

## MANAGEMENT DISCUSSION AND ANALYSIS OF 2Q/2023 AND THE FIRST 9 MONTHS OF 2023

### Economy

The Bank of Thailand has adjusted its growth outlook for the Thai economy for 2023, reducing it from 3.6% to 2.8%. This adjustment is due to the economic slowdown, driven in part by a delayed recovery in merchandise exports and tourism, weighed down by subdued growth in China and the global electronic cycle. However, the Thai economy is expected to accelerate in 2024, with an overall growth forecast of 4.4%. This is expected to be supported by domestic demand, underpinned by a steady tourism recovery, and a turnaround in merchandise exports, with additional support from government policies.

In the context of continuing expansion and narrowing slack, monetary policy should aim to keep inflation sustainably within the target range, foster long-term macro-financial stability, and ensure sufficient policy space given the uncertain outlook. Therefore, the Monetary Policy Committee (MPC) voted unanimously to raise the policy rate by 0.25% from 2.25% to 2.50% effective on September 27, 2023.

### Tourism Industry

The Ministry of Tourism and Sports has provided the latest tourism updated from January 1 to September 17, 2023, with a total of 19 million foreign tourists traveling to Thailand. The top five countries with the highest number of foreign tourists were: 1. Malaysia, 2. China, 3. South Korea, 4. India, and 5. Russia. In 3Q/2023, there was continuous growth from the previous quarter, surpassing the previous lowest point which occurred in May 2023. Additionally, the government approved urgent measures to stimulate tourism through the visa-free program for tourists from two countries, China and Kazakhstan. This program allows travelers to enter Thailand without the need for a visa from September 25, 2023, to February 29, 2024, covering the significant holiday periods for Chinese tourists. These periods include the Chinese National Day on October 1 and the Chinese New Year in February 2024. As for tourists from Kazakhstan, this measure has been implemented because Kazakhstan is seen as a potentially significant market traveling to Thailand. Furthermore, during 4Q/2023; the high season of the year, the Ministry of Tourism and Sports expects that the number of foreign tourists will increase to an average of approximately 3 million tourists entering Thailand each month. Additionally, the impact of the conflict between Israel and Hamas is expected to be short-term effect, with flights from Israel to Thailand fully

operational. There is also a trend towards increasing direct flights to Thailand during the upcoming high season. For 2023, it is projected that there will be around 240,000 to 250,000 Israeli tourists, surpassing the pre-COVID-19 numbers. In total, it is estimated that there will be 28 million foreign tourists in 2023 and 40 million in 2024, returning to the levels seen in 2019 before the COVID-19 pandemic.

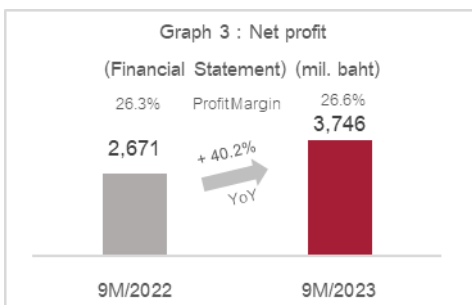
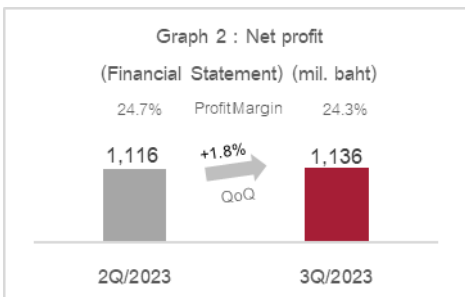
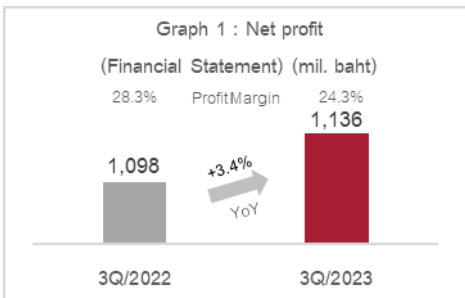
### **Retail and Commercial Industries**

For the retail business, there was a continuous growth due to the increasing economic activity and the recovery of consumer spending driven by government economic stimulus policies. It is expected that the number of Chinese tourists will increase in the second half of 2023. Moreover, retail sectors that have performed well include essential goods stores and department stores, thanks to the recovery of the tourism market. However, consumer purchasing behavior has led to the continued growth of non-store channels, including e-commerce. This shift has prompted many retailers to expand their sales channels from brick-and-mortar stores to embrace an omnichannel approach. Additionally, concerning ESG matters, retailers are becoming more aware and place greater importance on environmental activities, especially in terms of reducing greenhouse gas emissions. They are responding to consumer demands, particularly among millennials, who are willing to spend more on sustainable products.

For the commercial business, supply continuous increased, and the demand for office space in CBDs also rose. This was driven by the leasing of space in newly constructed office buildings. Additionally, there's a growing trend of implementing technology in buildings, including smart features in real estate, aimed at unlocking potential and providing the best user experience to tenants. One of these trends is the use of industry standards like WiredScore, which assesses the internet connectivity and infrastructure of a building to ensure that it meets the technological needs of businesses and tenants. Another standard is SmartScore, which evaluates the integration of smart technology and digital conveniences in commercial buildings, enhancing the efficiency of the working environment by utilizing technology to its fullest potential.

## Overview of Asset World Corporation (“the Company” or “AWC”)

The Company generated EBITDA growth by implementing a strategy to transform assets from DEVELOPING ASSETS into OPERATING ASSETS and by enhancing the capabilities of assets to reach a MATURE stage. As of 3Q/2023, gross asset value amounted to 146,341 million baht, with operating assets of 125,758 million baht. The operating assets comprise over 85% of the portfolio, and the assets have moved from the ramp-up to the mature stage, with a value of over 12,500 million baht and a high EBITDA yield of 10.2%. This was achieved through a growth-led strategy, pushing the RevPAR to 3,619 baht in the first 9 months of the year, a YoY increase of 87.6%, and surpassing the pre-COVID-19 in 2019. The strong financial performance reflects the positive impact of the Company’s GROWTH-LED strategy, supported by the launch of several hotels and restaurants in 3Q/2023 with a combined value of 10,000 million baht. Over the past period, the assets had grown at a rate of 14% annually, and the equity had grown by 13% compared to 2022. The debt-to-equity ratio was 0.77 times, indicating the Company’s strong capital structure.



For 3Q/2023, which was a low season period, the Company continued to experience continuous growth. The Company had a net profit, according to the Financial Statement, of 1,136 million baht, an increase of 3.4% YoY. This growth was mainly driven by the Hospitality Business. Despite the low season period, the overall hotel occupancy rate in 3Q/2023 was 62.7%, with remarkable growth in all segments compared to the same quarter last year, especially in Luxury Resort and Non-Bangkok City. The Average Daily Rate (ADR) was 5,370 baht per night, an increase of 9.1% YoY. RevPAR was 3,367 baht, indicating growth of 29.0% YoY and surpassing the pre-COVID-19 levels of 3Q/2019. For the Retail Business, the Company has developed the properties to align with marketing strategies to serve as Lifestyle Hub to attract more customers visiting the retail properties. The Commercial Business remains steady, generating consistent cash flow. The Investment Properties also performed well, generating a gain of 1,263 million baht in 3Q/2023.

The Company has implemented a GROWTH-LED strategy with a unique business model and high-quality portfolio to maximize long-term value, which comprises of three stages as below:

- (1) Near-Term Growth: The Company achieved growth by accelerating the transformation of assets from RAMP UP and REPOSITIONING them to MATURE stage. This includes increasing the EBITDA yield of assets to MATURE stage at more than 15% per year. These hospitality assets include Melia Koh Samui, Banyan Tree Krabi, Melia Chiang Mai, Courtyard by Marriott Phuket Town, Westin Siray Bay Resort & Spa Phuket (tentatively to operate under The Ritz Carlton Phuket), INNSiDE by Melia Bangkok Sukhumvit, InterContinental Chiang Mai Mae Ping and Chiang Mai Marriott Hotel. Retail & Commercial assets include The Empire, Gateway Bang Sue, Gateway Ekamai, Asiatique The River Front Destination, Pantip Plaza at Ngamwongwan and The Pantip Lifestyle Hub, etc. Furthermore, near-term growth is expected to strengthen profitability from the operating assets.
- (2) Medium-Term Growth: The Company leveraged its strengths to efficiently manage projects, aiming to expedite the transformation of development assets to operating assets. The projects for this growth are Vignette Collection, Pattaya Marriott Resort & Spa at Jomtien Beach and Kimpton Hua Hin etc.
- (3) Long-Term Growth: The Company aims to achieve long-term growth through the investment plan under the GOR Agreement with TCC Group while 3rd party assets also provide growth opportunities to generate cash flow and strengthen the quality of our portfolio. Currently, there are several projects such as Aquatique by the Beach, Asiatique 2.2, Weng Nakorn Kasem, The Lhong 1919 Riverside Heritage Destination, and Lannatique. Furthermore, the development of Plaza Athénée Nobu Hotel and Spa New York and The Plaza Athénée Nobu Hotel and Spa Bangkok, will create synergy values between two global city destinations – Bangkok and New York, and enhance AWC's portfolio. The Plaza Athénée Nobu Hotel and Spa Bangkok will be the reception hub for the 'River Journey Project', connecting AWC properties along the Chao Phraya River, creating an ultra-luxury experience through these two iconic heritage buildings.

Furthermore, to support long-term growth, the Company has implemented a strategy to drive the development of large-scale projects while reducing the burden of capital

structure during the project development phase. This strategy includes generating revenue through additional investment and project management. The operating model for this strategy is as follows: (1) Strategic investment with call option: The Company was capable of investing in assets with high potential at predefined prices and has flexibility in investment timelines, all while avoiding the burden of debt during the development phase and enhanced with high return. (2) Joint venture with global investors: The Company has collaborated with global investors and established a joint venture with plans to increase capital by 10,800 million baht in the future. The objective is to participate in investments in the hotel business with high potential in Thailand. This will enable the Company to generate additional revenue in the form of asset management fees and incentive fees based on the project's performance.

The Company continuously develops high-quality assets to increase the proportion of operational assets and to enhance cash flow growth through the four components as follows.

#### **(1) Growth From Development**

Since the Company holds more than 90% of freehold assets, as a result, we can continuously develop the assets. The Company also benefits from a favorable portfolio size, resulting in lower development costs in terms of investment value per square meter and development costs per square meter. This proportion is lower when compared to similar markets in the surrounding area in previous periods.

The Company possesses assets in various stages of development, and it remains proactive in developing new projects to generate a consistent and sustainable cash flow. In 3Q/2023, the Company opened new projects and collaborated with various partners to continually strengthen its position. These initiatives include: (1) launched 'INNSiDE by Meliá Bangkok Sukhumvit', which has been designed and certified to meet the Excellence in Design for Greater Efficiency (EDGE) standard (2) launched InterContinental Chiang Mai The Mae Ping, the first InterContinental hotel in Northern Thailand. The hotel is inspired by Lanna arts and is the first hotel in Chiang Mai to be certified LEED for building design and construction and WELL pre-certification standards, which aims to meet the luxury travel needs of travelers who focus on sustainable tourism (3) unveiled the Chiang Mai Marriott Hotel, the first Marriott hotel with the largest premium MICE facilities hotel in Northern Thailand (4) opened Yue Restaurant and Bar, offering Chinese cuisine, is now open at Courtyard by Marriott

Phuket Town and (5) opened Kissuisen, a Japanese restaurant, at the Bangkok Marriott Hotel The Surawongse. Furthermore, the Wholesale Business Unit has partnered with “Koelnmesse”, one of the world’s leading trade fair organizers located in Cologne, Germany, to enhance Thailand’s wholesale industry by connecting partners, sellers and buyers through AWC’s and Koelnmesse’s network base for Thailand to become a strong and sustainable international sourcing hub in the region.

