

February 27, 2023

The President & Director,

The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Operating Performance Results
for the 3 months (Q4/2022) and year ended December 31, 2022**

Central Plaza Hotel Pcl. (the "Company" or "CENTEL") wishes to inform and clarify to the SET regarding the analysis of the Company's operating performance results for the 3 months (Q4/2022), and year ended December 31, 2022, with the following details:

1. Overview of the tourism industry in Thailand, the Maldives, and Dubai
 2. Analysis of the operating performance of the Company and for each respective Business Group
 3. Financial Status
 4. Factors that may impact ongoing business operations in 2023
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1. Overview of the tourism industry in Thailand, the Maldives, and Dubai

1.1 The tourism industry in Thailand

The total number of international tourist arrivals continued to increase significantly according to the reopening of the country and entering to high season. In Q4/2022, the total arrivals were 5.5 million, a growth of 15 times YoY. The top three arrivals were from Malaysia, India, and Russia with contributions of 18%, 8%, and 6% of total arrivals, respectively.

For 2022, the total number of international tourist arrivals was 11.2 million, or an increase of 25 times YoY driven by Asian tourists. The top three tourist arrivals were from Malaysia at 17%, India at 9%, and Singapore at 6% of total arrivals, respectively.

1.2 The tourism industry in the Maldives

The total number of international tourist arrivals improved QoQ and YoY due to lifting of international travel restrictions in many countries and being in high season. In Q4/2022, the total of arrivals was 484,674, a growth of 7% YoY. The top three arrivals were from Russia, India, and the UK with contributions of 15%, 12%, and 10% of total arrivals, respectively. Russia and the UK reported a continued growth of 14% and 8% YoY, respectively, while India presented a drop of 20% compared to the same period last year.

For 2022, the total arrivals were 1.7 million, an increase of 27% compared to the same period last year. The top three tourists were from India, Russia, and the UK with contributions of 14%, 12%, and 11% of total tourist arrivals, respectively. The number of tourists from India and Russia decreased by 17% YoY and 9% YoY, respectively, while the number of tourists from the UK notably rose by 186% compared to last year.

1.3 The tourism industry in Dubai

The total number of international tourist arrivals in Q4/2022 during high season was 4.2 million, an increase of 24% YoY. The top three arrivals were India, the UK, and Saudi Arabia with the contributions of 14%, 8%, and 7% of total arrivals, respectively.

For 2022, the total arrivals were 14.4 million, a growth of 97% compared to the same period last year. The top three tourists were from India, Oman, and Saudi Arabia with contributions of 13%, 9%, and 8% of total tourist arrivals, respectively.

2 Analysis of the operating performance of the Company and for each respective Business Group

2.1 Analysis of the operating performance

Operating Performance for Q4/2022 and Q4/2021

(Amount - in Baht Million)	Q4/2022		Q4/2021		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	2,363	43%	1,090	29%	1,273
Revenues - food business	3,139	57%	2,658	71%	481	18%
Total revenues	5,502	100%	3,748	100%	1,754	47%
Cost of sales - hotel business	(777)	-14%	(404)	-11%	373	92%
Cost of sales - food business	(1,385)	-25%	(1,048)	-28%	337	32%
Total cost of sales ⁽¹⁾	(2,162)	-39%	(1,452)	-39%	710	49%
Selling & General Administrative Expenses	(1,832)	-33%	(1,294)	-35%	538	42%
Share of Gain (Loss) - Investments (by the equity method)	23	0%	(25)	-1%	48	192%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	1,531	28%	977	26%	554	57%
Depreciation & Amortization	(765)	-14%	(694)	-19%	(71)	-10%
Earning (Loss) before Interest and Tax (EBIT)	766	14%	283	8%	483	171%
Finance Costs ⁽²⁾	(192)	-3%	(167)	-4%	(25)	-15%
Corporate Tax Income (Expense)	(65)	-1%	74	2%	(139)	-188%
Loss from Non-Controlling Interests	(11)	0%	(38)	-1%	27	71%
Net Profit	498	9%	152	4%	346	228%

(1) Cost of Sales EXCLUDES Depreciation & Amortization Expenses that are allocated to Cost of Sales

(2) Finance costs excluding interest expenses related to the lease according to TFRS 16 were Baht 113 million

