

August 11, 2023

The President & Director,

The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Operating Performance Results
for the 3 months ended June 30, 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, ended June 30, 2023 (Q2/2023), 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 of the Company
 4. Factors that may impact ongoing business operations for 2023
-
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 in Q2/2023 was 6.4 million, a growth of 3 times YoY, mainly due to an increase in Asian tourist arrivals with a contribution of 75% of total tourist arrivals. The top three were from Malaysia, China, and India, contributing 18%, 14%, and 7% of total tourist arrivals

respectively. Chinese reported significant growth of 21 times YoY, while Malaysian and Indian reports sustained growth by 5 times and 1 time YoY, respectively.

For 6 months 2023, total tourist arrivals were 12.9 million, an increase of 5 times YoY. The top three were from Malaysia at 16%, China at 11%, and Russia at 6% of total tourist arrivals, respectively.

1.2 The tourism industry in the Maldives

The total number of international tourist arrivals in Q2/2023 was 405,679, a growth of 6% YoY. The top three arrivals were from India, China, and Russia contributing 13%, 11%, and 11% of total arrivals, respectively. Chinese showed a significant increase after reopening the country by 17 times YoY. On the other hand, India still retained the first rank in tourist arrivals but the number dropped by 27% YoY, while Russia stayed in the growth of 48% YoY.

For 6 months in 2023, the total arrivals were 929,607, an increase of 14% compared to the same period last year. The top three tourists were from India at 12%, Russia at 12%, and the UK at 9% of total tourist arrivals, respectively.

1.3 The tourism industry in Dubai

The total number of international tourist arrivals in April – May 2023 was 2.72 million, an increase of 24% YoY. The top three tourists were from India, Russia, and the UK, contributing 16%, 7%, and 7% of total tourist arrivals, respectively. Noticeably, the Chinese increased to the sixth rank of total tourist arrivals with a total of 0.1 million, a growth of 4 times compared to the same period last year.

For 5 months 2023, the total arrivals were 7.39 million, a growth of 20% compared to the same period last year. The top three tourists were from India, Russia, and the UK contributing 14%, 7%, and 7% 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 Q2/2023 and Q2/2022

(Amount - in Baht Million)	Q2/2023		Q2/2022		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	2,028	39%	1,421	33%	607
Revenues - food business	3,222	61%	2,919	67%	303	10%
Total revenues	5,250	100%	4,340	100%	910	21%
Cost of sales - hotel business	(761)	-14%	(522)	-12%	(239)	-46%
Cost of sales - food business	(1,439)	-27%	(1,236)	-28%	(203)	-16%
Total cost of sales ⁽¹⁾	(2,200)	-42%	(1,758)	-41%	(442)	-25%
Selling & General Administrative Expenses (SG&A)	(1,837)	-35%	(1,572)	-36%	(265)	-17%
Share of Profit (Loss) - Investments (by the equity method)	10	0%	(18)	0%	28	156%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	1,223	23%	992	23%	231	23%
Depreciation & Amortization	(769)	-15%	(808)	-19%	39	5%
Earning before Interest and Tax (EBIT)	454	9%	184	4%	270	147%
Finance Costs ⁽²⁾	(273)	-5%	(177)	-4%	(96)	-54%
Corporate Tax Income (Expenses)	(81)	-2%	12	0%	(93)	-775%
Loss from Non-Controlling Interests	21	0%	3	0%	18	600%
Net Profit	121	2%	22	1%	99	450%

(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 145 million (Q2/2022: Baht 95 million)

Q2/2023: The Company achieved total revenues of Baht 5,250 million (Q2/2022: Baht 4,340 million), an increase of Baht 910 million (or a rise of 21% YoY), with the proportion of total revenues between the hotel business and the food business being 39%:61% (Q2/2022: 33%:67%); while a Gross Profit was Baht 2,857 million, an increase of 18% YoY and represented a Gross Profit Margin of 56% of the revenues (excluding other income) that decreased from the same period last year (Q2/2022: 58%) mainly due to a drop of profit margin of the food business. The Company achieved an Earning before Interest, Tax, Depreciation, and Amortization (EBITDA) of Baht 1,223 million, (Q2/2022: Baht 992 million), an increase of Baht 231 million (or 23% YoY) from Q2/2022. An EBITDA Margin of 23% was stable compared to the same period last year. The Company had an Earning before Interest and Tax (EBIT) of Baht 454 million, an increase of Baht 270 million or 147% compared to the same period last year. In Q2/2023, the Company reported a Net Profit of Baht 121 million (Q2/2022: Baht 22 million), a growth of 450% YoY. There were finance costs of Baht 273 million, an increase of Baht 96 million YoY, partially because of the interest rate hike and the accounting