## **(2) Growth From Ramp-Up Capability**

The company’s applied unique business models, which encompassed MICE, Bangkok City, Luxury Resort, and Non-Bangkok City, as well as having global partnerships in hotel management. The Company has a global network of over 598 million members, up more than 47% since 2022. As a result, the Company can attract a significant number of international tourists with strong purchasing power to visit our hotel. This was evident from the higher growth in RevPAR during the same period in 2022. The Company has also been able to enhance cost efficiency with a direct booking rate of 71% for 9M/2023, up from 66% of 2022, resulting the Company able to reduce costs by over 100 million baht per year during the past period. Comparing the Company’s performance to its competitors in the same segment during 3Q/2023, the Company’s RGI Index of Courtyard by Marriott Phuket Town was 254, Bangkok Marriott Hotel The Surawongse, Melia Chiang Mai and Hua Hin Marriott Resort & Spa were 218, 159 and 155, respectively.

For the Retail Business, the Company has enhanced its properties to align with marketing strategies to address the evolving demands of customers and harness their full potential to create a dynamic and thriving environment. One of the examples includes Asiatique The Riverfront Destination which successfully repositioned itself as Thailand’s largest riverfront ‘Retail-Tainment’ hub to attract more Thai and foreign tourists. For the Commercial Business, it continued its strong performance to consistently generate strong EBITDA, driven by Grade A office demand at the prime locations.

## **(3) Growth From Repositioning**

The Company employs a unique business model by having over 90% freehold assets of its portfolio and capitalizing on its potential to develop projects with a competitive cost advantage over its competitors. These allow the Company to continuously develop and enhance projects, catering to the diverse needs of target customer groups. It

achieves this by collaborating with global partners, aligning project suitability with specific locations. Examples of successful projects include the transformation of Imperial Mae Ping Hotel into the InterContinental Chiang Mai Mae Ping, the Grand Sole Hotel to The Vignette Collection, and the Sigma Hotel to the Pattaya Marriott Resort and Spa. Furthermore, the Company partnered with TAT and Mae Fah Luang Foundation to set a new benchmark for sustainable tourism, introducing "AWC Stay to Sustain" project, promoting Thailand as a global sustainable tourism destination.

For the Retail Business, the Company focuses on enhancing projects to create experiences and lifestyle centers that meet the specific needs of customers and communities in each location. The Pantip at Ngamwongwan project was revamped with the Treasure Hunt concept, presenting the largest amulet center in Thailand, along with the biggest food and lifestyle market. Similarly, The Pantip Lifestyle Hub at Chiang Mai is an integral part of the Lannatique project, transforming the entire shopping center concept under the idea of "Every Happiness for Everyone".

For the commercial business, the Company continuously develops and upgrades service offerings. For instance, the CO-LIVING COLLECTIVE: EMPOWER FUTURE and partners with 2C2P to Power Advanced Digital Payments Solutions, Strengthening Digital Ecosystem, Enhanced with Co-Living Collective: Empower Future at 'The Empire'. This is considered the first project that has elevated the building to become a new lifestyle space, catering to future trends and providing a seamless integration of work and life through the AWC Infinite Lifestyle application. The Company also upgrades amenities to meet ESG standards.

#### **(4) Growth From Cost Management**

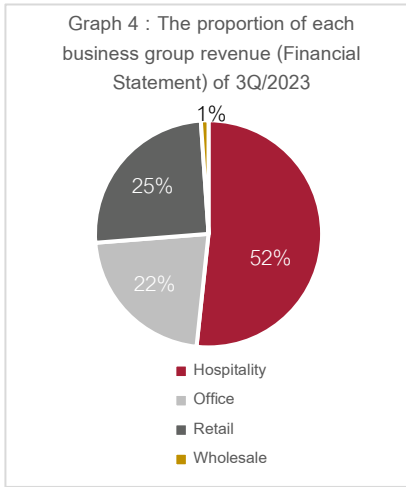
Even though the Company has various high-quality projects in its portfolio and is developing in the future, the Company still emphasizes efficient cost management and operational efficiency through economies of scale. It benefits from being part of the TCC Group, having a global network of partners, serving both local and international customers, and adopting best practices from leading global partners. This enables the Company to manage its revenues in each business segment and exceed the targeted EBITDA flow-through. For instance, The Athenee Hotel Bangkok had EBITDA flow-through at 78%, and Empire Tower had EBITDA flow-through at 103% in 3Q/2023 which has compared to the same period in the previous year etc.

In addition, the Company places a strong emphasis on operational efficiency by developing various work systems to make them more effective. This involves utilizing Data Insight Implementation, Process Transformation and Digitalized Operational Flows. These systems enable the Company to operate efficiently and utilize accurate data, thereby enhancing its competitive capabilities in the long term.

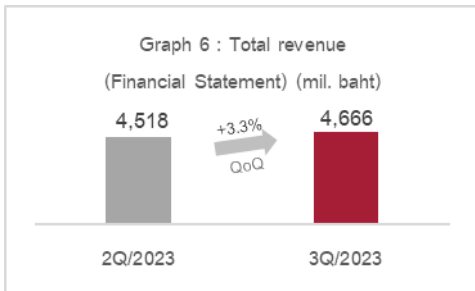
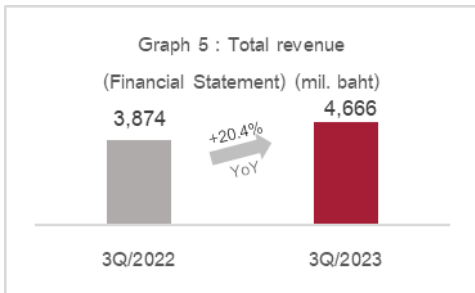


## SUMMARY OF OPERATING RESULTS

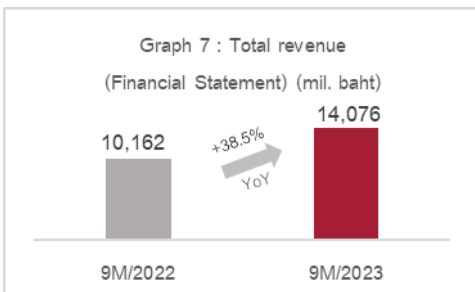
### Total Revenue



According to the Financial Statement, the Company's total revenue in 3Q/2023 was 4,666 million baht, increasing YoY, and representing stronger growth than in 2019 before COVID-19, reflecting the implementation of the GROWTH-LED strategy to generate efficient cash flow. This was mainly growth in the Hospitality Business in line with the significant increase in the number of Thai and foreign tourists staying at the Company's hotels, with the proportion of revenue in this group at 52%, mostly from growth in Luxury Resort and Non-Bangkok City. For the Retail Business, there was 103.4% growth owing to the repositioning of the Retail properties to align with marketing strategies while more customers returned to visiting the properties compared to the same period last year. The Office Building Business continued its strong performance, driven by demand for fully furnished Grade A office space in response to the growing trend of hybrid work models. Additionally, the Company gained from the fair value of Investment Properties of 1,263 million baht in 3Q/2023.

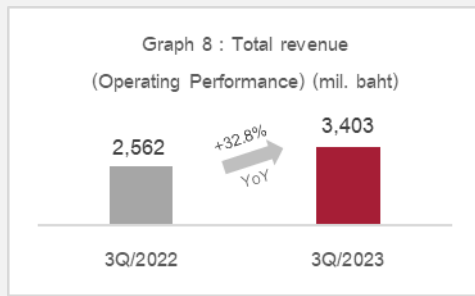


In comparison to the previous quarter (QoQ), total revenue reported in the Financial Statement increased by 3.3% QoQ, mostly from growth in the Retail Business in line with more customers returning to visit the properties. Despite the low season period, the Hospitality Business continued to grow more than in the previous quarter.



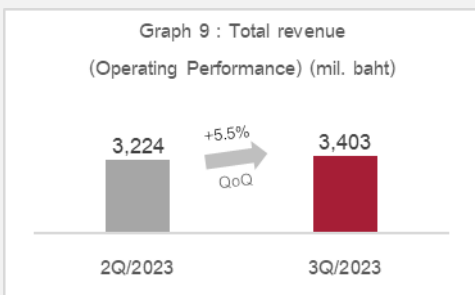
For 9M/2023, total revenue reported in the Financial Statement was 14,076 million baht, increasing by 38.5% YoY, with significant growth in the Hospitality Business in line with more visitors coming to stay at our hotels. The Retail Business also grew in line with more customers returning to visit properties compared with the same period of last year.

Additional Information (Operating Performance)



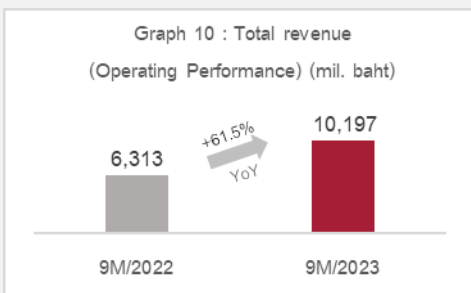
Total revenue from the Operating Performance in 3Q/2023 was 3,403 million baht, an increase of 32.8% YoY, with growth in all business units due to an increase in economic activities, resulting from more customers visiting our hotel and retail properties.

Additional Information (Operating Performance)



Total revenue from the Operating Performance in 3Q/2023 was 3,224 million baht, an increase of 5.5% QoQ, mostly owing to more customers coming to our hotels, despite being in low season period.

Additional Information (Operating Performance)

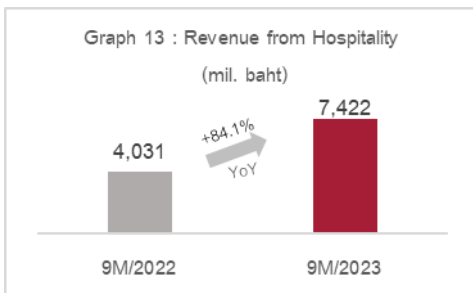
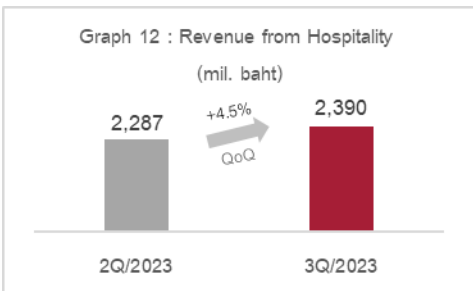
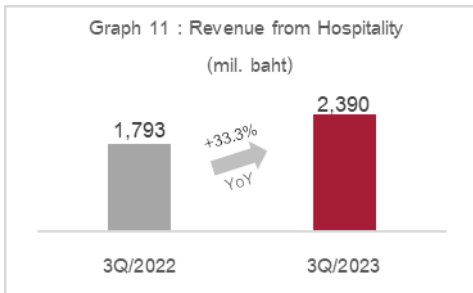


For 9M/2023, revenue from the operating performance was 10,197 million baht, up 61.5% YoY, with growth in all business units following the increase in economic activities, resulting from more customers visiting our hotel and retail properties.