- Q4/2022:** The Company achieved total revenues of Baht 5,502 million (Q4/2021: Baht 3,748 million), an increase of Baht 1,754 million (or a rise of 47% YoY), with the proportion of total revenues between the hotel business and the food business being 43%:57% (Q4/2021: 29%:71%); while a Gross Profit was Baht 3,030 million, an increase of 38% YoY and represented a Gross Profit Margin of 58% of the revenues (excluding other income) that decreased from the same period last year (Q4/2021: 60%). The decrease in Gross profit margin was because the food business was faced with raw material price inflation compared to the same period last year. While the Gross Profit of the hotel business improved due to significant revenue recovery. The Company achieved an Earning before Interest, Tax, Depreciation, and Amortization (EBITDA) of Baht 1,531 million, (Q4/2021: Baht 977 million), an increase of Baht 554 million (or 57% YoY). An EBITDA Margin of 28% was an increase compared to last year (Q4/2021: 26%) due to the hotel business performance. The company had a Net profit of Baht 498 million with a growth of 228% YoY (Q4/2021: a net profit of Baht 152 million). However, in Q4/2022, the company recognized a foreign exchange gain on foreign currency loans of Baht 116 million (Q4/2021: gain of Baht 56 million).

Operating Performance for 2022 and 2021

(Amount - in Baht Million)	Year 2022		Year 2021		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	6,541	36%	2,332	20%	4,209
Revenues - food business	11,675	64%	9,303	80%	2,372	25%
Total revenues	18,216	100%	11,635	100%	6,581	57%
Cost of sales - hotel business	(2,333)	-13%	(1,009)	-9%	1,324	131%
Cost of sales - food business	(5,001)	-27%	(3,789)	-33%	1,212	32%
Total cost of sales ⁽¹⁾	(7,334)	-40%	(4,798)	-41%	2,536	53%
Selling & General Administrative Expenses	(6,427)	-35%	(4,769)	-41%	1,658	35%
Share of Loss - Investments (by the equity method)	(44)	0%	(64)	-1%	(20)	-31%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	4,411	24%	2,004	17%	2,407	120%
Depreciation & Amortization	(3,132)	-17%	(3,167)	-27%	35	1%
Earning (Loss) before Interest and Tax (EBIT)	1,279	7%	(1,163)	-10%	2,442	210%
Finance Costs ⁽²⁾	(726)	-4%	(718)	-6%	(8)	-1%
Corporate Tax Income (Expense)	(138)	-1%	78	1%	(216)	-277%
(Profit) Loss from Non-Controlling Interests	(17)	0%	24	0%	(41)	-167%
Net Profit (Loss) from operation	398	2%	(1,779)	-15%	2,177	122%
Extraordinary Items						
Reversal for Assets Impairment	-	-	45	0%	(45)	-100%
Net Profit (Loss)	398	2%	(1,734)	-15%	2,132	123%

(1) Cost of Sales EXCLUDES Depreciation & Amortization Expenses that are allocated to Cost of Sales

(2) Finance costs excluding interest expenses related to the lease according to TFRS 16 were Baht 395 million (2021: Baht 309 million)

- Year 2022: The Company achieved Total Revenues of Baht 18,216 million (2021: Baht 11,635 million), an increase of Baht 6,581 million (or 57% YoY), with the proportion of total revenues between the Hotel Business and the Food Business being 36%:64% (2021: 20%:80%); while a Gross Profit was Baht 10,154 million, an increase of Baht 3,755 million or 59% YoY and represented a Gross Profit Margin of 58% of total revenues (excluding other income) that was better than the same period last year (2021: 57%). The Company achieved an EBITDA of Baht 4,411 million (2021: Baht 2,004 million), an increase of Baht 2,407 million (or 120% YoY) according to the growth from both the hotel and food businesses. An EBITDA Margin of 24% was an increase from the same period last year (2021: 17%). The Company had a Net profit of Baht 398 million compared to a Net loss of Baht 1,734 million last year or a growth of 123% YoY. However, the company recognized a foreign exchange gain on foreign currency loans of Baht 91 million (2021: loss of Baht 87 million).

2.2 Analysis of the Operating Results for each respective Business Group

2.2.1 Hotel Business

As of December 31, 2022, the Company had hotels under management in a total of 92 hotels (19,348 rooms); with 50 hotels (10,406 rooms) already in operation together with other 42 hotels (8,942 rooms) still under development. Of the 50 hotels already in operation, 19 hotels (5,051 rooms) are owned and operated by the Company, with the other 31 hotels (5,355 rooms) being operated under the Company's Hotel Management Agreements.

