

February 27, 2024

The President & Director,

The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Operating Performance Results
for the 3 months and for the year ended December 31, 2023**

Central Plaza Hotel Pcl. (the "Company" or "CENTEL") wishes to inform and clarify to the SET regarding the analysis of the Company's operating performance results for the 3 months (Q4/2023) and for the year ended December 31, 2023, with the following details:

1. Overview of the tourism industry in Thailand, the Maldives, Dubai, and Japan
 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 2024
1. Overview of the tourism industry in Thailand, the Maldives, Dubai, and Japan

1.1 The tourism industry in Thailand

The number of international tourist arrivals in Q4/2023 continuously increased to 8.1 million, a growth of 49% Year on Year (YoY). Chinese reported significant growth of approximately 7 times YoY, and other nationalities have increased YoY as well. The majority of tourist arrivals were from Asia and the Pacific with contributions of 69% of total arrivals. The top three tourists were from Malaysia at 16%, China at 13%, whereas Russia, South Korea, and India were approximately the same figure of 6% of total arrivals.

For 2023, the total number of international tourist arrivals was 28.2 million, an increase of 1.5 times YoY. The top three tourist arrivals were from Malaysia at 16%, China at 13%, South Korea and India with equal contributions of 6% of total arrivals.

1.2 The tourism industry in the Maldives

The total number of international tourist arrivals in Q4/2023 was 517,495, a growth of 7% YoY. The growth was significantly driven by the Chinese approximately 7.6 times compared to the same period last year. As a result, China was in the 5th rank with contribution of 8% of total arrivals. The top three arrivals were from India with contribution of 12%, Russia with 10%, and the UK and Germany with equal contributions of 9% of total arrivals. However, the numbers of Indian, Russian, and the British tourists decreased by 18%, 11%, and 1% YoY, respectively. On the other hand, the number of German tourists increased 13% YoY.

For 2023, the total number of international tourist arrivals was 1.9 million, an increase of 12% compared to the same period last year, which was driven by Chinese tourists with an increase of over 14.4 times. The top three tourists were from India and Russia with equal contributions of 11% and China with 10% of total tourist arrivals. Even though India was the 1st rank in total arrivals, the total number decreased by 13% YoY. While, the number of Russian tourists grew 4% YoY.

1.3 The tourism industry in Dubai

The total number of international tourist arrivals in Q4/2023 was 4.8 million, an increase of 12% YoY, mainly driven by Russia, the Commonwealth of Independent States (CIS), and Eastern Europe with an increase of approximately 38%, and North Asia & Southeast Asia with a growth of approximately 49% compared to the same period last year. The top three arrivals were from Western Europe with contribution of 20%, South Asia with 18%, and Gulf Cooperation Council (GCC) as well as Russia with equivalent contributions of 14% of total arrivals.

For 2023, the total number of international tourist arrivals was 17.2 million, a growth of 19% YoY driven by North Asia & Southeast Asia with a growth of 103%, and South Asia with a growth of 26% YoY. The top three tourists were from Western Europe with contribution of 19%, South Asia at 18%, and GCC at 15% of total arrivals, respectively.

1.4 The Tourism Industry in Japan

The total number of international tourist arrivals in Q4/2023 was 7.7 million, a growth of 1.7 times YoY driven by Asian tourists. The top three arrivals contributed 54% of total arrivals, which were from South Korea at 27%, Taiwan at 16%, and China at 11% of total arrivals.

For 2023, the total arrivals were 25.1 million, an increase of 5.5 times compared to the same period last year. The top three tourists were from South Korea at 28%, Taiwan at 17%, and China at 10% of total tourist arrivals.