Revenue generated by each business group was as follows:

### Hospitality

According to the Financial Statement, revenue from the Hospitality Business was 2,390 million baht in 3Q/2023, growing 33.3% YoY. The overall occupancy rate in 3Q/2022 was 62.7%, with remarkable growth in all segments compared to the same quarter in the previous year especially in Luxury Resort and Non-Bangkok City. The Average Daily Rate (ADR) was 5,370 baht per night, growing by 9.1% YoY. RevPAR was 3,367 baht per night, indicating growth of 29.0% YoY. In 3Q/2023, total revenue from the Hospitality Business reported in the Financial Statement increased by 4.5% QoQ due to the higher number of customers visiting our hotels, even during off-peak tourist seasons.



For 9M/2023, the Company's revenue according to the Financial Statement in the Hospitality Business was 7,422 million baht, an increase of 84.1% YoY. The overall hotel occupancy rate in 9M/2023 was 64.4%, an increase from 44.0% in 9M/2022, with growth in all segments owing to the significant increase in the number of Thai and foreign tourists staying at the Company's hotels.

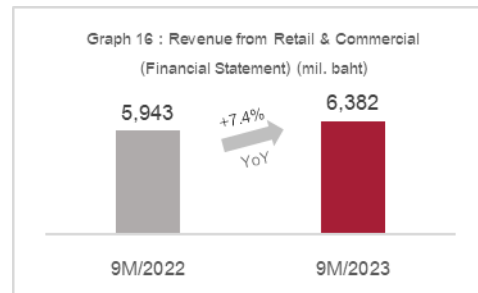
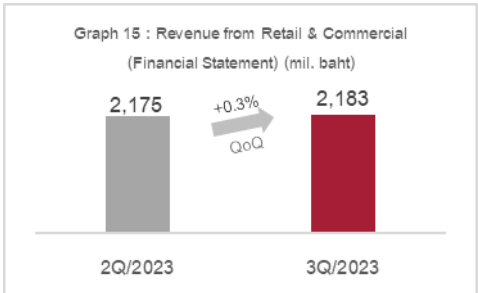
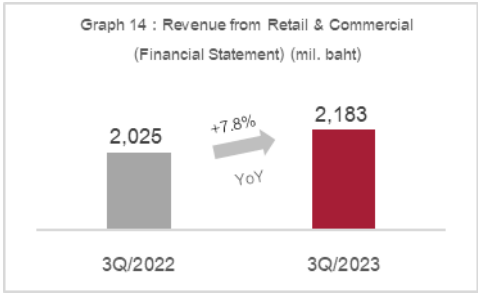
In addition, revenue from the Hospitality Business recorded a gain from the fair value of Investment Properties of 3 million baht due to rental income from dusitD2 Chiang Mai. As a result, revenue from the Operating Performance was 7,419 million baht.

Table 1: Revenue of the Hospitality and related services \*

Categories	9M/2023 (MB)	YoY	3Q/2023 (MB)	QoQ	YoY	Explanation
MICE (47%;42%)**	3,529	72.8%	1,132	-0.4%	20.5%	The revenue for MICE grew 20.5% YoY, resulting from more customers staying at our hotel. Bangkok Marriott Hotel The Surawongse showed a stronger performance with RGI of 217.6, showing greater growth potential despite the low season period.
Bangkok City (11%;15%)**	828	117.2%	288	11.7%	58.8%	Revenue for 3Q/2023 climbed by 58.8% YoY resulting in a significant increase in the number of tourists from the previous year especially at Le Meridien Bangkok, which had an RGI of 150.7.
Luxury Resort (14%;13%)**	1,043	89.3%	332	10.1%	33.7%	Revenue for 3Q/2023 climbed by 33.7% YoY. Vana Belle A Luxury Koh Samui where the highly popular, had an RGI at 136.6.
Non-Bangkok City (28%;30%)**	2,096	95.9%	669	9.1%	55.8%	Revenue for 3Q/2023 climbed by 55.8% YoY. Courtyard by Marriott Phuket Town, a popular hotel for tourists having an RGI of 254.1.
<b>Total</b>	<b>7,496</b>	<b>85.3%</b>	<b>2,421</b>	<b>4.8%</b>	<b>34.6%</b>	

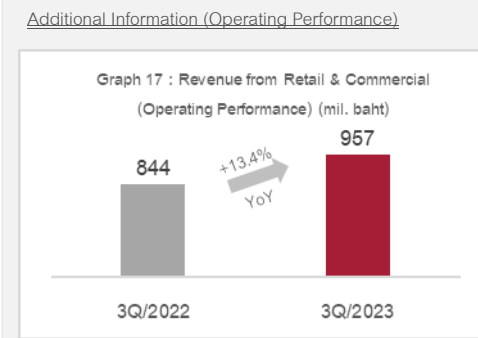
\* Each business unit is referred to only the operating assets of the Company. Revenue before elimination of related party transactions is excluded management fees, interest income and fair value gains on Investment Properties.

\*\*Revenue proportion of operating assets of the Hospitality Business; asset value proportion of operating assets of the Hospitality Business.



**Retail & Commercial\*** · According to the Financial Statement, revenue from the Retail and Commercial Business in 3Q/2023 was 2,183 million baht, an increase of 7.8% YoY. Comparing the performance with the previous quarter, revenue rose by 0.3% because of the higher rental rate, in line with more customers visiting our Retail properties and the repositioning of the Retail properties to align with marketing strategies. The value of assets of the Retail & Commercial Business continues to grow.

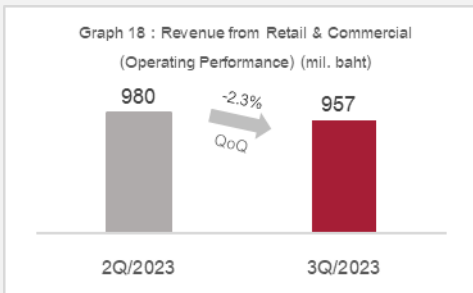
For 9M/2023, the Company reported revenue from the Retail and Commercial Business, according to the Financial Statement, of 6,382 million baht, a 7.4% increase YoY due to the growth of the Retail Business and the repositioning of the Retail properties to align with marketing strategies. There were more visitors returning to visit our shopping centers compared to the same period last year. For the Commercial Business, there was a consistently strong performance due to the demand for Grade A office space with full amenities to cater to the increasing trend of hybrid working.



In 3Q/2023, revenue from the Operating Performance of the Retail and Commercial Business was 957 million baht, up 13.4% YoY, mainly driven by Retail Business growth in visitors to the Retail properties. In addition, the Company repositioned the Retail properties to align with marketing strategies.

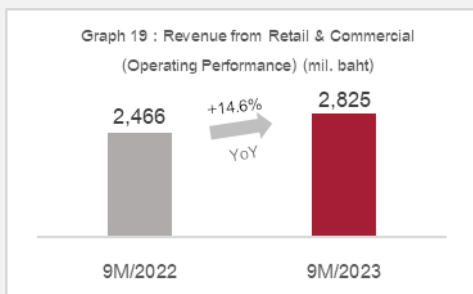
\* Revenue before excluding related transaction between business groups.

Additional Information (Operating Performance)



In 3Q/2023, revenue from the Operating Performance of the Retail and Commercial Business declined 2.3% QoQ.

Additional Information (Operating Performance)



For 9M/2023, revenue from the operating performance of the Retail and Commercial Business was 2,825 million baht, up 14.6% YoY, mainly driven by the Retail Business due to more visitors returning to visit our shopping centers and the repositioning of the Retail properties to align with marketing strategies.

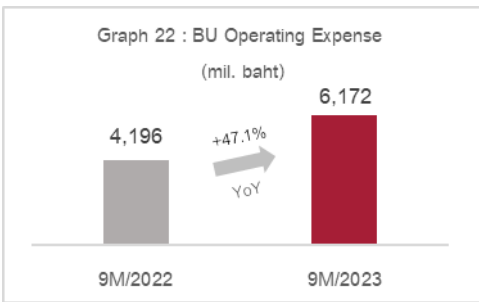
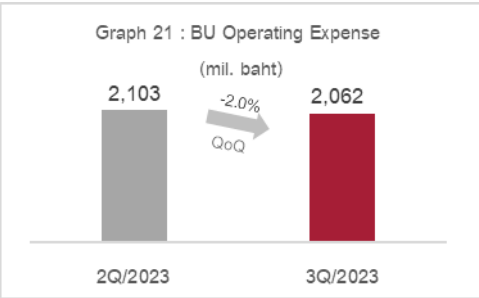
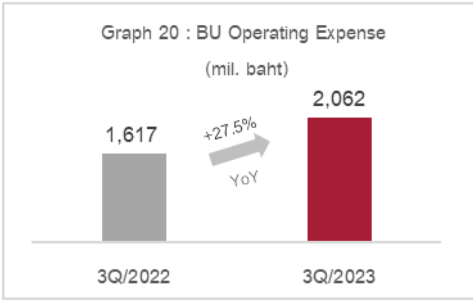
Table 2: Revenue of the Retail and Commercial Business\*

Categories	9M/2023 (MB)	YoY	3Q/2023 (MB)	QoQ	YoY	Explanation
Community Shopping Malls (22%;32%)***	618	5.6%	213	2.4%	5.6%	Revenue from Community Shopping Malls in 3Q/2023 increased by 5.6% YoY due to an increasing number of visitors to our Retail properties.
Tourist Lifestyle Destination (14%;9%)***	399	179.1%	147	-8.2%	164.0%	Revenue from the Tourist Lifestyle Destination in 3Q/2023 grew by 164.0% YoY because of repositioning Asiatique the Riverfront Destination resulted in increased visitor numbers, both Thais and foreigners.
Community Market** (5%;13%)***	71	18.2%	25	3.3%	20.8%	Revenue from the Community Market in 3Q/2023 increased by 20.8% YoY since the public returned to shopping center as normal.
Commercial Building (59%;46%)***	1,656	4.9%	547	-2.5%	2.9%	Revenue from the Office Building Business in 3Q/2023 increased by 2.9% YoY. The Office Building Business maintained its stable and sustainable revenue.
<b>Total</b>	<b>2,743</b>	<b>15.9%</b>	<b>932</b>	<b>-2.2%</b>	<b>15.1%</b>	

\* Each business unit is referred to only the operating assets of the Company. Revenue before elimination of related party transactions, is excluded management fees, interest income and gains on Investment Properties.

\*\* Excluded Tawanna Bangkapi where is prepared to develop and renovate.

\*\*\* Revenue proportion of operating assets of the Retail and Commercial; asset value proportion of operating assets of the Retail and Commercial Group.



### Operating Expenses of Business Units (BU)\*

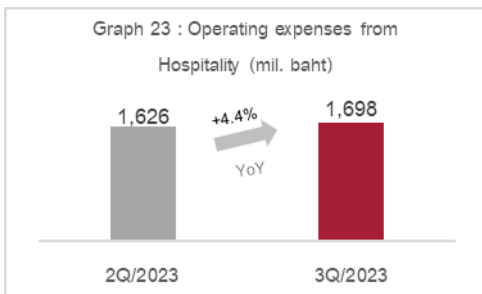
In 3Q/2023, the operating expenses of the Business Group (BU) totaled 2,062 million baht, up 27.5% YoY in line with the increase in the Company's revenue and operating assets that led to an increase in operations in common area. Furthermore, the flow through ratio improved in all business units compared to the same period last year. In 3Q/2023, the flow through ratio of the Hospitality Business was 52%; The Athenee Hotel Bangkok's flow through was 78%. The flow through ratio of the Retail Business was 88%; Gateway at Bangsue's flow through was 122%. The flow through ratio of the Commercial Business was 97%; Empire Tower's flow through was 103%. Comparing the performance with the previous quarter, operating expenses declined 2.0% due to effective cost management.