Operations Results - Hotel Business (for owned & operated hotels) Q4/2022

Occupancy Rate (OCC) %	Total Operating Performance		
	Q4/2022	Q4/2021	% Changes
Bangkok	71%	31%	40%
Upcountry	64%	25%	39%
Maldives	68%	81%	-13%
Dubai	84%	58%	26%
Thailand – Average	66%	27%	39%
Total – Average (Excluded Dubai)	66%	30%	36%
Total - Average	68%	33%	35%

Average Room Rate - ARR (Baht)	Total Operating Performance		
	Q4/2022	Q4/2021	% Changes
Bangkok	4,028	2,314	74%
Upcountry	4,065	3,754	8%
Maldives	15,634	14,128	11%
Dubai	7,169	5,849	23%
Thailand - Average	4,053	3,227	26%
Total – Average (Excluded Dubai)	4,728	4,943	-4%
Total - Average	5,091	5,114	0%

Revenue per Available Room - RevPar (Baht)	Total Operating Performance		
	Q4/2022	Q4/2021	% Changes
Bangkok	2,844	715	298%
Upcountry	2,595	929	179%
Maldives	10,615	11,382	-7%
Dubai	6,046	3,376	79%
Thailand - Average	2,671	861	210%
Total – Average (Excluded Dubai)	3,122	1,475	112%
Total - Average	3,473	1,680	107%

Note: Calculation based on total available rooms of operating and temporary closing hotels

Operating performance of the hotel business in Q4/2022

Hotel Business (In Baht Million)	Q4/2022	Q4/2021	% Changes
Revenues - Hotel Business operations	2,090	999	109%
Total Revenues (including other income)	2,363	1,090	117%
Gross Profit	1,314	595	121%
% Gross Profit Margin	63%	60%	3% pts.
EBITDA	899	293	207%
%EBITDA Margin	38%	27%	11% pts.
Net Profit (Loss) from Operation	359	(31)	1,258%
%Net Profit (Loss)	15%	-3%	18% pts.

- Q4/2022:
 - In Q4/2022, hotels in Thailand continue a recovery due to high season and the recovery of convention business including a positive impact from the APEC meeting. While the Maldives' performance improved QoQ but still reported soften performance compared to Q4/2021. Overall, the RevPar increased by 107% YoY to Baht 3,473, as a result of the Occupancy Rate (OCC) increasing from 33% in Q4/2021 to 68% in Q4/2022. While the Average Room Rate (ARR) was stable at Baht 5,091.
 - Bangkok: RevPar increased by 298% YoY to Baht 2,844 as a result of the Occupancy Rate (OCC) improving from 31% to 71% and the Average Room Rate (ARR) also increased by 74% YoY to Baht 4,028. The recovery of hotels

in Bangkok was due to the improvement of MICE business. Additionally, there was an indirect positive impact from the APEC meeting, which fostered high room rate during the event period. Furthermore, the MICE customers, especially for domestic customers, resumed organizing conventions and exhibition events during year end.

- Upcountry: RevPar increased by 179% YoY to Baht 2,595 as a result of the Occupancy Rate rising from 25% to 64%, and the Average Room Rate (ARR) improved by 8% YoY to Baht 4,065. The recovery of hotel business could be seen in all key tourist destinations, particularly in Phuket, Krabi, and Samui, despite of ongoing huge waves near Koh Samui causing some booking cancellations in December 2022.
- Overseas: RevPar was Baht 7,386, an increase of 23% YoY. The occupancy Rate increased from 65% to 80% in Q4/2022, and the Average Room Rate (ARR) improved by 1% YoY to Baht 9,289.
 - Maldives: RevPar dropped by 7% YoY to Baht 10,615. The OCC fell from 81% to 68%, while ARR raised by 11% compared to the same period last year to Baht 15,634. However, considering in USD, the Total Revenue per Available Room (TRevPar) decreased by 14% YoY to USD 461 due mainly to a significant reduction in the numbers of Indian guests. However, the TRevPar performance of Q4/2022 improved from Q3/2022 (TRevPar of USD 287) from the enter into high season.
 - Dubai: the hotel opened in October 2021. In Q4/2022, the Dubai hotel reported OCC at 84%, ARR of Baht 7,169, and RevPar of Baht 6,046, a growth of 79% YoY.

