

May 12, 2023

The President & Director,

The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Operating Performance Results  
for the 3 months (Q1/2023) and year ended March 31, 2023**

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 (Q1/2023), and year ended March 31, 2023, 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, particularly from Malaysia due to the lifting of measurement against Covid-19 compared to the last year and the high season for Thailand tourism. In Q1/2023, the total arrivals were 6.5 million, an increase of 12 times compared to the same period last year. The top three tourists were from Malaysia, Russia, and China with a proportion of 14%, 9%, and 8% of total arrivals, respectively.

## 1.2 The tourism industry in the Maldives

In Q1/2023, The total of arrivals was 523,928 persons, a rise of 21% compared to the same period last year. The top three arrivals were from Russia, India, and the UK with contributions of 12%, 11%, and 10% of total arrivals, respectively.

## 1.3 The tourism industry in Dubai

The total number of international tourist arrivals in Q1/2023 during the high season was 4.7 million, an increase of 18% YoY. The top three arrivals were from India, Russia, and the UK with contributions of 13%, 8%, and 6% of total 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 Q1/2023

(Amount - in Baht Million)	Q1/2023		Q1/2022		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	2,832	48%	1,249	32%	1,583
Revenues - food business	3,031	52%	2,633	68%	398	15%
<b>Total revenues</b>	<b>5,863</b>	<b>100%</b>	<b>3,882</b>	<b>100%</b>	<b>1,981</b>	<b>51%</b>
Cost of sales - hotel business	(868)	-15%	(434)	-11%	434	100%
Cost of sales - food business	(1,371)	-23%	(1,114)	-29%	257	23%
Total cost of sales <sup>(1)</sup>	(2,239)	-38%	(1,548)	-40%	691	45%
Selling & General Administrative Expenses	(1,926)	-33%	(1,383)	-36%	543	39%
Share of Loss - Investments (by the equity method)	(26)	0%	-	-	(26)	NA
<b>Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)</b>	<b>1,672</b>	<b>29%</b>	<b>951</b>	<b>24%</b>	<b>721</b>	<b>76%</b>
Depreciation & Amortization	(721)	-12%	(767)	-20%	(46)	-6%
<b>Earnings before Interest and Tax (EBIT)</b>	<b>951</b>	<b>16%</b>	<b>184</b>	<b>5%</b>	<b>767</b>	<b>417%</b>
Finance Costs <sup>(2)</sup>	(186)	-3%	(172)	-4%	14	8%
Income Tax Expense	(84)	-1%	(35)	-1%	49	140%
Profit from Non-Controlling Interests	(52)	-1%	(21)	-1%	31	148%
<b>Net Profit</b>	<b>629</b>	<b>11%</b>	<b>(44)</b>	<b>-1%</b>	<b>673</b>	<b>1,530%</b>

(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 121 million (Q1/2022: Baht 86 million)

- Q1/2023: The Company's performance had improved QoQ and YoY mainly because of a strong recovery of hotel business from the country re-opening policy and an increase in tourist arrivals during the high season. The Company had total revenues of Baht 5,863 million (Q1/2022: Baht 3,882 million), an increase of Baht 1,981 million (or a rise of 51% YoY), with the proportion of total revenues for the hotel business and the food business being 48%:52% (Q1/2022: 32%:68%); while a Gross Profit was Baht 3,287 million, an increase of 54% YoY and represented a Gross Profit Margin of 59% of the revenues (excluding other income) that increased from the same period last year (Q1/2022: 58%). The increase in Gross profit margin was because of the recovery of the hotel business, although the food business had been impacted by cost-push pressure. The Company achieved an Earnings before Interest, Tax, Depreciation, and Amortization (EBITDA) of Baht 1,672 million, (Q1/2022: Baht 951 million), an increase of Baht 721 million (or 76% YoY). An EBITDA Margin of 29% was an increase compared to last year (Q1/2022: 24%). The company had a Net profit of Baht 629 million or a growth of 1,530% YoY (Q1/2022: a net loss of Baht 44 million). However, in Q1/2023, the company recognized a foreign exchange gain on foreign currency loans of Baht 25 million (Q1/2022: gain of Baht 90 million).