For 9M/2023, the operating expenses of business units (BU) totaled 6,172 million baht, up 47.1% YoY in line with the increase in the Company's revenue: for the Hospitality Business, there was an increase in customers visiting our hotels and for the Retail Business there were more visitors returning to our shopping centers compared to the same period last year. The significant increase in operating expenses were in variable expenses, amounting to 3,304 million baht, representing a 67.4% increase YoY, mostly due to an increase in utilities expenses. Meanwhile, fixed expenses were at 2,868 million baht, showing a 29.1% increase YoY. This increase was attributed to the expansion of the common area to accommodate customer service and the growth in operating assets, including The Westin Siray Bay Resort & Spa, Phuket and INNSIDE by Meliá Bangkok Sukhumvit.

### Hospitality\*\*

The Company had operating expenses for the Hospitality Business in 3Q/2023 of 1,698 million baht, up 30.4% YoY and 4.4% QoQ, in line with the increase in the Hospitality Business's revenue.

For 9M/2023, the operating expenses of the Hospitality Business totaled 4,977 million baht, up 50.0% YoY, which was in line with its revenue growth of 124.8%. This aligns with the 83.8% increase in revenue for the Hospitality Business. When considering the

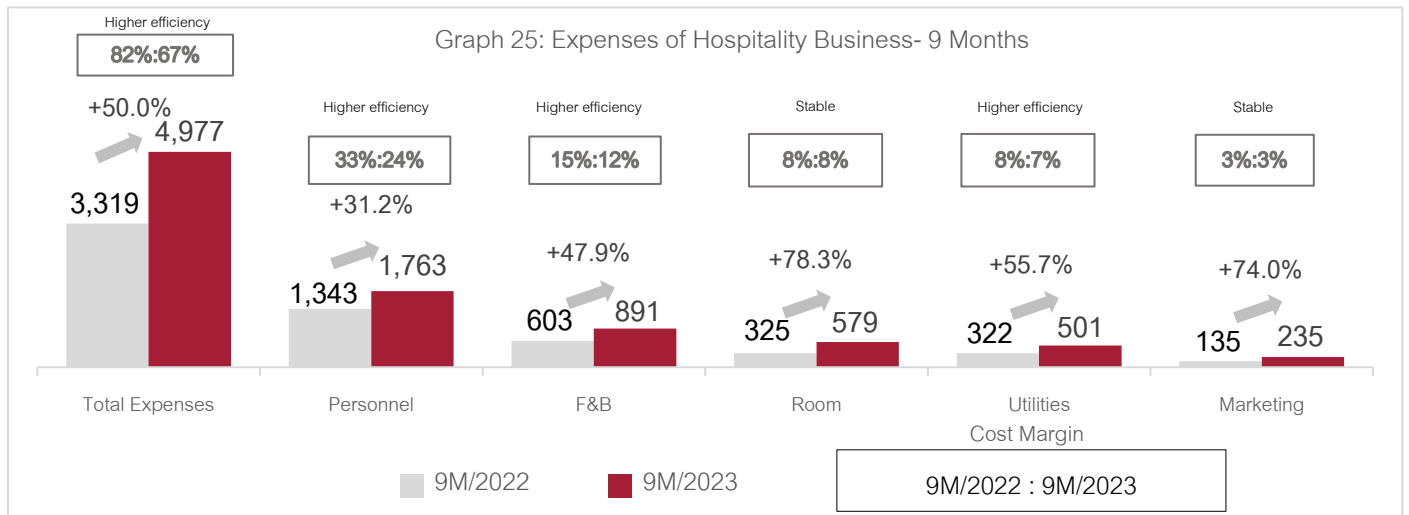
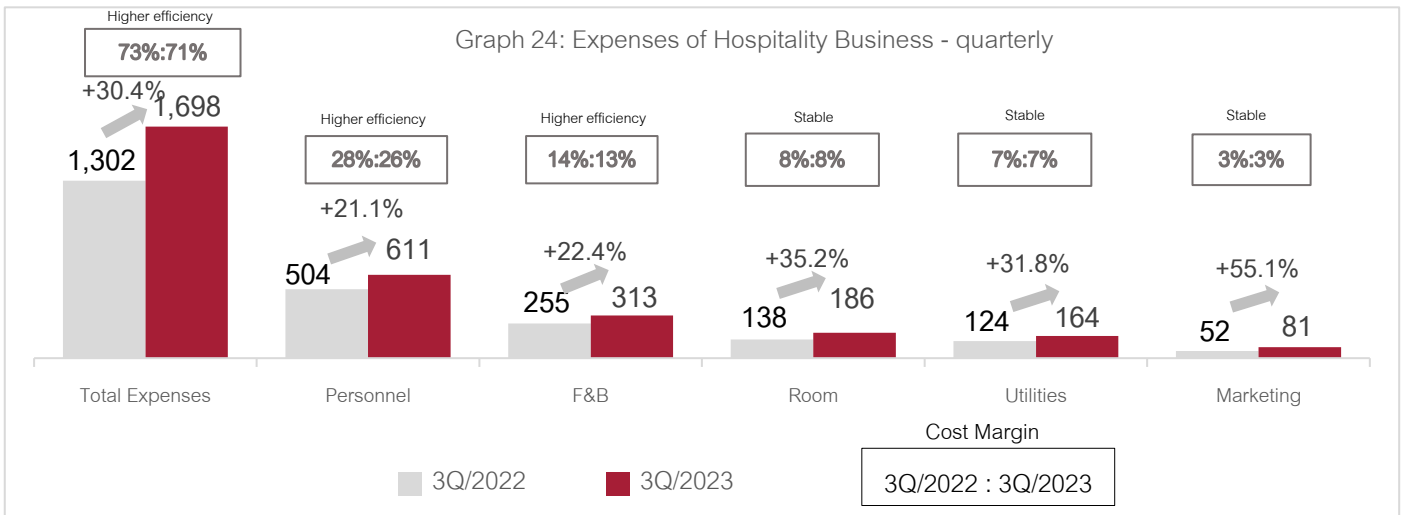


\* No elimination and exclude transactions between business groups.

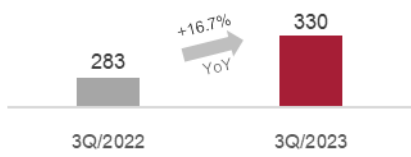
\*\* The operating expense is before excluding related transactions between business groups.



cost margin, it stood at 67.1%, representing an improvement from 82.2% for the 9M/2022.



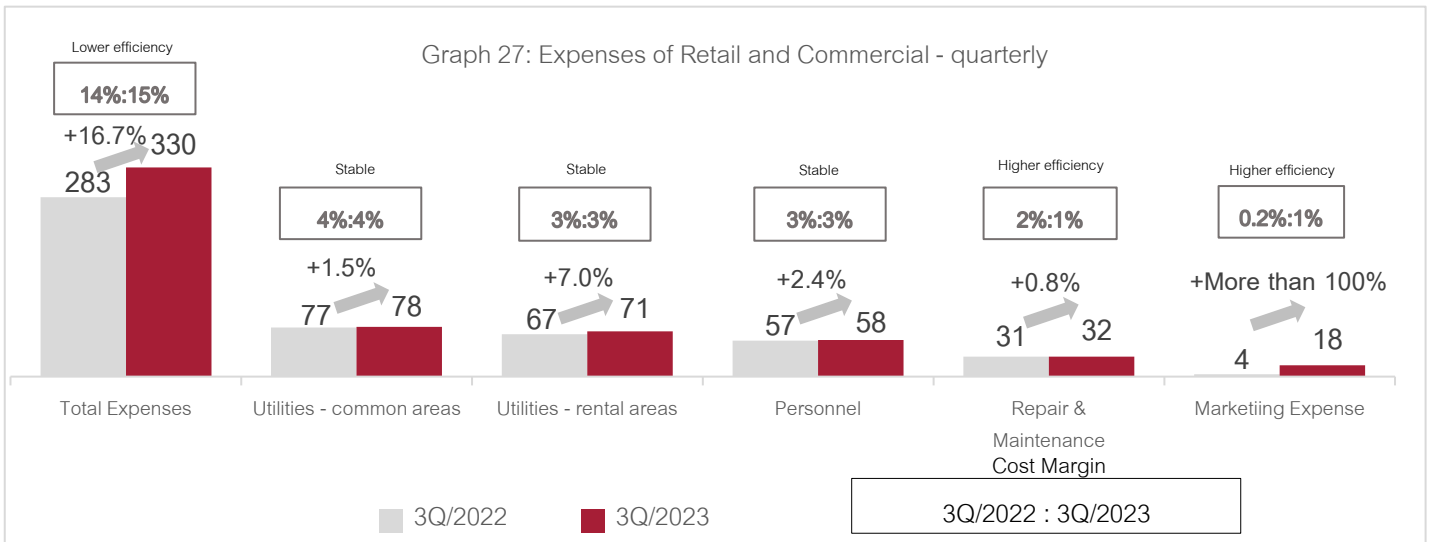
Graph 26 : Operating expenses from Retail & Commercial (mil. baht)



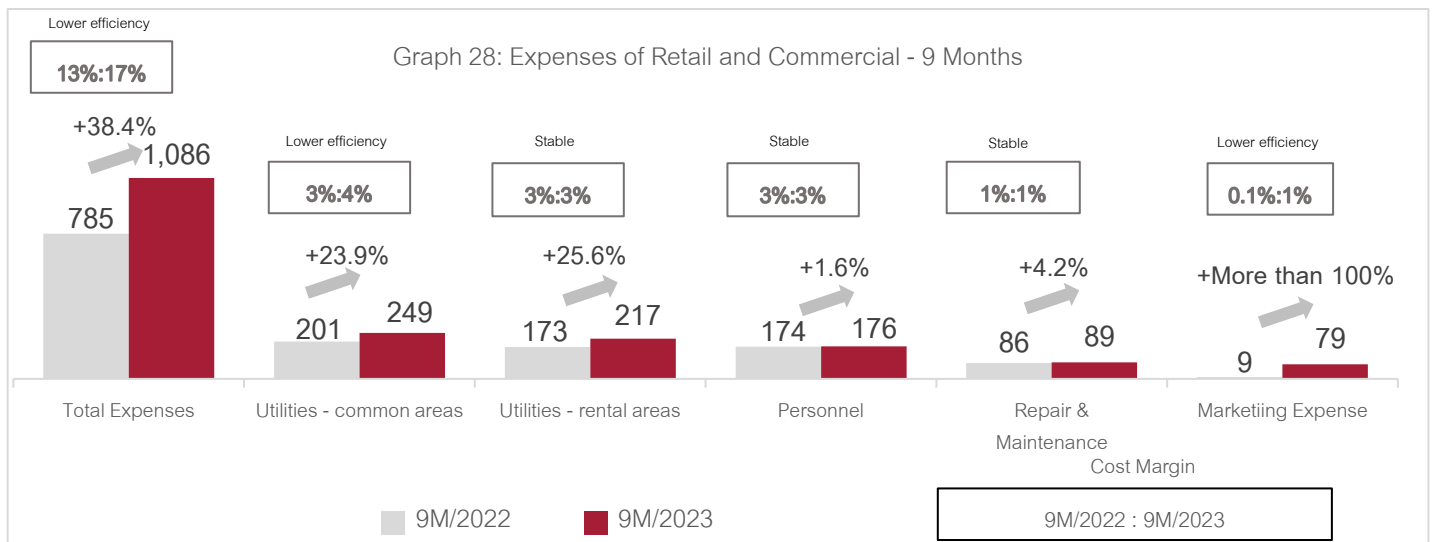
**Retail & Commercial\*** According to both the Financial Statement and Operating Performance, the operating expenses of the Retail and Commercial Business in 3Q/2023 totaled 330 million baht, increasing 16.7% YoY. In comparison to the previous quarter, operating expenses decreased 24.8% due to higher efficiency cost management.