impact related to the leases of Centara Grand Osaka and Centara Grand Beach Resort Hua Hin (the details in appendix).

Operating Performance for 6 months 2023 and 2022

(Amount - in Baht Million)	6 months 2023		6 months 2022		Changes YoY (Increase+ / Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	4,861	44%	2,669	32%	2,192
Revenues - food business	6,253	56%	5,552	68%	701	13%
Total revenues	11,114	100%	8,221	100%	2,893	35%
Cost of sales - hotel business	(1,629)	-15%	(956)	-12%	(673)	-70%
Cost of sales - food business	(2,811)	-25%	(2,350)	-29%	(461)	-20%
Total cost of sales ⁽¹⁾	(4,440)	-40%	(3,306)	-40%	(1,134)	-34%
Selling & General Administrative Expenses (SG&A)	(3,763)	-34%	(2,955)	-36%	(808)	-27%
Share of Loss - Investments (by the equity method)	(17)	0%	(18)	-	1	6%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	2,894	26%	1,942	24%	952	49%
Depreciation & Amortization	(1,490)	-13%	(1,575)	-19%	85	5%
Earning (Loss) before Interest and Tax (EBIT)	1,404	13%	367	4%	1,037	283%
Finance Costs ⁽²⁾	(459)	-4%	(349)	-4%	(110)	-32%
Corporate Tax Expense	(165)	-1%	(22)	0%	(143)	-650%
Profit from Non-Controlling Interests	(30)	0%	(17)	0%	(13)	-76%
Net Profit (Loss)	750	7%	(21)	0%	771	3671%

(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 266 million (6 months 2022: Baht 181 million)

6 months 2023: The Company achieved Total Revenues of Baht 11,114 million (H1/2022: Baht 8,221 million), an increase of Baht 2,893 million (or 35% YoY), with the proportion of total revenues between the Hotel Business and the Food Business being 44%:56% (H1/2022: 32%:68%); while Gross Profit was Baht 6,144 million, an increase of Baht 1,584 million or 35% YoY and represented a Gross Profit Margin of 58% of total revenues (excluding other income) that was stable compared to the same period last year. The Company achieved a Total EBITDA of Baht 2,894 million (H1/2022: Baht 1,942 million), an increase of Baht 952 million (or 49%) YoY. An EBITDA Margin of 26% was an increase from the same period last year (H1/2022: 24%) due to the recovery of hotel business. The Company had an Earning before Interest and Tax (EBIT) of Baht 1,404 million, an increase of Baht 1,037 million (or 283%), and a Net Profit of Baht 750 million compared to a Net loss of Baht 21 million last year.

2.2 Analysis of the Operating Results for each respective Business Group

2.2.1 Hotel Business

As of June 30, 2023, the Company had hotels under management in a total of 93 hotels (20,081 rooms); with 50 hotels (10,512 rooms) already in operation together with other 43 hotels (9,569 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) Q2/2023

Occupancy Rate (OCC) %	Total Operating Performance		
	Q2/2023	Q2/2022	Changes YoY
Bangkok	72%	53%	19%
Upcountry	62%	41%	21%
Maldives	56%	66%	-10%
Dubai	82%	72%	10%
Thailand - Average	65%	45%	20%
Total – Average (Excluded Dubai)	65%	46%	19%
Total - Average	67%	49%	18%

Average Room Rate - ARR (Baht)	Total Operating Performance		
	Q2/2023	Q2/2022	Changes YoY
Bangkok	3,791	3,051	24%
Upcountry	3,957	3,618	9%
Maldives	12,361	13,647	-9%
Dubai	6,226	5,530	13%
Thailand - Average	3,901	3,410	14%
Total – Average (Excluded Dubai)	4,314	4,244	2%
Total - Average	4,596	4,472	3%