- In Q4/2022, The hotel business achieved total revenues of Baht 2,363 million, an increase of Baht 1,273 million (or a rise of 117% YoY). A Gross Profit was Baht 1,314 million (Q4/2021: Baht 595 million), an increase of 121% YoY, with a Gross Profit margin of 63%, an increase YoY (Q4/2021: 60%). The hotel business had an EBITDA of Baht 899 million (Q4/2021: Baht 293 million) with an EBITDA margin of 38%, which increased YoY (Q4/2021: 27%). The hotel business had a Net profit of Baht 359 million compared to a net Loss of Baht 31 million in the same period last year. The performance of the hotel

business substantially improved YoY mainly as a result of five-star hotels in Bangkok, Pattaya and Krabi, especially, the outstanding achievement of Centara Grand and Bangkok Convention Centre CentralWorld.

- Operations Results - Hotel Business (for owned & operated hotels) for Year 2022

Occupancy Rate (OCC) %	Total Operating Performance		
	2022	2021	% Changes
Bangkok	55%	21%	34%
Upcountry	44%	13%	31%
Maldives	68%	61%	7%
Dubai	77%	58%	19%
Thailand – Average	47%	15%	32%
Total – Average (Excluded Dubai)	48%	18%	30%
Total – Average	52%	19%	33%

Average Room Rate - ARR (Baht)	Total Operating Performance		
	2022	2021	% Changes
Bangkok	3,443	1,744	97%
Upcountry	3,825	3,293	16%
Maldives	15,002	11,025	36%
Dubai	5,731	5,849	-2%
Thailand – Average	3,688	2,621	41%
Total – Average (Excluded Dubai)	4,585	4,322	6%
Total – Average	4,791	4,460	7%

Revenue per Available Room - RevPar (Baht)	Total Operating Performance		
	2022	2021	% Changes
Bangkok	1,898	358	430%
Upcountry	1,673	415	303%
Maldives	10,154	6,756	50%
Dubai	4,441	3,376	32%
Thailand – Average	1,742	397	339%
Total – Average (Excluded Dubai)	2,219	772	187%
Total – Average	2,486	849	193%

Note: Calculation based on total available rooms of operating and temporary closing hotels

Operating performance of hotel business for Year 2022

Hotel Business (In Baht Million)	2022	2021	% Changes
Revenues - Hotel Business operations	5,935	2,070	187%
Total Revenues (including other income)	6,541	2,332	180%
Gross Profit	3,602	1,061	239%
% Gross Profit Margin	61%	51%	10% pts.
EBITDA / (Loss)	1,796	(494)	464%
% EBITDA / (Loss) Margin	27%	-21%	48% pts.
Net Loss from Operation	(161)	(1,990)	92%
Reversal of assets impairment	-	45	-100%
Net Loss	(161)	(1,945)	92%
% Net Loss	-2%	-83%	81% pts.

- Year 2022:
 - Occupancy Rate (OCC) increased from 19% to 52%, and the Average Room Rate (ARR) improved by 7% YoY to Baht 4,791 which then resulted in the RevPar being increased by 193% YoY to Baht 2,486.
 - Bangkok: RevPar increased by 430% YoY to Baht 1,898, due to an increase in Occupancy Rate (OCC) from 21% to 55%; while Average Room Rate (ARR) was Baht 3,443, an increase of 97% YoY.
 - Upcountry: RevPar raised by 303% to Baht 1,673, resulting from the Occupancy Rate (OCC) improving from 13% to 44%; and the Average Room Rate (ARR) increased by 16% YoY to Baht 3,825.