For 9M/2023, operating expenses, as stated in the Financial Statement, amounted to 1,086 million baht, increasing 38.4% YoY. The cost margin was 17.0%, increasing 3.8% YoY. This was mainly due to an increase in marketing expenses resulting from the repositioning strategies, as well as higher public utility expenses.

Graph 27: Expenses of Retail and Commercial - quarterly

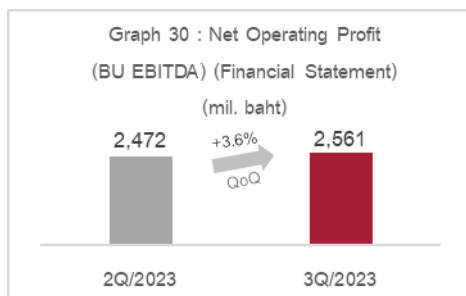
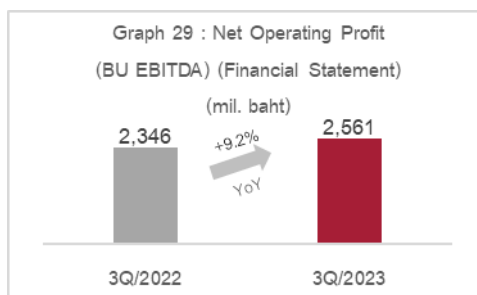


\* The operating expenses of the business group is the operating expenses before excluding related transactions between business groups.

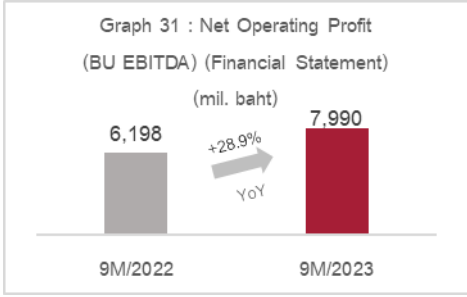


### Net Operating Profit (BU EBITDA)\*

According to the 3Q/2023 Financial Statement, the Company had a Net Operating Profit (BU EBITDA) of 2,561 million baht, up 9.2% YoY, and 3.6% QoQ. This was mainly driven by the Retail Business due to an increase in rental rates in line with more customers visiting our Retail properties and the repositioning of the Retail properties to align with marketing strategies. The Hospitality Business was also grew, despite being in low season period.

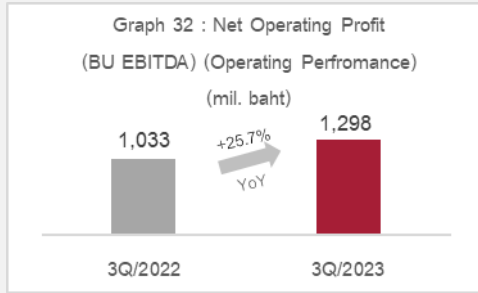


\* Net Operating Profit (BU EBITDA) is excluded related party transactions between business groups.



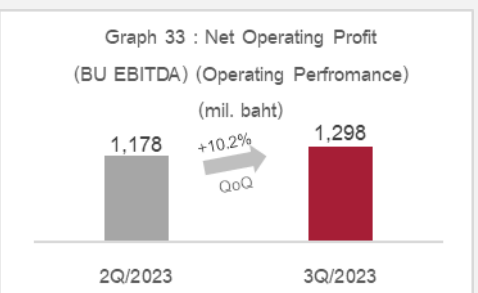
For 9M/2023, the Net Operating Profit of business units (BU EBITDA), according to the Financial Statement, totaled 7,990 million baht, up 28.9% YoY, mainly because of growth in the Hospitality Business. In addition, the Retail Business also grew as more customers visited our Retail properties.

Additional Information (Operating Performance)



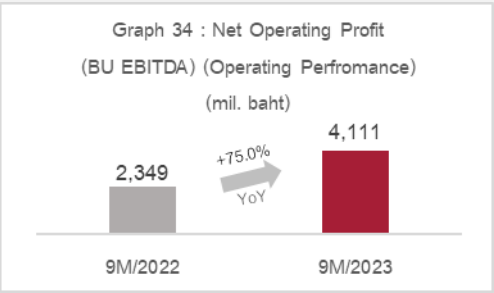
In 3Q/2023, the Net Operating Profit (BU EBITDA) from the Operating Performance was 1,298 million baht, up 25.7% YoY due to growth momentum across segments, particularly in the Hospitality Business.

Additional Information (Operating Performance)



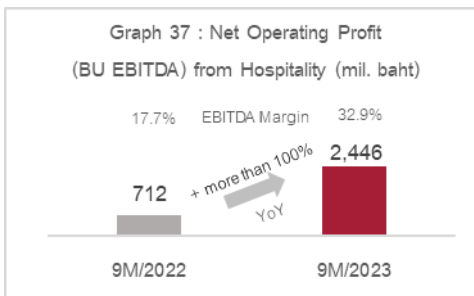
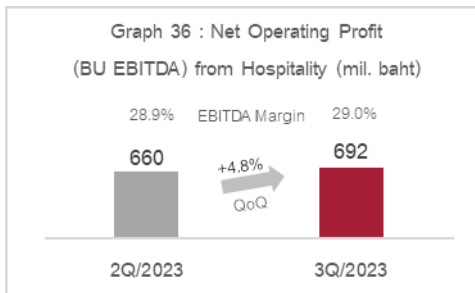
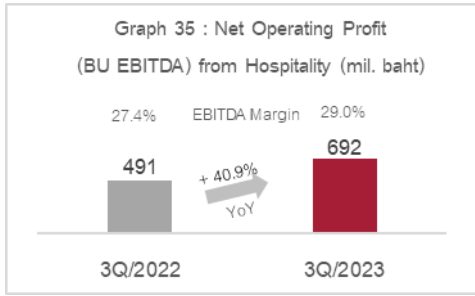
In 3Q/2023, the Net Operating Profit (BU EBITDA) from the Operating Performance increased by 10.2% QoQ. This was due to efficiency cost management in the Retail Business. The Hospitality Business also grew, despite being in low season period.

Additional Information (Operating Performance)



For 9M/2023, the Company's BU EBITDA from the Operating Performance was up 75%, representing remarkable growth in all segments as business activities operated at a normal level.

## Hospitality



The Net Operating Profit (EBITDA) from the Financial Statement in 3Q/2023 was 692 million baht, an increase of 40.9% YoY, due to an increase in the number of Thai and foreign tourists staying at our hotels, particularly in Luxury Resort and Non-Bangkok City. This reinforced the strengths of having high-quality assets and a global partners' network, enabling the Company to capture High-to-Luxury tourists. Moreover, the Company's effective cost controls resulted in an EBITDA margin at 29.0%, up from 27.4% of 3Q/2022. In comparison to the previous quarter (QoQ), the Net Operating Profit (EBITDA) rose 4.8%.

The Net Operating Profit (EBITDA) from the Operating Performance in 3Q/2023 was 694 million baht, an increase of 41.3% YoY while decreasing 4.8% QoQ.

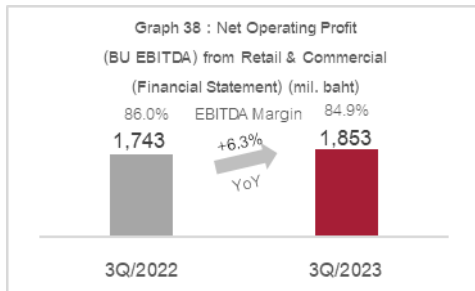
For 9M/2023, the Net Operating Profit (BU EBITDA) of the Hospitality Business, according to the Financial Statement, totaled 2,446 million baht, up more than 100% YoY. This was due to the increased number of tourists staying at our hotels, which is a result of the ability to travel internationally more than in the previous year, and efficient cost management. The EBITDA margin was at 32.9%, an increase from 17.7% for the 9M/2022.

The Net Operating Profit (EBITDA) from the Operating Performance of 9M/2023 was 2,442 million baht, an increase of more than 100% YoY.

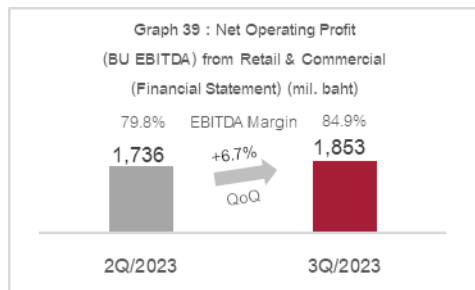
Table 3: Net Operating Profit (BU EBITDA) of the Hospitality Business \*

Categories	9M/2023 (MB)	YoY	3Q/2023 (MB)	QoQ	YoY	Explanation
MICE	1,116	172.3%	309	-9.4%	17.0%	The Group's net operating profit increased 17.0% YoY in accordance with the increase in the number of guests, social gatherings, conferences, and various festive events.
Bangkok City	252	936.0%	77	2.7%	62.0%	The Group's net operating profit increased by 62.0% YoY because of more business travel and international travel.
Luxury Resort	419	193.6%	122	20.7%	51.2%	The Group's net operating profit increased by 51.2% YoY because of the increase in Thai and foreign tourists staying in attractive tourist destinations.
Non-Bangkok City	649	302.2%	182	23.2%	89.5%	The Group's net operating profit increased 89.5% YoY because of the increase in Thai and foreign tourists staying in attractive tourist destinations.
<b>Total</b>	<b>2,435</b>	<b>229.9%</b>	<b>690</b>	<b>3.8%</b>	<b>41.3%</b>	

### Retail & Commercial\*\*

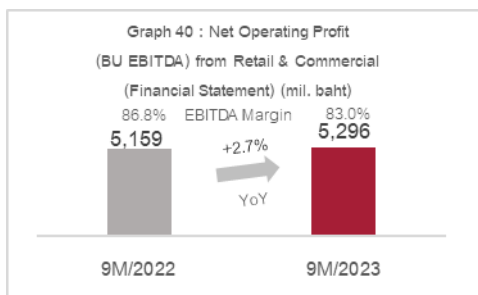


According to the 3Q/2023 Financial Statement, the Company's Net Operating Profit (BU EBITDA) was 1,853 million baht, growing 6.3% YoY and 6.7% QoQ, as result of efficient cost management, which led to an increase in the EBITDA margin to 84.9%, compared with 79.8% in 2Q/2023.



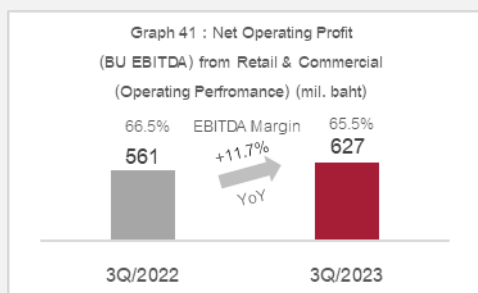
\* Each business unit is referred to only the operating assets of the Company. BU EBITDA before elimination of related party transactions is excluded management fees, interest income and fair value gains on Investment Properties.

\*\* Net Operating Profit (BU EBITDA) is excluded related party transactions between business groups.



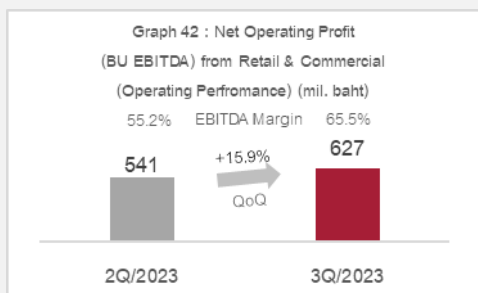
For 9M/2023, the Net Operating Profit (BU EBITDA) of the Retail and Commercial Business, as reported in the Financial Statement, totaled 5,296 million baht, up 2.7% YoY, with growth in the Retail Business resulting from more customers visiting our Retail properties.