## 2.2 Analysis of the Operating Results for each respective Business Group

### 2.2.1 Hotel Business

As of March 31, 2023, the Company had hotels under management in a total of 92 hotels (19,775 rooms); with 50 hotels (10,512 rooms) already in operation together with other 42 hotels (9,263 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 (5,461 rooms) being operated under the Company's Hotel Management Agreements.

#### Operations Results - Hotel Business (for owned & operated hotels) Q1/2023

Occupancy Rate (OCC) %	Total Operating Performance		
	Q1/2023	Q1/2022	% Change
Bangkok	73%	31%	42%
Upcountry	78%	24%	54%
Maldives	89%	86%	3%
Dubai	83%	73%	10%
Thailand – Average	76%	26%	50%
Total – Average (Excluded Dubai)	77%	29%	48%
Total - Average	78%	35%	43%

Average Room Rate - ARR (Baht)	Total Operating Performance		
	Q1/2023	Q1/2022	% Change
Bangkok	3,882	2,496	56%
Upcountry	4,703	3,879	21%
Maldives	16,151	17,016	-5%
Dubai	6,444	5,719	13%
Thailand – Average	<b>4,461</b>	<b>3,378</b>	<b>32%</b>
Total – Average (Excluded Dubai)	<b>5,223</b>	<b>5,639</b>	<b>-7%</b>
Total - Average	<b>5,380</b>	<b>5,660</b>	<b>-5%</b>

Revenue per Available Room - RevPar (Baht)	Total Operating Performance		
	Q1/2023	Q1/2022	% Change
Bangkok	2,849	764	273%
Upcountry	3,654	923	296%
Maldives	14,295	14,558	-2%
Dubai	5,374	4,203	28%
Thailand – Average	<b>3,407</b>	<b>874</b>	<b>290%</b>
Total – Average (Excluded Dubai)	<b>4,025</b>	<b>1,650</b>	<b>144%</b>
Total - Average	<b>4,187</b>	<b>1,957</b>	<b>114%</b>

Operating performance of the hotel business in Q1/2023

Hotel Business (In Baht Million)	Q1/2023	Q1/2022	% Changes
Revenues - Hotel Business operations	2,516	1,062	137%
Total Revenues (including other income)	2,832	1,249	127%
Gross Profit	1,648	628	162%
% Gross Profit Margin	66%	59%	7% pts
EBITDA	1,122	324	246%
% EBITDA Margin	40%	26%	14% pts
Net Profit (Loss) from Operation	<b>538</b>	<b>(149)</b>	<b>461%</b>
% Net Profit (Loss)	19%	<b>-12%</b>	31% pts

- Q1/2023:
  - In Q1/2023, the Revenues of hotels in Thailand grew substantially compared to the last year due to the high season and the positive impact of the country re-opening policy. Overall, the RevPar increased by 114% YoY to Baht 4,187 due to the Occupancy Rate (OCC) increasing from 35% in Q1/2022 to 78% in Q1/2023. While the Average Room Rate (ARR) decreased by 5% YoY to Baht 5,380 because of an increase in the revenue contribution of hotels in Thailand, where the Average Room Rate was lower than overseas hotels. Therefore, based on the weighted average calculation, the Average Room Rate decreased YoY.
    - Bangkok: RevPar was 2,849, an increase of 273% compared to Q1/2022 as a result of the Occupancy Rate (OCC) improving from 31% to 73% and the Average Room Rate (ARR) at Baht 3,882, a rise of 56% YoY, mainly due to an increase in the ARR of Centara Grand and Bangkok Convention Centre CentralWorld.
    - Upcountry: RevPar increased by 296% YoY to Baht 3,654 as a result of the Occupancy Rate rising from 24% to 78%, and the Average Room Rate (ARR) improved by 21% compared to Q1/2022 to Baht 4,703. The recovery of hotels in upcountry due to a positive impact of an increase in international tourists particularly a substantial rise of Russian and Chinese. Hotels in key tourist destinations (Pattaya, Hua Hin, Phuket, Krabi, and Samui) reported better performance compared to last year.
    - Overseas: RevPar was Baht 7,992, an increase of 10% compared to Q1/2022. The occupancy Rate increased from 77% in Q1/2022 to 85% in Q1/2023, and the Average Room Rate (ARR) was maintained at Baht 9,413.
      - Maldives: RevPar dropped by 2% YoY to Baht 14,295. The OCC increased from 86% to 89%, while ARR dropped by 5% compared to Q1/2022 to Baht 16,151. However, considering in USD, the Total Revenue per Available Room (TRevPar) was USD 635, an improvement of 1% YoY.
      - Dubai: In Q1/2023, the OCC increased compared to the same period last year from 73% to 83% in Q1/2023, The ARR improved