Revenue per Available Room - RevPAR (Baht)	Total Operating Performance		
	Q2/2023	Q2/2022	Changes YoY
Bangkok	2,733	1,624	68%
Upcountry	2,462	1,473	67%
Maldives	6,896	8,969	-23%
Dubai	5,094	3,994	28%
Thailand - Average	2,545	1,519	68%
Total – Average (Excluded Dubai)	2,792	1,942	44%
Total - Average	3,068	2,188	40%

Operating performance of the hotel business in Q2/2023

Hotel Business (In Baht Million)	Q2/2023	Q2/2022	Changes YoY
Revenues - Hotel Business operations	1,892	1,294	46%
Total Revenues (including other income)	2,028	1,420	43%
Gross Profit	1,131	772	47%
% Gross Profit Margin	60%	60%	0% pts
EBITDA	613	330	86%
% EBITDA	30%	23%	7% pts
Net Loss	(14)	(116)	88%
% Net Loss	-1%	-8%	7% pts

- Q2/2023:
 - In Q2/2023, On average, the RevPAR increased by 40% YoY to Baht 3,068 as a result of the Occupancy Rate (OCC) increasing from 49% in Q2/2022 to 67% in Q2/2023. While the Average Room Rate (ARR) increased by 3% YoY to Baht 4,596. An increase in international tourist arrivals was significant support for the recovery of Thailand's hotels, especially 5-star hotels and above in both Bangkok and the Upcountry.
 - Bangkok: RevPAR increased by 68% YoY to Baht 2,733 as a result of the Occupancy Rate (OCC) improving from 53% to 72% and the Average Room Rate (ARR) also increased by 24% YoY to Baht 3,791. The recovery of hotels in Bangkok was from the performance of 5-star hotels: both Centara Grand

& Bangkok Convention Centre at CentralWorld and Centara Grand at Central Plaza Ladprao Bangkok.

- Upcountry: RevPAR increased by 67% YoY to Baht 2,462 as a result of the Occupancy Rate rising from 41% to 62%, and the Average Room Rate (ARR) improved by 9% YoY to Baht 3,957, particularly for the Centara Reserve and Centara Grand hotels, and Centara Hat Yai presented marked recovery YoY.
- Overseas: RevPAR was Baht 5,622, a growth of 3% YoY, as a result of an increase in Occupancy Rate increased from 70% to 74% in Q2/2023. Even though the Average Room Rate (ARR) dropped by 2% YoY to Baht 7,580 as a result of a decline in Maldives' average room rate.

- Maldives: RevPAR decreased by 23% YoY to Baht 6,896. The OCC fell from 66% to 56%, and a drop of ARR by 9% compared to the same period last year to Baht 12,361. Considering in USD, the Total Revenue per Available Room (TRevPAR) reduced by 16% YoY to USD 332. The softer performance of Maldives was partially due to a drop in Indian tourists, currently an major customer. While, the number of Chinese tourists, a key driver in the low season, was still behind the pre-COVID level.

- Dubai: OCC grew from 72% to 82%, ARR increased by 13% YoY to Baht 6,226, and RevPAR was Baht 5,094, an increase of 28% YoY. Improved performance even during a low season was a result of a proactive marketing plan to balance the distribution channel and guest mix to achieve an optimum level of the occupancy and room rate.

- In Q2/2023, The hotel business achieved total revenues of Baht 2,028 million, an increase of Baht 608 million (or a rise of 43% YoY). A Gross Profit was Baht 1,131 million (Q2/2022: Baht 772 million), an increase of 47% YoY, with a Gross Profit margin of 60%, being stable YoY. The hotel business has an EBITDA of Baht 613 million (Q2/2022: Baht 330 million) with an EBITDA margin of 30%, which was improved YoY (Q2/2022: 23%). The improvement of EBITDA margin in Q2/2023 was because of the recovery of the hotel business in Thailand. Even though there was a pre-opening expenses for Centara Grand Osaka (details in appendix). The Company had a Net loss of Baht 14 million (Q2/2022: a

Net loss of Baht 116 million), an enhancement of 88% YoY. However, the Finance costs of the hotel business were Baht 263 million in Q2/2023, an increase of Baht 102 million YoY, partially because of the impact of interest rate hikes and the accounting impact related to the leases of Centara Grand Osaka and Centara Grand Beach Resort Hua Hin, which caused the increases in finance costs and depreciation (details in appendix).