Additional Information (Operating Performance)



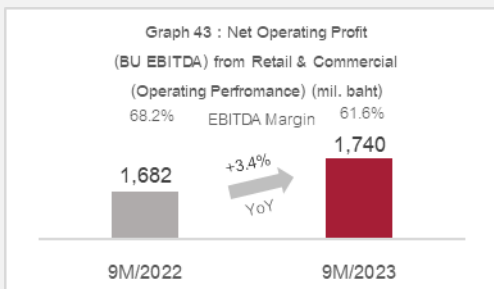
The Net Operating Profit (BU EBITDA) of the Retail and Commercial Business from the Operating Performance in 3Q/2023 was 627 million baht, up 11.7% YoY. This was due to more customers visiting our Retail properties and the repositioning of the Retail properties to align with marketing strategies.

Additional Information (Operating Performance)



The Net Operating Profit (BU EBITDA) of the Retail and Commercial Business from the Operating Performance in 3Q/2023 increased by 15.9% QoQ due to efficiency cost management.

Additional Information (Operating Performance)



For 9M/2023, the Net Operating Profit (BU EBITDA) from the Operating Performance of the Retail and Commercial Business totaled 1,740 million baht, up 3.4% YoY.

Table 4 : Net Operating Profit (BU EBITDA) of the Retail & Commercial Business\*

Categories	9M/2023 (MB)	YoY	3Q/2023 (MB)	QoQ	YoY	Explanation
Community Shopping Mall	323	-0.7%	118	9.9%	8.2%	The Net Operating Profit in 3Q/2023 increased by 8.2% YoY owing to more customers visiting our Retail properties.
Tourist Lifestyle Destination	97	41.7%	65	945.4%	93.4%	The Net Operating Profit increased by 93.4% YoY due to increased visitor numbers, both Thais and foreigners.
Community Markets	42	24.8%	16	13.0%	34.8%	The Net Operating Profit in 3Q/2023 increased 34.8% YoY due to more customers visiting our Retail properties.
Office	1,249	3.0%	417	-1.0%	6.5%	The net Operating Profit increased 6.5% YoY. The Office Building Business maintained its stable and sustainable revenue.
<b>Total</b>	<b>1,711</b>	<b>4.4%</b>	<b>616</b>	<b>15.2%</b>	<b>12.8%</b>	

The Wholesale Business Group has conducted strategic planning. Therefore, in 3Q/2023, the business group had cash outflow of 22 million baht to prepare for the commencement of its operation.

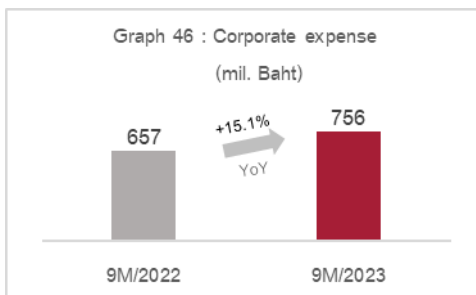
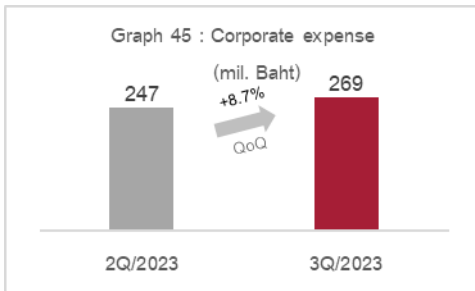
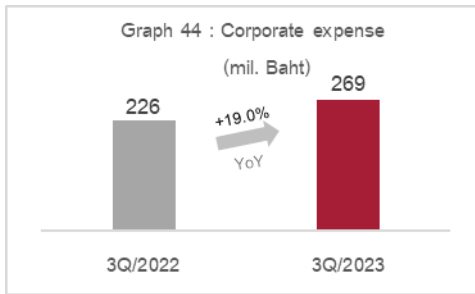
\* Each business unit is referred to only the operating assets of the Company. BU EBITDA before elimination of related party transactions is excluded management fees, interest income and fair value gains on Investment Properties.

\*\* The marketing expenses resulted in an increase in brand recognition for the retail group, which will lead to the growth of the number of shoppers to the Retail properties in the future.



## Corporate Expenses

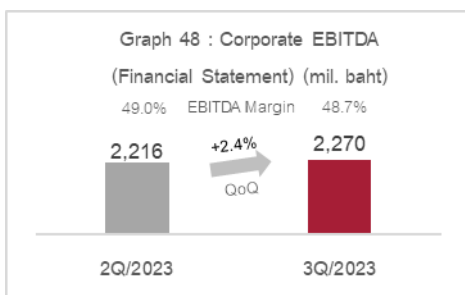
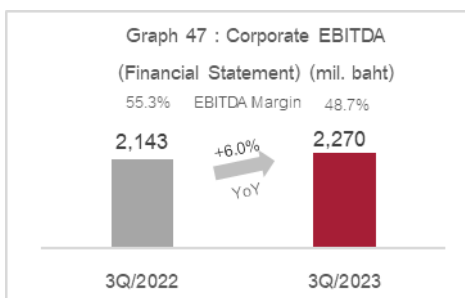
The Company incurred corporate expenses of 269 million baht in 3Q/2023, a 19.0% increase YoY and 8.7% QoQ. This was from the preparation for the Company's investment expansion in the future.

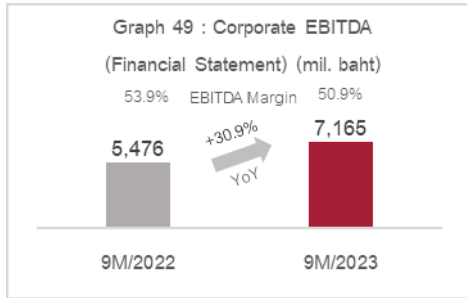


For 9M/2023, the Company had corporate expenses of 756 million baht, up 15.1% YoY to support investment expansion in the future.

## Corporate EBITDA

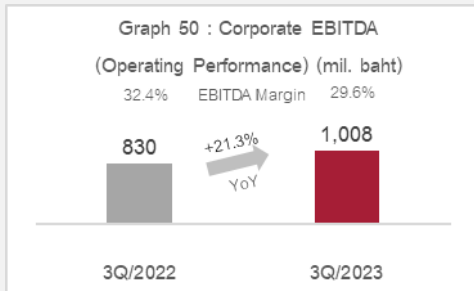
According to the Financial Statement, the Corporate EBITDA in 3Q/2023 was 2,270 million baht, up 6.0% YoY mainly due to growth in the Hospitality Business and recognized fair value gains on Investment Properties. The Corporate EBITDA margin in 3Q/2023 was 48.7% and improve 2.4% QoQ owing to efficiency cost management in the Retail Business.





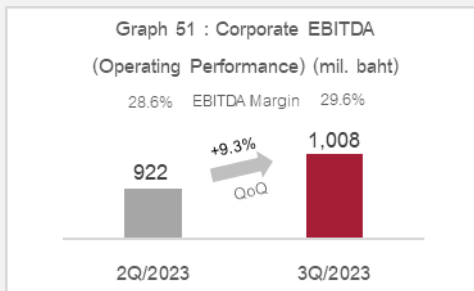
For 9M/2023, the Corporate EBITDA, as reported in the Financial Statement, totaled 7,165 million baht, up 30.9% YoY mostly due to growth in the Hospitality Business because of an increase in the number of tourists staying at our hotels. Also, the Commercial Business has managed cost efficiency.

Additional Information (Operating Performance)



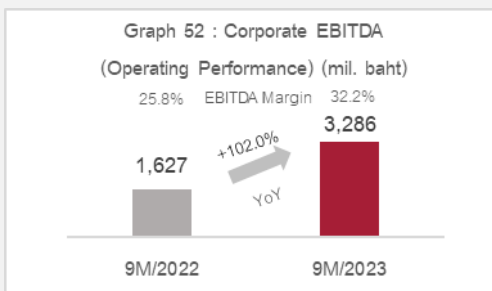
The EBITDA from the Operating Performance in 3Q/2023 was 1,008 million baht, up 21.3% YoY, mostly growth in the Hospitality Business and the Retail Business having more customers visiting our Retail properties and the repositioning of the Retail properties to align with marketing strategies.

Additional Information (Operating Performance)



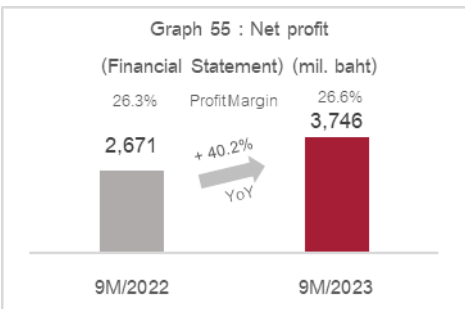
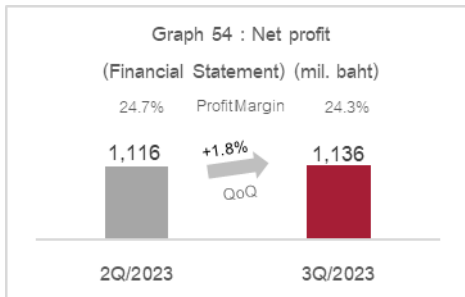
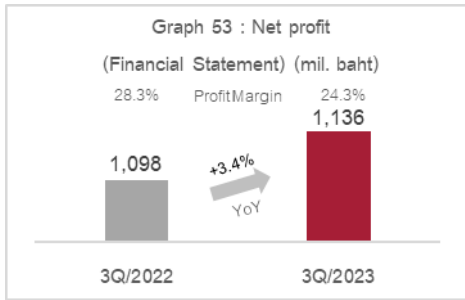
Compared to the previous quarter (QoQ), the Corporate EBITDA increased by 9.3%. This was due to growth in the Retail Business resulting from more customers visiting our Retail properties and the repositioning of the Retail properties to align with marketing strategies. The Hospitality Business also grew QoQ.

Additional Information (Operating Performance)



For 9M/2023, the Company's EBITDA from the Operating Performance was 3,286 million baht, an increase of 102.0% YoY, with growth observed across all business segments, driven by regular business activities.

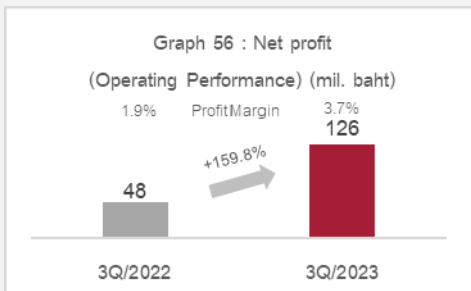
## Net Profit



For 3Q/2023, the Company had a net profit, according to the Financial Statement, of 1,136 million baht, an increase of 3.4% YoY. This growth was mainly driven by the Hospitality Business. Despite the low season period, the overall hotel occupancy rate in 3Q/2023 was 62.7%, with remarkable growth in all segments compared to the same quarter in the previous year, especially in Luxury Resort and Non-Bangkok City. The Average Daily Rate (ADR) was 5,370 baht per night, an increase of 9.1% YoY. RevPAR was 3,367 baht, indicating growth of 29.0% YoY and surpassing the pre-COVID-19 levels of 3Q/2019. For the Retail Business, the Company has developed the properties to align with marketing strategies to serve as a Lifestyle Hub to attract more customers visiting the retail properties. The Commercial Business remains steady, generating consistent cash flow. The Investment Properties also performed well, generating a gain of 1,263 million baht in 3Q/2023.