Total Systems Sales (TSS) Growth %	Q4/2022	Q4/2021
Top 4 brands*	16%	1%
Other brands**	28%	11%
Total Average	18%	3%

*KFC, Mister Donut, Auntie Anne's, and Ootoya

**Excluded Joint Ventures' brands

***Revised number

Number of QSR Outlets	Q4/2022	Q4/2021
KFC	319	303
Mister Donut	469	424
Auntie Anne's	209	197
Ootoya	47	46
Pepper Lunch	51	48
Cold Stone Creamery	16	16
The Terrace	7	8
Chabuton	17	16
Yoshinoya	31	27
Tenya	12	14
Katsuya	60	49
Aroi Dee	30	37
Kowlune	1	8
Arigato	185	110
Grab Kitchen by Every Food	18	32
Joint ventures' brands		
Salad Factory ⁽¹⁾	30	18
Brown Café	11	14
Café Amazon - Vietnam ⁽¹⁾	18	9
Som Tum Nua	5	7
Shinkanzen Sushi ⁽¹⁾	44	-
Total	1,580	1,383

⁽¹⁾ Presented as Joint ventures in Financial Statement

Operating performance of the food business in Q4/2022

Food Business (in Baht Million)	Q4/2022	Q4/2021	% Changes
Sales Revenues	3,102	2,650	17%
Total Revenues (including other income)	3,139	2,658	18%
Gross Profit	1,716	1,602	7%
% Gross Profit Margin	55%	60%	-5% pts.
EBITDA	632	684	-8%
% EBITDA Margin	20%	26%	-6% pts.
Net Profit	139	183	-24%
% Net Profit	4%	7%	-3% pts.

- For operating performance in Q4/2022, the food business achieved Total Revenues of Baht 3,139 million, an increase of Baht 481 million (or an increase of 18%). The company reported the Same Store Sales (%SSS) growth of 12% compared to the same period last year and Total System Sales (TSS) grew by 18% YoY. In this quarter, even there was a flood in the northeastern part of Thailand which led to lower purchasing power of customers in that area, the food business continued to grow, particularly dine-in at restaurants because of the festive season without the COVID-19 restrictions for the first time since 2020 and being less concerned about the pandemic situation. However, the company consistently launched new campaigns, promotions and product innovations in order to enhance sales.
- At the end of Q4/2022, the company had in total of 1,580 outlets, an increase of 197 outlets compared to Q4/2021. Most of the outlet expansion was driven by Arigato (+75), Mister Donut (+45), and Shinkanzen Sushi (+44), a new Joint Venture brand acquired in May 2022,
- The food business had a Gross Profit of Baht 1,716 million (Q4/2021: Baht 1,602 million), a growth of 7% YoY. While a Gross Profit margin was at 55% of food revenue, a decrease YoY (Q4/2021: 60%) because of an increase in raw materials price QoQ and YoY, increase in labour cost, higher electricity price, and lower discount on rental rate, comparing to last year due to clear recovery of dine-in channel. Although the company implemented margin protection measurements, including but not limited to, menu price adjustment for certain products that were exposed to adverse impacts from cost-push factor, appropriate sale promotions and campaigns, the procurement of raw materials substitution, and entering long-term contracts with suppliers for key materials. In Q4/2022, the food business had Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of Baht 632 million (Q4/2021: Baht 684 million), or a decrease of 8% YoY. An EBITDA margin was at 20%, a drop YoY (Q4/2021: 26%) due to an increase in Selling, General & Administrative (SG&A) expenses related to outlet expansion. The food business had a

Net profit of Baht 139 million (Q4/2021: Baht 183 million), a decrease of Baht 44 million, or 24% YoY because of a decline in profit margin compared to the same period last year.

Operating Results - Food Business for Year 2022

Same Systems Sales (SSS) Growth %	2022	2021
Top 4 brands*	17%	-14%
Other brands**	39%	-18%
Total Average	20%	-14%

Total Systems Sales (TSS) Growth %	2022	2021
Top 4 brands*	23%	-12%
Other brands**	46%	-1%
Total Average	26%	-10%

*KFC, Mister Donut, Auntie Anne's, and Ootoya

**Excluded Joint Ventures' brands

Food Business (in Baht Million)	2022	2021	% Changes
Sales Revenues	11,553	9,127	27%
Total Revenues (including other income)	11,675	9,303	25%
Gross Profit	6,552	5,338	23%
Gross Profit Margin %	57%	58%	-1% pts.
EBITDA	2,615	2,499	5%
% EBITDA Margin	22%	27%	-5% pts.
Net Profit	559	211	165%
% Net Profit	5%	2%	-3% pts.