- Operations Results - Hotel Business (for owned & operated hotels) for 6 months 2023

Occupancy Rate (OCC) %	Total Operating Performance		
	6 months 2023	6 months 2022	Changes YoY
Bangkok	73%	42%	31%
Upcountry	70%	32%	38%
Maldives	72%	76%	-4%
Dubai	83%	73%	10%
Thailand - Average	71%	35%	36%
Total – Average (Excluded Dubai)	71%	38%	33%
Total - Average	72%	42%	30%

Average Room Rate - ARR (Baht)	Total Operating Performance		
	6 months 2023	6 months 2022	Changes YoY
Bangkok	3,837	2,850	35%
Upcountry	4,370	3,713	18%
Maldives	14,676	15,543	-6%
Dubai	6,335	5,625	13%
Thailand - Average	4,202	3,398	24%
Total – Average (Excluded Dubai)	4,806	4,785	0%
Total - Average	5,016	4,961	1%

Revenue per Available Room - RevPAR (Baht)	Total Operating Performance		
	6 months 2023	6 months 2022	Changes YoY
Bangkok	2,791	1,196	133%
Upcountry	3,055	1,199	155%
Maldives	10,575	11,748	-10%
Dubai	5,233	4,098	28%
Thailand - Average	2,974	1,198	148%
Total – Average (Excluded Dubai)	3,405	1,797	89%
Total - Average	3,625	2,073	75%

Operating performance of hotel business for 6 months 2023

Hotel Business (In Baht Million)	6 months 2023	6 months 2022	Changes YoY
Revenues - Hotel Business operations	4,408	2,356	87%
Total Revenues (including other income)	4,861	2,669	82%
Gross Profit	2,779	1,400	99%
% Gross Profit Margin	63%	59%	4% pts
EBITDA	1,734	654	165%
% EBITDA	36%	25%	11% pts
Net Profit (Loss)	524	(264)	298%
% Net Profit (Loss)	11%	-10%	21% pts

- 6 months 2023:
 - Occupancy Rate (OCC) increased from 42% to 72%, and Average Room Rate (ARR) improved by 1% YoY to Baht 5,016 which then resulted in the RevPAR being increased by 75% YoY to Baht 3,625.
 - Bangkok: RevPAR increased by 133% YoY to Baht 2,791, due to an increase in Occupancy Rate (OCC) from 42% to 73%; while Average Room Rate (ARR) was Baht 3,837, an increase of 35% compared to the same period last year mainly from an increase in the room rate of Centara Grand & Bangkok Convention Centre at CentralWorld.
 - Upcountry: RevPAR raised by 155% to Baht 3,055, resulting from the Occupancy Rate (OCC) improving from 32% to 70%; and the Average

Room Rate (ARR) increased by 18% YoY to Baht 4,370. A significant recovery resulted from an increase in international tourist arrivals, particularly from the reopening of China.

- Overseas: RevPAR increased by 7% YoY to Baht 6,800, with the Occupancy Rate (OCC) rising from 74% to 80%; but Average Room Rate (ARR) decreased by 1% YoY to Baht 8,553.
 - Maldives: RevPAR dropped by 10% YoY to Baht 10,575 from a decrease in OCC from 76% to 72% and ARR fell by 6% YoY to Baht 14,676. Considering in USD, TRevPAR decreased by 5% YoY to USD 483.
 - Dubai: OCC raised from 73% to 83%. ARR increased by 13% YoY to Baht 6,335, and RevPAR was Baht 5,233, a growth of 28% YoY.