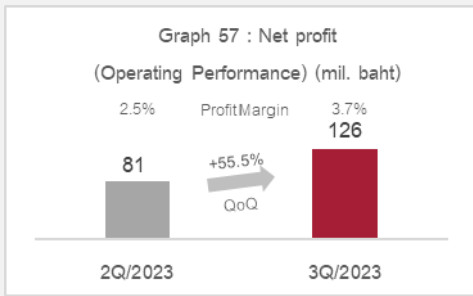
For 9M/2023, the Company had a net profit, according to the Financial Statement, of 3,746 million baht, representing a 40.2% increase YoY. This increase could be attributed to a continuous influx of both Thai and foreign tourists staying at our hotels while the Retail Business had efficiency in cost management.

### Additional Information (Operating Performance)



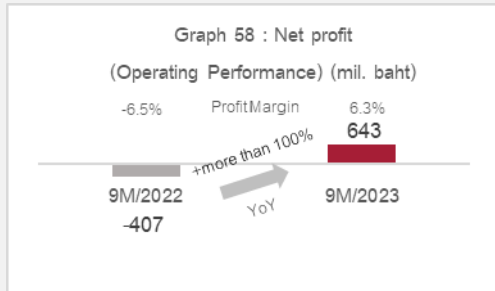
In 3Q/2023, the Company's net profit from the Operating Performance was 126 million baht, up 159.8% YoY. The Company had continuous growth in all business segment, which was shown in the profit margin of 3.7% compared with 1.9% in 3Q/2022.

Additional Information (Operating Performance)



In 3Q/2023, the Company's net profit from the Operating Performance increased by 55.5% QoQ. This was due to growth in the Hospitality Business and effective cost management.

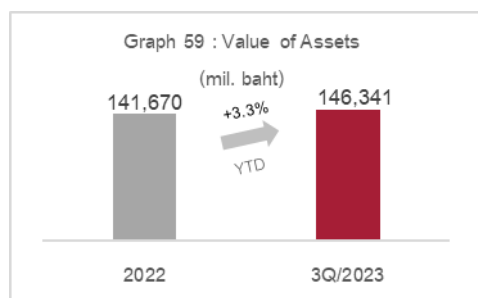
Additional Information (Operating Performance)



For 9M/2023, the Company's net profit from the Operating Performance increased more than 100% YoY, with growth in all segments.

## Capital Structure, Liability and Return

### Total Assets



The Company had total assets as of 30 September 2023 valued at 169,675 million baht, of which the main assets were operating assets.

The fixed assets consisted of property, plant and equipment, investment properties and leasehold rights. As of 30 September 2023, the total value of fixed assets was 164,006 million baht, while the value of operating assets\* was 163,936 million baht. Other assets, excluding property, plant and equipment and investment properties, as of 30 September 2023 were valued at 5,669 million baht. These other assets included current assets, which may vary from time to time depending on the normal operation and the other non-current assets such as withholding tax and refundable VAT.

The asset value as of 30 September 2023 was 146,341 million baht, an increase of 4,671 million baht, or 3.3% year to date, and the value of fixed assets was the value before deducting accumulated depreciation and excluding assets' revaluation, totaling 107,902 million baht, decreasing 11,516 million baht or 10.7% from the end of 2022. This was due to transferring some assets from assets under repositioning to assets under development. The assets had been relocated to enhance new marketing strategy realignment align with customer needs.

The return on investment was calculated by the return on Net Operating Profit (BU EBITDA) to fixed assets (Table 5), which increased due to the ability to generate cash flow from operating results and effective cost management. Operating profit, excluding fair value gain, was 5,522 million baht, an increase of 1,799 million baht or 47.3% from the end of 2022.

The return on the Net Operating Profit (BU EBITDA) to fixed assets based on the Financial Statement, as of 30 September 2023 was at 7.2%, up from 6.2% in 2022.

The return on the Net Operating Profit (BU EBITDA) to fixed assets from the Operating Performance, as of 30 September 2023 was at 3.8%, up from 2.7% in 2022.

The return on the Net Operating Profit (BU EBITDA), based on the Financial Statement of operating assets, comprised of assets in the mature period (MATURE), assets in the initial period (RAMP UP), and assets under repositioning

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\* The fixed assets value excluding assets in the headquarter as of 3Q/2023 was to 70 million baht.

(REPOSITION) to total fixed assets, as of 30 September 2023 was at 8.7%, up from 7.3% in 2022.

The return on the Net Operating Profit (BU EBITDA) from the Operating Performance, comprised of assets in the mature period (MATURE), assets in the initial period (RAMP UP), and assets under repositioning (REPOSITION) to total fixed assets, as of 30 September 2023 was 5.2%, up from 3.2% in 2022.

The Company's assets in the mature period (MATURE), which accounted for 10.9% of its total fixed assets, generated a 13.2% return on the Net Operating Profit as reported in the Financial Statement, as of 30 September 2023, down from 26.6% in 2022.

The Company's assets in the mature period (MATURE) generated a return from the Operating Performance to fixed assets, as of 30 September 2023, at 10.2%, down from 13.3% in 2022. The Retail and Commercial Businesses in the MATURE stage created the high yields, demonstrating the Company's competitive advantage on having a balanced and diversified asset portfolio.

Table 5: Return on Net Operating Assets EBITDA of the Business Group according to the Financial Statement and Operating Performance to Fixed Assets (Past 12 months) as of 30 September 2023

The value of fixed assets is before deducting the accumulated depreciation and excludes the added value from land revaluation

Assets	Net Operating Profit excluding valuation gain (Past 12 months)	Asset Value		Return on Net Operating Profit excluding valuation gain to fixed assets	Return on Net Operating Profit excluding valuation gain to fixed assets	Return on Net Operating Profit excluding valuation gain to fixed assets	Return on Net Operating Profit according to the Financial Statement to fixed assets	Return on Net Operating Profit according to the Financial Statement to fixed assets
		Amount (MB)	%	As of 30 September 2023 (Past 12 months)	2022	2019	As of 30 September 2023 (Past 12 months)	2022
<b>Hospitality</b>								
Assets in the mature period (MATURE)	1,167	12,492	14.3%	9.3%	-	8.1%	9.3%	-
Assets in the initial period (RAMP UP)	1,948	46,135	52.8%	4.2%	3.1%	5.3%	4.2%	3.1%
Assets under repositioning (REPOSITION)	170	9,249	10.6%	1.8%	0.3%	6.7%	1.8%	0.3%
Assets under development (DEVELOPING)	12	19,576	22.4%	0.1%	0.0%	-0.6%	0.1%	0.0%
<b>Total</b>	<b>3,297</b>	<b>87,452</b>	<b>100.0%</b>	<b>3.8%</b>	<b>1.9%</b>	<b>5.8%</b>	<b>3.8%</b>	<b>1.9%</b>
<b>Retail and Commercial</b>								
Assets in the mature period (MATURE)	458	3,508	6.0%	13.1%	13.3%	8.5%	26.9%	26.6%
Assets in the initial period (RAMP UP)	1,492	28,737	48.8%	5.2%	5.4%	6.2%	13.0%	17.9%
Assets under repositioning (REPOSITION)	367	7,780	13.2%	4.7%	1.6%	5.6%	18.3%	6.6%
Assets under development (DEVELOPING)	(92)	18,863	32.0%	3.8%	0.0%	-1.8%	2.1%	0.0%
<b>Total</b>	<b>2,225</b>	<b>58,889</b>	<b>100.0%</b>	<b>3.8%</b>	<b>3.9%</b>	<b>5.4%</b>	<b>12.2%</b>	<b>12.5%</b>
<b>Total of Fixed Assets</b>	<b>5,522</b>	<b>146,341</b>	<b>100.0%</b>	<b>3.8%</b>	<b>2.7%</b>	<b>5.6%</b>	<b>7.2%</b>	<b>6.2%</b>
<b>Fixed Assets of the Company</b>								
Assets in the mature period (MATURE)	1,626	16,000	10.9%	10.2%	13.3%	8.3%	13.2%	26.6%
Assets in the initial period (RAMP UP)	3,440	74,873	51.2%	4.6%	3.8%	5.8%	7.6%	7.9%
Assets under repositioning (REPOSITION)	537	17,029	11.6%	3.2%	1.2%	6.0%	9.3%	4.7%
Assets under development (DEVELOPING)	(80)	38,439	26.3%	-0.2%	0.0%	-1.4%	2.8%	0.0%
<b>Total of Fixed Assets</b>	<b>5,522</b>	<b>146,341</b>	<b>100.0%</b>	<b>3.8%</b>	<b>2.7%</b>	<b>5.6%</b>	<b>7.2%</b>	<b>6.2%</b>

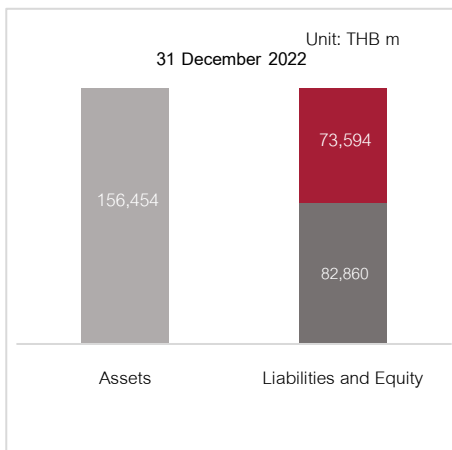
- Note:
- 1) The Net Operating Profit (EBITDA) of the business group is equated to the total income (excluded Related Party Transactions, Management fees, Interest Income, and other income) which all expense has been deducted (excluding the financial cost). Credit Note is adjusted as deemed appropriate with the applicable quarter. The above assets are referred to only the operating assets of the Company.
  - 2) The value of fixed assets before deducting the accumulated depreciation and excluding assets revaluation as to display the return of investment

## Liabilities and Shareholder's Equity

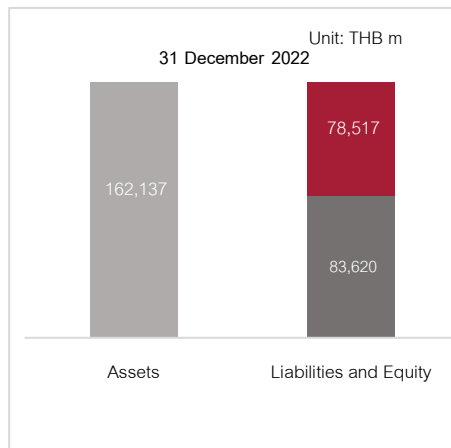
As of 30 September 2023, the Company recorded total liabilities of 83,821 million baht, increasing by 5,304 million baht or 6.8% compared to the restated Financial Statement at the end of 2022 (Graph 60.2 and 60.3). The liabilities consisted of interest-bearing debt (IBD), amounting to 66,108 million baht, while other liabilities amounted to 17,714 million baht, mostly due to an increase in the loans from Financial Institutions to support new asset investment and project development, and financial leasing. As of 30 September 2023, shareholder's equity amounted at 85,854 million baht (Graph 60.3), mostly because of the recognition of positive operating results and unappropriated retained earnings.