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

2.1 Analysis of the operating performance

Operating Performance for Q4/2023 and Q4/2022

(Amount - in Baht Million)	Q4/2023		Q4/2022		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	2,739	46%	2,363	43%	376
Revenues - food business	3,279	54%	3,139	57%	140	4%
Total revenues	6,018	100%	5,502	100%	516	9%
Cost of sales - hotel business	(1,017)	-17%	(777)	-14%	(240)	-31%
Cost of sales - food business	(1,467)	-24%	(1,385)	-25%	(82)	-6%
Total cost of sales ⁽¹⁾	(2,484)	-41%	(2,162)	-39%	(322)	-15%
Selling & General Administrative Expenses	(2,067)	-34%	(1,832)	-33%	(235)	-13%
Share of Gain - Investments (by the equity method)	9	0%	23	0%	(14)	-61%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	1,476	25%	1,531	28%	(55)	-4%
Depreciation & Amortization	(757)	-13%	(765)	-14%	8	1%
Earning before Interest and Tax (EBIT)	719	12%	766	14%	(47)	-6%
Finance Costs ⁽²⁾	(268)	-4%	(192)	-3%	(76)	-40%
Corporate Tax Expenses ⁽³⁾⁽⁴⁾	(156)	-3%	(65)	-1%	(91)	-140%
Loss (Profit) from Non-Controlling Interests	2	0%	(11)	0%	13	118%
Net Profit from normal operation	297	5%	498	9%	(201)	-40%
Extra Item						
Reversal of impairment on assets netted off deferred tax and depreciation ⁽⁵⁾	128	2%	-	-	128	NA
Net Profit	425	7%	498	9%	(73)	-15%

(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 135 million (Q4/2022: Baht 113 million)

(3) Corporate tax expenses include deferred tax income related to the lease of Centara Grand Beach Resort and Villa Hua Hin of Baht 8 million (Q4/2022: None)

(4) Corporate tax expenses include deferred tax expenses related to a reduction in loss carryforward of Baht 135 million for 2023, recorded a total amount in Q4/2023.

(5) Reversal of impairment on assets of Baht 284 million, netted off deferred tax of Baht 57 million, and depreciation of Baht 99 million.

- Q4/2023: The Company achieved total revenues of Baht 6,018 million (Q4/2022: Baht 5,502 million), an increase of Baht 516 million (or a rise of 9% YoY), with the proportion of total revenues between the hotel business and the food business being 46%:54% (Q4/2022: 43%:57%); while a Gross Profit was Baht 3,267 million, an increase of 8% YoY and represented a Gross Profit Margin of 57% of the revenues (excluding other income) that decreased from the same period last year (Q4/2022: 58%) due to a decrease in Gross Profit margin of the hotel and food businesses. The Company achieved an Earning before Interest, Tax, Depreciation, and Amortization (EBITDA) of Baht 1,476 million, (Q4/2022: Baht 1,531 million), a decrease of Baht 55 million (or 4% YoY) compared to the same period last year due to a drop of EBITDA's the food business. An EBITDA Margin of 25% decreased from last year (Q4/2022: 28%) due to the profit margin drops in both hotel and food business, mainly from an increase in the cost of sales and selling, general and administrative expenses YoY. For the hotel business, a decline in profit margin was also the impact of the 2 major renovations: the partial closure of Centara Grand Mirage Beach Resort, Pattaya, and the full closure of Centara Karon Resort Phuket together with a relatively low-profit margin of Centara Grand Hotel Osaka during the ramp-up in performance. The Company had an Earning before Interest and Tax (EBIT) of Baht 719 million, a decrease of Baht 47 million or 6% compared to the same period last year. In Q4/2023, the company had a net profit from normal operation of Baht 297 million, a drop of Baht 201 million, or 40% YoY, due mainly to an increase in finance costs and deferred tax expenses related to a reduction in loss carryforward from the hotel business in 2023, which was booked a total amount in Q4/2023. However, the company had an extra item from the reversal of impairment on assets netted off deferred tax and depreciation in a total of Baht 128 million, which was due to the significant improvement in the performance of Centara Grand at Central Plaza Ladprao, Bangkok, compared to the impairment being estimated as the impact of COVID-19 in 2020. The company had a Net profit after an extra item of Baht 425 million in Q4/2023, a decrease of Baht 73 million or 15% compared to the same period last year.

However, in Q4/2023, the company recognized a gain from changes in the foreign exchange rates relating to foreign currency loans of Baht 13 million (Q4/2022: a gain of Baht 116 million).