- For the 6 months 2023, The hotel Business achieved Total Revenues of Baht 4,861 million, an increase of Baht 2,192 million (or 82%) YoY. A Gross Profit was Baht 2,779 million (6 months 2022: Baht 1,400 million), an increase of 99% YoY, and a Gross Profit Margin being at 63% was an increase compared to the same period last year (6 months 2022: 59%). The hotel business had an EBITDA of Baht 1,734 million (6 months 2022: Baht 654 million) and EBITDA margin was 36%, an improvement compared to the same period last year (6 months 2022: 25%). A Net profit was Baht 524 million compared to a Net loss of Baht 264 million, a gain of 298% YoY.

2.2.2 Food Business

- Operating Results - Food Business Q2/2023

Same Store Sales (SSS) Growth %	Q2/2023	Q2/2022
Top 4 brands	5%	16%
Other brands*	0%	45%
Total Average	5%	19%

Total Systems Sales (TSS) Growth %	Q2/2023	Q2/2022
Top 4 brands	9%	22%
Other brands*	13%	45%
Total Average	10%	25%

*Excluded Joint Ventures' brands

Number of QSR Outlets	Q2/2023	Q2/2022
KFC	324	305
Mister Donut	467	457
Auntie Anne's	214	202
Ootoya	45	46
Pepper Lunch	50	48
Cold Stone Creamery	16	16
The Terrace	5	6
Chubuton	16	16
Yoshinoya	27	32
Tenya	12	12
Katsuya	60	52
Aroi Dee	25	37
Kowlune	1	1
Arigato	198	162
Grab Kitchen by Every Food	17	25
Joint ventures' brands		
Salad Factory ⁽¹⁾	33	25
Brown Café	9	15
Café Amazon - Vietnam ⁽¹⁾	21	12
Som Tum Nua	5	5
Shinkanzen Sushi ⁽¹⁾	45	38
Total	1,590	1,512

⁽¹⁾ Presented as Joint ventures in Financial Statement

Food Business (in Baht Million)	Q2/2023	Q2/2022	Changes YoY
Sales Revenues	3,166	2,895	9%
Total Revenues (including other income)	3,222	2,919	10%
Gross Profit	1,726	1,659	4%
% Gross Profit Margin	55%	57%	-2% pts
EBITDA	610	661	-8%
% EBITDA Margin	19%	23%	-4% pts
Net Profit	135	138	-2%
% Net Profit	4%	5%	-1% pts

- For operating performance in Q2/2023, the Company had a total revenue of Baht 3,222 million, a Total System Sales (TSS) growth of 10% YoY, and a Same Store Sales (%SSS) growth of 5% YoY. The growth of sales in this quarter was mainly due to an increase in dine-in and takeaway revenue, whereas delivery revenue decreased YoY. However, the delivery proportion significantly increased compared to pre-COVID because consumer behaviour changed, and all brands could access delivery distribution channels.
- At the end of Q2/2023, the Company had in total of 1,590 outlets, an increase of 78 outlets compared to Q2/2022. Most of the outlet expansion was driven by Arigato (+36), KFC (+19), Auntie Anne's (+12), and Mister Donut (+10).
- The food business had a Gross Profit of Baht 1,726 million (Q2/2022: Baht 1,659 million), a growth of 4% YoY. While a Gross Profit margin was at 55% of food revenue, a decrease YoY (Q2/2022: 57%). The drop in profit margin was due to the pressure of raw material price inflation, particularly key brands. Additionally, other operating expenses have increased YoY, especially electricity cost hikes, which were the key factors impacting costs and expenses in this quarter. The food business had Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of Baht 610 million (Q2/2022: Baht 661 million), or a drop of 8% YoY. EBITDA margin was 19%, a decrease YoY (EBITDA margin Q2/2022: 23%). The food business had a Net profit of Baht 135 million (Q2/2022: Baht 138 million).

Operating Results - Food Business for 6 months 2023

Same Systems Sales (SSS) Growth %	6 months 2023	6 months 2022
Top 4 brands	7%	12%
Other brands*	3%	29%
Total Average	6%	14%

Total Systems Sales (TSS) Growth %	6 months 2023	6 months 2022
Top 4 brands	11%	18%
Other brands*	18%	36%
Total Average	13%	20%