- For 2022, the food business had total revenue of Baht 11,675 million, an increase of Baht 2,372 million (or 25%) compared to 2021. The SSS increased by 20% YoY (2021: -14%). The top four brands reported SSS growth at 17% YoY and the others were at 39% YoY in aggregate. While the TSS was 26% YoY with the top four brands' TSS at 23% and the others' TSS at 46% in aggregate compared to the same period last year. The food business had a Gross Profit of Baht 6,552 million, a rise of 23% YoY with a Gross Profit margin of 57%, a slight drop YoY (2021: 58%) due mainly to material price inflation in key brands, particularly during Q3/2022-Q4/2022, increases in minimum wage and electricity price in Q4/2022. The company had an

EBITDA of Baht 2,615 million, a growth of 5% YoY, with an EBITDA margin of 22% (2021: 27%). The food business had a Net profit of Baht 559 million, an increase of Baht 348 million, or a growth of 165% YoY. Overall, the Net profit of the food business continued growing YoY driven by all distribution channels: dine-in, takeaway, and delivery, in which dine-in reported the strongest growth. KFC, Auntie Anne's, Ootoya, and Pepper Lunch were the key growth drivers YoY.

3 Financial Status

Financial Position and Cash Flows

As of December 31, 2022, the Company had Total Assets of Baht 48,166 million, a decrease of Baht 427 million (or 1%) compared to the end of 2021, due mainly to a decrease in right-of-use assets of Baht 1,209 million and a decline in property, plant, and equipment totaling of Baht 660 million. On the other hand, investment in Joint Ventures increased by Baht 658 million, an increase in trade and other receivables by Baht 426 million, and a rise of inventories by Baht 276 million.

Total Liabilities were Baht 29,275 million, a decrease of Baht 886 million or 3% compared to the end of 2021. The decreases in total liabilities were mainly from a decline in bank overdrafts and short-term loans from financial institutions of Baht 1,155 million, a decrease in lease liabilities of Baht 1,386 million, a decrease in debentures of Baht 819 million. While trade and other payables increased by Baht 790 million, together with a rise of long-term loans from financial institutions by Baht 1,640 million.

The Company had Total Shareholders' Equity of Baht 18,891 million, an increase of Baht 459 million or 3% from the end of 2021, mainly resulted from an increase in unappropriated retained earnings by Baht 398 million.

As of December 31, 2022, the Company had Net Cash from Operating activities totaling Baht 4,199 million, an increase of Baht 2,064 million YoY (or 97% YoY); together with Net Cash used in Investing activities of Baht 1,798 million, a decrease of Baht 1,599 million (or 47%), which mainly consisted of payments to purchase property, plant and equipment totaling Baht 879 million, and cash paid for investing and lending to joint ventures of Baht 616 million. While the Company had Net Cash used in Financing activities totaling Baht 2,516 million, mainly from cash paid for right-of-use assets of Baht 1,646 million, cash paid for bank overdrafts and short-term loans from financial institutions of Baht 1,466 million, and repayment of the debentures of Baht 1,000 million being netted off cash received from long-term loans from financial institutions of Baht 2,300 million.

Analysis of Financial Ratios

Financial Ratios	2022	2021
Current Ratio (times)	0.6	0.6
Interest Bearing Debt / Equity (times)	1.2	1.3
Interest Bearing Debts (excluding lease liabilities) / Equity (times)	0.8	0.9

As of December 31, 2022, the Company's current ratio was stable at 0.6 times compared to the end of 2021. Interest Bearing Debts/Equity Ratio was 1.2 times and the Interest Bearing Debts (excluding lease liabilities) / Equity was 0.8 times, which improved from the end of last year because of an increase of unappropriated retained earnings in equity. Additionally, the covenant with financial institutions is at 2.0 times Interest Bearing Debts (excluding lease liabilities) / Equity.

4 Factors that may impact ongoing business operations

- Factors that may impact ongoing business operations in 2023:

Hotel Business: Although, recovery trends in hospitality industry were unclouded by many positive factors including China reopening earlier than expected. However, high inflation causes higher operating expenses of the hotel business including wage, cost of raw materials, energy cost, and commercial banks' interest rate. The company has plans to mitigate the impact of cost-push inflation such as upgrading and replacing equipments to reduce energy consumption, installation of solar panel to decrease energy cost, and principal prepayment of loan in USD to reduce the impact of interest rate hike.

