36,449.6 million, decreased by THB 764.5 million or 2.1% from 31 December 2021. Total liabilities of the Company are reported at THB 20,430.4, decreased by THB 901.8 million from 31 December 2021. The interest bearing debt of the Company as of December 31, 2022 stood at THB 13,080.2 million, decreased from THB 14,126.0 million as reported by end of the year 2021 due to the repayment of term loan facility together with the prepayment from the asset disposal in our UK portfolio. The total equity of the Company is reported at THB 16,019.2, increased from THB 15,881.9 as the Company has a total net profit for the year 2022.

The decrease in interest-bearing debt and the increase in total equity has caused the IBD/E (Interest Bearing Debt to Equity) ratio to decreased to 0.82 times as of December 31, 2022, it is still well below the Company's covenant.

	Dec 31, 2021	Dec 31, 2022	Change	
	(THB million)	(THB million)	(THB million)	%
Cash and cash equivalents	1,913.7	2,477.3	563.6	29.4%
Total current assets	4,723.0	4,533.0	(190.0)	(4.0%)
Property, plant and equipment, net	29,068.1	28,046.0	(1,022.2)	(3.5%)
Total non-current assets	32,491.2	31,916.6	(574.5)	(1.8%)
Total assets	37,214.1	36,449.6	(764.5)	(2.1%)
Total interest-bearing debt	14,126.0	13,080.2	(1,045.9)	(7.4%)
Other liabilities	7,206.2	7,350.3	144.0	2.0%
Total liabilities	21,332.3	20,430.4	(901.8)	(4.2%)
Total equity	15,881.9	16,019.2	137.3	0.9%
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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