*Excluded Joint Ventures' brands

Food Business (in Baht Million)	6 months 2023	6 months 2022	Change YoY
Sales Revenues	6,176	5,511	12%
Total Revenues (including other income)	6,253	5,552	13%
Gross Profit	3,365	3,160	6%
Gross Profit Margin %	54%	57%	-3% pts
EBITDA	1,160	1,288	-10%
% EBITDA Margin	19%	23%	-4% pts
Net Profit	226	243	-7%
% Net Profit	4%	4%	-

- For the performance 6 months 2023, The food business had total revenue of Baht 6,253 million, an increase of Baht 701 million (or 13%) compared to 6 months 2022. The TSS was 13% YoY with the top four brands' TSS at 11% and the others' TSS at 18% compared to the same period last year. The growth was driven by the SSS of 6% YoY (6 months 2022: 14%). The top four brands reported SSS growth at 7% YoY and the others at 3%. The food business had a Gross profit of Baht 3,365 million, a rise of 6% YoY with a Gross Profit margin of 54%, a drop YoY (6 months 2022: 57%). An EBITDA was Baht 1,160 million (6 months 2022: Baht 1,288 million), a decrease of 10% YoY, with an EBITDA margin of 19% (6 months 2022: 23%). The food business had a Net profit of Baht 226 million (6 months 2022: Baht 243 million).

3 Financial Status

Financial Position and Cash Flows

As of June 30, 2023, the Company had Total Assets of Baht 55,208 million, an increase of Baht 7,042 million or 15% compared to the end of 2022, due mainly to an increase of Right-of-use assets of Baht 6,931 million related to the leases of Centara Grand Beach Resort Hua Hin and Centara Grand Hotel Osaka and also an increase in Cash and cash equivalents of Baht 1,078 million. While Trade and other receivables fell by Baht 469 million and Other current financial assets dropped by Baht 318 million compared to year-end 2022.

Total Liabilities were Baht 35,395 million, a rise of Baht 6,120 million or 21% compared to the end of 2022. The increase in total liabilities was mainly from Long-term lease liabilities of Baht 7,006 million related to the lease liabilities of Centara Grand Beach Resort Hua Hin and Centara Grand Hotel Osaka. On the other hand, Trade and other payables decreased by Baht 857 million.

The Company had Total Shareholders' Equity of Baht 19,813 million, an increase of Baht 922 million from the end of 2022, mainly resulting from an increase in the Company's Net Profit for 6-month period by Baht 750 million and Exchange differences in translation of financial statements in foreign currency of Baht 172 million.

As of June 30, 2023, the Company had Net Cash from Operating activities totaling Baht 2,420 million, an increase of Baht 814 million YoY, together with Net Cash used in Investing activities of Baht 426 million, a decrease of Baht 671 million (or 61%), which mainly consisted of payments to purchase property, plant, and equipment, Right-of-use assets, and intangible assets totaling of Baht 837 million and an increase in investments and loans to joint ventures of Baht 130 million. While there was interest income from the Joint Venture of Baht 167 million and a drop in current investments by Baht 318 million. The Company had Net Cash used in Financing activities totaling Baht 1,026 million, an approximation YoY (end of 2022: Baht 1,105 million), mainly from interest expenses of Baht 267 million and principal repayments of Lease liabilities of Baht 671 million. The Company repaid long-term loans from financial institutions of Baht 4,800 million by using cash received from long-term loans from financial institutions of Baht 3,300 million and cash received from issuing debentures of Baht 1,500 million.

Analysis of Financial Ratios

Financial Ratios	Q2/2023	2022
Current Ratio (times)	0.7	0.6
Interest Bearing Debt / Equity (times)	1.5	1.2
Interest Bearing Debts (excluding lease liabilities) / Equity (times)	0.8	0.8

As of June 30, 2023, the Company's current ratio was 0.7 times, an improvement from end of 2022 due to a decrease in current liabilities; particularly, Current portion of long-term loans from financial institutions. Interest Bearing Debts/Equity Ratio was 1.5 times, an increase YoY due to the accounting impact on the leases of Centara Grand Osaka and Centara Grand Beach Resort Hua Hin. The Interest Bearing Debts (excluding lease liabilities) / Equity was stable at 0.8 times YoY. 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: Raw material price volatility, an increase in operating expenses and finance costs, the risk of economic recession, and the uncertainty of domestic politics are the business's operational challenges. Therefore, the Company continued to operate the business with cautious and cost control implementations including an issue of the debenture to increase the fixed interest rate portion, and prepayment long-term loans by using operating cash flow to reduce interest expenses. In addition, sales and marketing plan has been prepared and adjusted in accordance with dynamic tourism situation.