Graph 60: Financial Structure

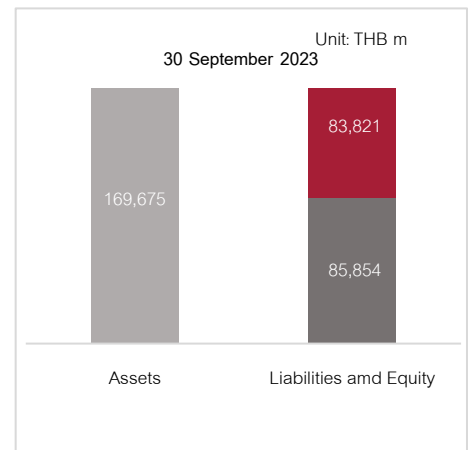
Graph 60.1 Financial Statement  
at end of 2022 (before restated)



Graph 60.2 Financial Statement  
at end of 2022 (restated)



Graph 60.3 Financial Statement  
as of September 30, 2023



■ Assets

■ Liabilities

■ Equity

Table 6: Financial Ratio

Financial Ratio		9 Months		Quarter		
		2022	2023	3Q/2022	2Q/2023	3Q/2023
Financial Statement	EBITDA Margin	53.9%	50.9%	55.3%	49.0%	48.7%
	Net Profit Margin	26.3%	26.6%	28.3%	24.7%	24.3%
Operating Performance	EBITDA Margin	25.8%	32.2%	32.4%	28.6%	29.6%
	Net Profit Margin	-6.5%	6.3%	1.9%	2.5%	3.7%



The EBITDA margin in the 3Q/2023 Financial Statement was 48.7%, a decrease of 55.3% from 3Q/2022 and close to the previous quarter, due to higher utility expenses of the Commercial Business. However, efficient cost management has mitigated these impacts. The net profit margin in the 3Q/2023 Financial Statement was 24.3%, a slight decrease from the same period last year.

The EBITDA margin and net profit margin from the Operating Performance in 3Q/2023 were at 29.6%, a decrease from 32.4% in 3Q/2022, due to the increased expenses for project improvements compared to the previous year. However, the EBITDA margin increased from the previous quarter owing to more effective cost management. Net profit margin was at 3.7%, improving YoY and QoQ. This was due to the Hospitality Business with a significant increase in the number of Thai and foreign tourists staying at the Company's hotels and effective cost management in the Retail Business.

**Table 7: Debt to Equity Ratio**

Ratio	2022 (Before Restated 2Q/2023)	2022 (Restated 2Q/2023)	3Q/2023
Debt to Equity Ratio	0.89 times	0.94 times	0.98 times

The Debt-to-Equity Ratio as of 30 September 2023 was at 0.98 times, an increase of 0.04 times from the end of 2022. This was mainly due to an increase in loans from Financial Institutions to support new asset investment and project development for growth pipeline. Nevertheless, the capital structure remained robust, and the Company maintained the capacity to secure loans for investment expansion in alignment with its business plan and suitable investment opportunities.

#### **The Company's commitment to sustainable development**

Driven by the Company's long-term vision of "Building a Better Future", we remain committed to creating social values and sustainable economic growth for all stakeholders, underpinned by "the Three Pillars" of the Sustainability Strategy: Better Planet, Better People, and Better Prosperity, covering nine important dimensions. In 3Q/2023, the Company received the sustainability assessment evaluation from S&P Global ESG Score at exceptional result of 77 points. AWC also received the SET ESG Rating 'A' from the Stock Exchange of Thailand, which is one

of the 193 companies selected, reflecting the Company's capabilities to drive sustainable business throughout the value chain.

## BETTER PLANET

Under this pillar, the Company is determined to proactively make measurable progress on building a better planet as a step toward becoming a carbon-neutral company by 2030. We set ambitious annual goals and work plans to guide the implementation of activities and projects and regularly monitor/measure performances and outcomes.

Under AWC's Energy Efficiency Plan, the Company reduced the specific energy consumption (SEC) to 4.1% across all AWC properties in the first nine months of 2023 compared to the base year (2017 – 2019). Reducing energy consumption also saved THB 41 million from electricity bills. This reduced 11,356 megawatt-hours, equivalent to 5,677 Tons CO<sub>2</sub>e in greenhouse gas emissions. In addition, the energy-saving performance in the first nine months of 2023 was equal to the energy consumed for one year by The Athenee Hotel, a luxury collection hotel, Bangkok or carbon dioxide absorbed by 255,456 trees. When compared to the YoY performance, the Company has made significant progress in its climate strategy goal to reduce greenhouse gas emissions by 33.4%.

Apart from the implementation of the Energy Efficiency Plan (EEP) in various properties, AWC has also initiated projects that will concretely increase carbon dioxide absorption. By collaborating with various hotel brand partners, including the Tourism Authority of Thailand (TAT) and the Mae Fah Luang Foundation under the Royal Patronage, AWC started inviting hotel guests to participate in the "**AWC Stay to Sustain**" project to conserve and restore trees in community forests to strengthen biodiversity in the ecosystem and oxygen production to benefit the planet's atmosphere. This initiative will also generate income within local communities which provide important long-term support for the national economy. The project underscores AWC's commitment to conducting business in alignment with its sustainable framework (3BETTERs), in line with TAT's goal to promote low-carbon tourism and propel Thailand as a **global sustainable tourism destination**.

"**AWC Stay to Sustain**" aims to reforest approximately 5,000 Rai annually, covering over 500,000 trees, absorbing the equivalent of 2,500 tons of carbon dioxide. Restoring the biodiversity in the ecosystem aligns with AWC's commitment towards carbon neutrality by 2030, while generating income for local communities dedicated to forest preservation to foster equitable economic growth.

Moreover, in collaboration with the Mae Fah Luang Foundation, AWC will source local products from over 230 communities to be used in AWC affiliated hotels and sold in The GALLERY, showcasing Thai handicrafts to tourists, while generating income for local craftsmen.

## **BETTER PEOPLE**

The Company has actively promoted community engagement to leverage the community's health and well-being. In 2023, The GALLERY opened three additional branches at newly launched hotel at INNSiDE by Meliá Bangkok Sukhumvit, InterContinental Chiang Mai The Mae Ping, and Chiang Mai Marriott Hotel, featuring unique products from the local community in Chiang Mai, Chiang Rai, Loei, Suphan Buri, and Phra Nakhon Si Ayutthaya. To promote local wisdom and social enterprises, "The GALLERY" brings all profits to support the creation of art by local craftsmen and provides an opportunity for local communities and social enterprises to create sustainable careers.

AWC emphasizes our commitment to reducing inequality by offering disabled children and youth greater access to social activities to gain opportunities and be part of a more inclusive and sustainable society. The Company was delighted to be a force for good to provide opportunities to children and youth with disabilities from the Five for All Foundation to explore and enjoy every activity of Disney100 Village at Asiatique.

The Company continues to create social and community value and actively engages with communities where our properties are located. In this quarter, we made visits to 16 communities and households to conduct public hearings of "Weng Nakorn Kasem", the large mixed-use development project. This time, we focused on listening, consulting, and gaining feedback from the communities to continuously improve our procedures and operations, ensuring positive impacts for the people and communities close to the project. The Company strongly believes that the project will bring out the charm of the old commercial district and preserve the culture, history, and color of Chinatown, and be a part of presenting their tradition and lifestyle to tourists from all over the world to experience the pride of Thailand.

In addition, the Company together with AWC affiliated hotels - Meliá Chiang Mai, Le Méridien Chiang Mai, InterContinental Chiang Mai the Mae Ping, and the Sirivadhanabhakdi Foundation, attended the ceremony commemorating the 150th birthday anniversary of Princess Dara Rasmi of Chiangmai, the Princess Consort of

King Chulalongkorn (Rama V) at the Suan Dok Royal Temple, Chiang Mai Province. We supported the "Dara Rasmi Fund" in the amount of THB 300,000 to be used for public benefits and charitable purposes for the people of Lanna.

#### **BETTER PROSPERITY**

The hotel and retail operations, totaling 20 projects under AWC, have been awarded 5-star and 4-star certificates under the STAR program "Stars of Sustainability," aligning with Thailand's Sustainable Tourism Goals (STGs). The award reflects AWC's dedication to sustainable development in all dimensions of the business, with a commitment to the economic, social, environmental, and ethical aspects of corporate responsibility. This effort aims to create long-term sustainable value for all stakeholders and contribute to Thailand's goal of becoming a global sustainable tourism destination.

The Company participated in ASEAN's largest sustainability expo, Sustainability Expo 2023, held at the Sirikit National Convention Center, to demonstrate its commitment to sustainable development under the theme '**Circular Economy for a Better Community**'. We have showcased our dedication through two main projects: reConcept, which involves repurposing and designing new products from recycled materials to create value. The 'Revival' collection was exhibited. This collection was the transformation of old items such as doors, windows, and table legs into new furniture. Additionally, another key project, 'The GALLERY,' was exhibited. This project focuses on promoting community engagement to create value and increase income for communities in Thailand through handcrafted and artistic products.

#### **ACTIVITIES TO PROMOTE GOOD CORPORATE GOVERNANCE IN 3Q/2023**

In 3Q/2023, the Company implemented activities to promote good corporate governance under the principles of good corporate governance for listed companies. The Board of Directors has governed and monitored Executives and employees at all levels, ensuring they comply with good the corporate governance policy and the Business's Code of Conduct as follows:

1. The Board of Directors ensured that all committees, executives, and employees at all levels adhered to good corporate governance principles and complied with the Company's Code of Conduct. As a listed company, committees, executives and employee insiders are prohibited from trading in the Company's stock during the blackout period. The Company's blackout period is at least 30 days.

2. Organized training for executives and employees on their obligations under the Company's Use of Inside Information Policy and preventive measures on the use of inside information for trading in the Company's stock (AWC). Executives and employees are required to report on securities holdings, derivatives and change in holdings as well as the holdings and changes to the holdings of their spouse, cohabiting couple, and minor children in accordance with the rules and procedures within 3 working days as specified in the notification of the SEC Office.

3. Organized three mandatory training to all 52 new employees on issues of good corporate governance to be completed within 7 days after onboarding:

3.1 The Company's Code of Conduct

3.2 IT Security Policy

3.3 Anti-Corruption Policy

In 3Q/2023, the Company revised the Code of Conduct and Sustainability Management Policy to align with international practice and the recent corporate sustainability assessment by S&P Global. The principles of practice and policy framework encompasses the "Three Pillars" of AWC's Sustainability Strategy.

#### **Director and Executives Training**

The Company encourages directors to attend training and seminars that can improve their knowledge and help them better perform their duties and participate in activities to exchange experiences and opinions with directors and management of other listed companies. The trainings and seminars were organized by the Thai Institute of Directors and other institutions with related courses to apply knowledge and experience and also further enhance knowledge in management, business, and good corporate governance to keep up with the competition at all times.

Directors participated in the directors training course of the Thai Institute of Directors Association (IOD), attended seminars, and joined a Board summit at the Sustainability EXPO 2023 at the Queen Sirikit National Convention Center on 4<sup>th</sup> October 2023.

The Company realizes that shareholders expect the Board of Directors to perform their duties to protect the interests of the shareholders. In addition to focusing on financial return, the Company leads the organization toward sustainable growth. It emphasizes the process of promoting employee well-being, community, and protecting the environment.

In 3Q/2023, AWC's overall performance continued to grow. AWC is committed to enhancing competitiveness by developing high-quality projects within each business group, following the GROWTH-LED strategy to drive cash flow growth and consistently exceeding customer expectations with exceptional experiences. Furthermore, AWC places significant emphasis on driving business in accordance with sustainable development under the three operational frameworks, the '3BETTERs' and nine dimensions. AWC also collaborates with both government and private sector partners to support numerous high-quality projects to propel Thailand towards becoming a global sustainable tourism destination, while creating value for all stakeholders within the community, society, environment, and the nation in a sustainable way in accordance with the Company's mission of "Building a Better Future".