Operating Performance for 2023 and 2022

(Amount - in Baht Million)	Year 2023		Year 2022		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	9,932	44%	6,541	36%	3,391
Revenues - food business	12,615	56%	11,675	64%	940	8%
Total revenues	22,547	100%	18,216	100%	4,331	24%
Cost of sales - hotel business	(3,553)	-16%	(2,333)	-13%	(1,220)	-52%
Cost of sales - food business	(5,672)	-25%	(5,001)	-27%	(671)	-13%
Total cost of sales ⁽¹⁾	(9,225)	-41%	(7,334)	-40%	(1,891)	-26%
Selling & General Administrative Expenses	(7,725)	-34%	(6,427)	-35%	(1,298)	-20%
Share of Loss - Investments (by the equity method)	(62)	0%	(44)	0%	(18)	-41%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	5,535	25%	4,411	24%	1,124	25%
Depreciation & Amortization	(3,023)	-13%	(3,132)	-17%	109	3%
Earning before Interest and Tax (EBIT)	2,512	11%	1,279	7%	1,233	96%
Finance Costs ⁽²⁾	(1,007)	-4%	(726)	-4%	(281)	-39%
Corporate Tax Expenses ⁽³⁾	(377)	-2%	(138)	-1%	(239)	-173%
Profit from Non-Controlling Interests	(8)	0%	(17)	0%	9	53%
Net Profit from normal operation	1,120	5%	398	2%	722	181%
Extra Item						
Reversal of impairment on assets netted off deferred tax and depreciation ⁽⁵⁾	128	1%	-	-	128	N/A
Net Profit	1,248	6%	398	2%	850	214%

- (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 541 million (2022: Baht 395 million)
- (3) Corporate tax expenses include deferred tax expenses related to the lease of Centara Grand Beach Resort and Villa Hua Hin of Baht 30 million (Year 2022: None)
- (4) Reversal of impairment on assets of Baht 284 million netted off deferred tax of Baht 57 million and depreciation of Baht 99 million.

- Year 2023: The Company achieved Total Revenues of Baht 22,547 million (Year 2022: Baht 18,216 million), an increase of Baht 4,331 million (or 24% YoY), with the proportion of total revenues between the Hotel Business and the Food Business being 44%:56% (Year 2022: 36%:64%); while Gross Profit was Baht 12,319 million, an increase of Baht 2,165 million or 21% YoY and represented a Gross Profit Margin of 57% of total revenues (excluding other income) that was a drop compared to last year (Year 2022: 58%) due to a decrease in Gross Profit margin of the food business. The Company achieved an EBITDA of Baht 5,535 million (Year 2022: Baht 4,411 million), an increase of Baht 1,124 million (or 25% YoY). An EBITDA Margin of 25% was an increase from the same period last year (Year 2022: 24%). The Company had an Earning before Interest and Tax (EBIT) of Baht 2,512 million, an increase of Baht 1,233 million (or 96%) compared to last year, and had a Net profit from normal operation of Baht 1,120 million, an increase of Baht 722 million, or 181% YoY due to the recovery of the hotel business. The company had a Net profit after an extra

item from the reversal of impairment on assets netted off deferred tax and depreciation of Baht 1,248 million, compared to a Net profit of Baht 398 million, an increase of Baht 850 million, or 214% growth YoY.

In 2023, the company recognized a gain from changes in the foreign exchange rates related to foreign currency loans of Baht 80 million (Year 2022: a gain of Baht 91 million).

2.2 Analysis of the Operating Results for each respective Business Group

2.2.1 Hotel Business

As of December 31, 2023, the Company had hotels under management in a total of 95 hotels (21,027 rooms); with 51 hotels (11,166 rooms) already in operation together with other 44 hotels (9,861 rooms) still under development. Of the 51 hotels already in operation, 20 hotels (5,566 rooms) are owned and operated by the Company, with the other 31 hotels (5,600 rooms) being operated under the Company's Hotel Management Agreements.