In 2023, the Company will recognize the operating performance from a new owned hotel:

- Centara Grand Hotel Osaka, 5-star hotel with 515 keys, is targeted to open on July 1, 2023. The company holds 100% of stake in Centara Osaka Japan Kabushiki Kaisha (KK), a subsidiary, who leases the property to operate the hotel. Simultaneously, at the end of 2022, the company holds 51% of stake in Centara Osaka Tokutei Mokutei Kaisha (TMK), a Joint Venture, who owns the hotel property. The accounting treatment for this project is as follows:
 - Centara Osaka Japan Kabushiki Kaisha (KK): a 100%-owned subsidiary and being a lessee to operate the hotel. The full performance of KK is consolidated in the consolidated financial statements.

- Centara Osaka Tokutei Mokutei Kaisha (TMK): the company hold 51% at the end of 2022. It is a joint venture and the asset owner. The TMK is accounted for in the consolidated financial statements using the equity method.

In addition, the Company has plan for major renovations of 2 hotels in Thailand:

- Centara Karon Resort Phuket with 335 keys: The fully closure for renovation will start in Q3/2023.
- Centara Grand Mirage Beach Resort Pattaya with 553 keys: The partial closure for renovation with limited impact on operation will start in Q3/2023.

Food Business: Fluctuating raw materials prices, together with cost increase in the electricity supply and wage hike are challenges to effective cost controls. The company has realized the situation and implement a variety of cost control methods, including continually negotiating with suppliers, finding alternative sources for raw materials, launching new products and promotions corresponding to cost structure change and revamping the underperform outlets. To improve efficiency and achieve profit margin as targeted, the company has been focusing on three key pillars; namely: generating revenues, decreasing costs and expenses, and being cautious and prudent on business expansion and investment projects. For revenue generating, the company is concentrating on the growth of all distribution channels: dine-in, takeaway, delivery, and new e-commerce channels.

- Business plan for sustainability growth

To drive sustainable growth, not only focusing on the targeted business growth but the company also pays attention to environmentally and socially issues. The company announced a commitment to be a Net Zero of greenhouse gas emissions by 2050. For the first 10 years, the roadmap (2020-2029) is to reduce 20% in greenhouse gas emissions by 2029 through effective management in energy and water usage, and waste management. Furthermore, the company also puts emphasis on supply chain management, operating with respect human rights, being an egalitarianism company with employees more than 30 nationalities amidst culture and languages diversity. Additionally, the company continually creates plans for employee development, helping and developing communities where the company has a business such as employment of elderly, disabled, and vulnerable people.

- Business trends for 2023

- Hotel Business: the hotel business has continuously recovered corresponding to positive factors such as reopening the countries, the resumption of airline routes and increasing the number of flights. Especially, Thailand significantly relies on international tourists. In 2023, the company expected the continued recovery of hotel business in Thailand according to an increase in international tourist arrivals and partially a growth from a low base in 1H2022. The five-star and Centara Reserve brands in Bangkok and key tourist destinations will be key growth drivers. For hotels in the Maldives, the performance is expected to improve compared to the last year because of adjustment to marketing strategy in accordance with the current situation. Additionally in 2023, the revenue growth will come from the new owned hotel (inorganic growth). The company will recognize the operating performance from operation of Centara Grand Hotel Osaka since July 1, 2023. Overall, Expected Average Occupancy rate (Included Joint Ventures) is 65% - 72%, and RevPar improves by 30% - 37% YoY to Baht 3,250 – 3,400. The growth of RevPar will come from increases in both occupancy and average room rate, particularly from the average room rate of the overseas hotels in Dubai and Japan, where ARR is normally higher than ARR of Thailand portfolio.
- Food Business: In 2023, the food business is expected to continue growth driven by reopening the country and economic activities back to normal. The company estimated Same-Store-Sales (excluded Joint Ventures) growth range 7% - 9% and Total-System-Sales growth of 13%-15% compared to the same period last year. For the outlet expansion, the company plans to have a net increase, including the joint ventures' brands, of 120-150 outlets (including shop-in-shop of Arigato in Mister Donut) compared to 2022. KFC, Mister Donut, Auntie Anne's, Salad Factory, Som Tum Nua, and Shinkanzen Sushi will be key expansion brands. Even the COVID-19 pandemic and economic recovery have been improved, the company still focuses on cost control efficiency to maintain flexibility and to reduce any possible negative impacts on the company's profit from the economic volatility and other risk factors in the future.

For your information accordingly.

Respectfully Yours,



(Mr. Gun Srisompong)

CFO & VP Finance and Administration