by 13% compared to Q1/2022 to Baht 6,444, and the RevPar raised by 28% YoY to Baht 5,374.

- In Q1/2023, The hotel business achieved total revenues of Baht 2,832 million, an increase of Baht 1,583 million (or a rise of 127% YoY). A Gross Profit was Baht 1,648 million (Q1/2022: Baht 628 million), an increase of 162% YoY, with a Gross Profit margin of 66%, an increase YoY (Q1/2022: 59%). The hotel business had an EBITDA of Baht 1,122 million (Q1/2022: Baht 324 million) with an EBITDA margin of 40%, which increased YoY (Q1/2022: 26%). The hotel business had a Net profit of Baht 538 million compared to a net Loss of Baht 149 million in the same period last year. The performance of the hotel business substantially improved YoY mainly because of five-star hotels in Thailand.

## 2.2.2 Food Business

- Operating Results - Food Business Q1/2023

Same Store Sales (SSS) Growth %	Q1/2023	Q1/2022
Top 4 brands*	9%	9%
Other brands**	7%	15%
<b>Total Average</b>	<b>8%</b>	<b>10%</b>

Total Systems Sales (TSS) Growth %	Q1/2023	Q1/2022
Top 4 brands*	14%	13%
Other brands**	23%	28%
<b>Total Average</b>	<b>15%</b>	<b>15%</b>

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

\*\*Excluded Joint Ventures' brands

Number of QSR Outlets	Q1/2023	Q1/2022
KFC	322	304
Mister Donut	471	431
Auntie Anne's	213	196
Ootoya	47	46
Pepper Lunch	51	48

Cold Stone Creamery	16	16
The Terrace	6	7
Chabuton/ Kagetsu Arashi	17	16
Yoshinoya	29	28
Tenya	12	13
Katsuya	61	50
Aroi Dee	29	34
Kowlune	1	1
Arigato	195	133
Grab Kitchen by Every Food	18	24
Salad Factory <sup>(1)</sup>	31	22
Brown Café	10	13
Café Amazon - Vietnam <sup>(1)</sup>	20	10
Som Tum Nua	5	6
Shinkanzen Sushi/Nak-La Mookata <sup>(1)</sup>	45	-
<b>Total</b>	<b>1,599</b>	<b>1,398</b>

<sup>(1)</sup> Presented as Joint ventures in Financial Statement

#### Operating performance of the food business in Q1/2023

Food Business (in Baht Million)	Q1/2023	Q1/2022	% Changes
Sales Revenues	3,010	2,616	15%
Total Revenues (including other income)	3,031	2,633	15%
Gross Profit	1,639	1,502	9%
% Gross Profit Margin	54%	57%	-3% pts
EBITDA	550	627	-12%
% EBITDA Margin	18%	24%	-6% pts
Net Profit	<b>91</b>	<b>105</b>	<b>-13%</b>
% Net Profit	3%	4%	-1% pts

- o For operating performance in Q1/2023, the food business achieved Total Revenues of Baht 3,031 million, an increase of Baht 398 million (or a rise of 15%). The company reported Same Store Sales (%SSS) growth of 8% compared to the same period last year. The total number of outlets increased by 141 outlets

(excluded Joint Ventures) or 201 outlets (Included Joint Ventures). Overall, the revenue of the food business continued to grow driven by dine-in in Q1/2023, whereas there was the negative impact of Covid19 in Q1/2022. The outlets located in Bangkok, Central region, and tourist destinations reported outstanding Same Store Sale growth. For the key brands, KFC, Auntie's Anne, and Ootoya presented sustained growth. However, Mister Donut's performance dropped YoY because of a decrease in delivery revenue and a decrease in revenue from outlets in gas stations, which outperformed during the spread of Covid-19.