- 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, opened 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 53% of its stake in Centara Osaka Tokutei Mokutei Kaisha (TMK) at the end of Q2/2023, 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 53% at the end of Q2/2023. 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.

- The accounting impacts from the leases of Centara Grand Beach Resort Hua Hin and Centara Grand Osaka is expected on Depreciation, Interest Expenses, and Income tax income (expense) from Deferred Tax treatment in Q3/2023 and Q4/2023 as the following details:

The impact of Lease Contracts (Unit: in Baht Million)	Q3/2023	Q4/2023
Centara Grand Beach Resort and Villas Hua Hin		
• Depreciation	(15)	(15)
• Interest Expenses	(25)	(24)
• Income tax income (expense) from Deferred Tax	(32)	8
Centara Grand Osaka		
• Depreciation	(28)	(28)
• Interest Expenses	(42)	(42)

Food Business: Tension between Ukraine and Russia has impacted raw materials prices to be volatile since 2022. Other operating expenses have also increased including electricity cost, payroll, and transportation expenses as a result of dramatic challenges in cost control efficiency. The Company has realized the situation and continually negotiates with raw materials suppliers, engaging in long-term contracts of key materials to reduce the risk of price volatility, finding alternative sources, launching new products, price increases, and new promotions and campaigns corresponding to cost structure change. Additionally, the Company has increased in sales distribution channels including online and other platforms (Omni Channel), and revamped the underperforming outlets to achieve the targeted profit margin.

The Company has been focusing on improved productivity and maintaining the targeted profit margin through three key pillars; namely: generating revenues, decreasing costs and expenses, and prudent on business expansion and investment projects.

- Business plan for sustainability growth

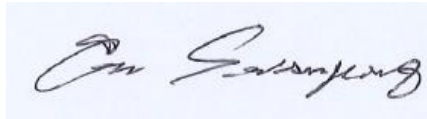
According to the long-term target plan from 2020-2029, the Company plans to reduce energy consumption, water usage, waste minimization, and the emission of greenhouse gas by 20% compared to 2019. In Q2/2023, the Company signed the 1st Sustainability-Linked Loan (SLL) with Sumitomo Mitsui Banking Corporation which emphasized our commitment to sustainability.

- Business trends for 2023

- Hotel Business: In 2023, the Occupancy rate is expected to be 68%-72%, and the Revenue per Available Room (RevPAR) to Baht 3,400 – 3,700. The guidance reflected the H1/2023 performance higher than expected. The RevPAR growth will be driven by higher occupancy particularly hotels in Thailand and an increase in Average Room Rate (ARR) driven by Centara Grand Hotel Osaka, which provides higher ARR than hotels in Thailand.
- Food Business: In 2023, The Company estimated Same-Store-Sales (excluded Joint Ventures) growth range 5% - 7% and Total-System-Sales growth of 10%-12% 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 110-130 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.

For your information accordingly.

Respectfully Yours,

A handwritten signature in black ink on a light blue rectangular background. The signature is cursive and appears to read 'Gun Srisompong'.

(Mr. Gun Srisompong)

CFO & VP Finance and Administration

Appendix

Key Extraordinary items in Q2/2023 compared to previous quarters are following details:

Items (Unit: THBmn)	Q2/2023	Q1/2023	Q2/2022	Q1/2022
Pre-opening costs of Centara Grand Osaka (Opened July 1, 2023)	(77)	(23)	(9)	(2)
Depreciation related to the Lease Contract of Centara Grand Osaka	(28)	-	-	-
Interest Expenses related to the Lease Contract of Centara Grand Osaka	(42)	-	-	-
Gain (Loss) from Foreign Exchange Rate	38	25	(10)	90
Depreciation related to the Lease Contract of Centara Grand Beach Resort and Villas Hua Hin	(8)	-	-	-
Interest Expenses related to the Lease Contract of Centara Grand Beach Resort and Villas Hua Hin	(13)	-	-	-