- At the end of Q1/2023, the company had in total of 1,599 outlets, an increase of 201 outlets compared to Q1/2022. Most of the outlet expansion was driven by Arigato (+62), Mister Donut (+40), and Shinkanzen Sushi (+45), a new Joint Venture brand acquired in May 2022. However, an increase in the number of outlets of Arigato and Mister Donut partly included Shop in Shop and Kiosk formats.
- The food business had a Gross Profit of Baht 1,639 million (Q1/2022: Baht 1,502 million), a growth of 9% YoY. While a Gross Profit margin was at 54% of food revenue, a decrease YoY (Q1/2022: 57%) was mainly due to an increase in raw materials price, the minimum wage hike, and higher electricity cost. In Q1/2023, the food business had Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of Baht 550 million (Q1/2022: Baht 627 million), or a decrease of 12% YoY. An EBITDA margin was at 18%, a drop YoY (Q1/2022: 24%). The food business had a Net profit of Baht 91 million (Q1/2022: Baht 105 million), a decrease of Baht 14 million, or 13% YoY because of a decline in profit margin compared to the same period last year.

### 3. Financial Status

#### Financial Position and Cash Flows

As of March 31, 2023, the Company had Total Assets of Baht 53,218 million, an increase of Baht 5,052 million (or 10%) compared to the end of 2022, due mainly to an increase of Right-of-use assets of Baht 5,345 million relating to Right-of-use of the lease contract of Centara Grand Hotel Osaka in a total of Baht 5,714 million. While Property, plant, and equipment decreased by Baht 211 million, and Cash and cash equivalents dropped by Baht 115 million.

Total Liabilities were Baht 33,672 million, a rise of Baht 4,397 million or 15% compared to the end of 2022. The increase in total liabilities was mainly from lease liabilities of Baht 5,318 million relating to lease liability of Centara Grand Hotel Osaka. On the other hand, the long-term loans from financial institutions decreased by Baht 630 million.

The Company had Total Shareholders' Equity of Baht 19,546 million, an increase of Baht 655 million or 3% from the end of 2022, mainly resulting from an increase in unappropriated retained earnings by Baht 629 million.



As of March 31, 2023, the Company had Net Cash from Operating activities totaling Baht 1,310 million, an increase of Baht 737 million YoY (or 128% YoY); together with Net Cash used in Investing activities of Baht 349 million, an increase of Baht 10 million (or 3%), which mainly consisted of payments to purchase property, plant and equipment totaling Baht 356 million. While the Company had Net Cash used in Financing activities totaling Baht 1,090 million, mainly from cash paid for lease liabilities of Baht 337 million, and repayments of long-term loans from financial institutions of Baht 1,498 million, net off Increase in long-term loans from financial institutions of Baht 900 million.

#### Analysis of Financial Ratios

Financial Ratios	Q1/2023	2022
Current Ratio (times)	0.6	0.6
Interest Bearing Debt / Equity (times)	1.4	1.2
Interest Bearing Debts (excluding lease liabilities) / Equity (times)	0.8	0.8

As of March 31, 2023, the Company's current ratio was 0.6 times, stable from end of 2022. Interest Bearing Debts/Equity Ratio was 1.4 times, an increase due to lease liabilities but the Interest Bearing Debts (excluding lease liabilities) / Equity was stable at 0.8 times. 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: The recovery trend of the hotel business is apparent in 2023 due to many positive factors including the China re-opening earlier than expected. However, according to a limited number of international flights which was still markedly lower than in 2019, the number of Chinese arrivals did not show a leap growth in Q1/2023. Therefore, the recovery of hotel business is still challenging from several factors: dependence on the number of flights, an increase in travelling costs, raw material price inflation and an increase in operating expenses, an increase in financial cost, and the risk of economic recession. The company continued to operate the business with cautious cost control including pre-payment plan of USD loans, which had higher interest rates than THB loans, in order to mitigate the impact of interest rate hikes. Additionally, there was a plan for debentures issuance in order to increase fixed interest rate portion.

In 2023, the Company will recognize the operating performance of a newly owned hotel:

- Centara Grand Hotel Osaka, a 5-star hotel with 515 keys, is targeted to open on July 1, 2023. The company holds 100% of its stake in Centara Osaka Japan Kabushiki Kaisha (KK), a subsidiary, that leases the property to operate the hotel. Simultaneously, the company holds 51% of its stake in Centara Osaka Tokutei Mokutei Kaisha (TMK) at the end of Q1/2023, a Joint Venture, that 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 full closure of renovation will start in Q3/2023.
- Centara Grand Mirage Beach Resort Pattaya with 553 keys: The partial closure with limited impact on operation will start in Q3/2023.

Food Business: Fluctuating raw materials prices, the rental fees back to regular rate, together with cost increase in the electricity supply and wage hike are key challenges to effective cost controls. The company has realized the situation and implemented a variety of cost control measurement, including continually negotiating with suppliers, finding alternative sources for raw materials, launching new products and promotions corresponding to cost structure change, and revamping the underperforming outlets. To improve efficiency and achieve the 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.

- Business plan for sustainability growth

According to the long-term target plan from 2020-2029 to reduce energy consumption, water usage, waste minimization, and reducing the emission of greenhouse gas by 20% compared to 2019. At the

end of 2022, the company implemented many projects to become a smart hotel. To reduce energy consumption and efficient use of energy such as:

- Smart motion sensors for guest room project: to control the energy consumption of light and air conditioning. The control system shows the room status being used to save energy and be able to fix the problem promptly when the system in the room is broken and needs to be fixed. Centara Grand and Bangkok Convention Centre CentralWorld and Centara Reserve Samui already installed the system.
- Heat pump for hot pool jacuzzi Spa project: to be able to reduce energy use by 2-3 times.
- Magnetic-Bearing Chiller Compressors project: it is a refrigeration technology to be used in air conditioning systems to switch from lubrication oil to electrical systems to be able to reduce energy usage by 10% and minimize maintenance costs. Centara Grand Mirage Beach Resort Pattaya already installed the system and there is a plan to implement for the other three hotels.
- Chiller optimizer project: to reduce electric consumption by 10%-15%. Five hotels already installed the system.
- Waste heat recovery by boiler economizer project: to use the heat released from the system for boiling pot in the laundry and use the heat for boiling water in the guest room. This could reduce energy utilization and extend steam generator life. Five hotels have already installed the system and the other hotel in the next year.

In 2022, Twelve hotels of Centara Hotels and Resorts and the headquarter passed the assessment and audit of the world's sustainable tourism standards in the hotel sector from Vireo SRL, an inspection specialist endorsed by the Global Sustainable Tourism Council (GSTC). The company targets all hotels of Centara Hotels and Resorts to achieve certification from GSTC in 2025.

- Business trends for 2023

- Hotel Business: In 2023, the Expected Occupancy rate would be 68%-72%, and the Revenue per Available Room (RevPar) to Baht 3,350 – 3,650. The RevPar growth is driven by higher occupancy particularly hotels in Thailand.
- Food Business: In 2023, 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 the 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. The delivery

channel may show slower growth trend in comparison with last year due to the return of customers to dine-in as normal. The company continues to increase sales through various online distribution channels (Omni Channel). Meanwhile, the company emphasizes on cost management of raw materials and electricity cost, which are still challenging, to achieve the targeted profit margin of this year.

For your information accordingly.

Respectfully Yours,

A handwritten signature in black ink, appearing to read "Gun Srisompong". The signature is fluid and cursive, with the first name "Gun" being more prominent and the last name "Srisompong" following in a similar style.

(Mr. Gun Srisompong)

CFO & VP Finance and Administration