Operations Results - Hotel Business (for owned & operated hotels) Q4/2023

Occupancy Rate (OCC) %	Total Operating Performance		
	Q4/2023	Q4/2022	% Changes
Bangkok	77%	71%	6% pts
Upcountry	66%	64%	2% pts
Maldives	72%	68%	4% pts
Dubai	82%	84%	-2% pts
Japan	77%	-	-
Thailand – Average	70%	66%	4% pts
Total Average (excluded Dubai)	71%	66%	5% pts
Total Average	72%	68%	4% pts

Average Room Rate - ARR (Baht)	Total Operating Performance		
	Q4/2023	Q4/2022	% Changes
Bangkok	4,154	4,028	3%
Upcountry	4,716	4,065	16%
Maldives	14,030	15,634	-10%
Dubai	8,322	7,169	16%
Japan	7,094	-	-
Thailand - Average	4,509	4,053	11%
Total Average (excluded Dubai)	5,351	4,728	13%
Total Average	5,745	5,091	13%

Revenue per Available Room - RevPar (Baht)	Total Operating Performance		
	Q4/2023	Q4/2022	% Changes
Bangkok	3,205	2,844	13%
Upcountry	3,121	2,595	20%
Maldives	10,127	10,615	-5%
Dubai	6,840	6,046	13%
Japan	5,457	-	-
Thailand - Average	3,149	2,671	18%
Total Average (excluded Dubai)	3,786	3,122	21%
Total Average	4,141	3,473	19%

Operating performance of the hotel business in Q4/2023

Hotel Business (In Baht Million)	Q4/2023	Q4/2022	% Changes
Revenues - Hotel Business operations	2,516	2,090	20%
Total Revenues (including other income)	2,739	2,363	16%
Gross Profit	1,499	1,314	14%
% Gross Profit Margin	60%	63%	-3% pts
EBITDA	943	899	5%
% EBITDA Margin	34%	38%	-4% pts
Net Profit from operation	172	360	-52%

Reversal of impairment on assets	128	-	-
Net Profit after an extra item	300	359	-16%
% Net profit margin	11%	15%	-4% pts

- Q4/2023:

- In Q4/2023, Overall RevPar of the hotel business has improved QoQ and YoY because of high season and sustainable recovery of hotels in Dubai and Thailand. Additionally, Centara Grand Hotel Osaka reported a significant improvement QoQ. The RevPar increased by 19% YoY to Baht 4,141, as a result of the Occupancy Rate (OCC) increasing from 68% in Q4/2022 to 72% in Q4/2023 and the Average Room Rate (ARR) increased by 13% YoY to Baht 5,745.

- Bangkok: RevPar increased by 13% YoY to Baht 3,205 as a result of the Occupancy Rate (OCC) improving from 71% to 77% and the Average Room Rate (ARR) also increased by 3% YoY to Baht 4,154. The recovery of hotels in Bangkok was mainly driven by Centara Grand at Central Plaza Ladprao Bangkok.

- Upcountry: RevPar increased by 20% YoY to Baht 3,121 as a result of the Occupancy Rate rising from 64% to 66%, and the Average Room Rate (ARR) improved by 16% YoY to Baht 4,716 mainly driven by the recovery of hotels in Phuket, Krabi, Samui, and Hat Yai.

- Overseas:

- Maldives: RevPar dropped by 5% YoY to Baht 10,127. The OCC improved from 68% to 72% but ARR decreased by 10% compared to the same period last year to Baht 14,030. However, considering in USD, the Total Revenue per Available Room (TRRevPar) decreased by 4% YoY to USD 443. A drop in performance was due to a significant decrease in the key customer from India, while the partial business replacement came from Chinese guests, which markedly rebounded in the second half of 2023.

- Dubai: RevPar was Baht 6,840, a growth of 13% YoY, driven by an increase in ARR of 16% to Baht 8,322. While OCC dropped from 84% to 82%.

- Japan: In Q4/2023, the performance improved QoQ due to the high season. OCC was 77%, ARR of Baht 7,094, and RevPar of Baht 5,457.

- In Q4/2023, The hotel business achieved total revenues of Baht 2,739 million, an increase of Baht 376 million (or a rise of 16% YoY) due to an increase in revenue from operation of Baht 426 million, while other income decreased by Baht 50 million YoY mainly because of a decrease in a gain from changes in the foreign exchange rates of Baht 103 million. Even though Gross Profit margin dropped from 63% in Q4/2022 to 60% in Q4/2023, the hotel business reported a Gross Profit of Baht 1,499 million (Q4/2022: Baht 1,314 million), a growth of 14% YoY due mainly to the performance of Centara Grand Hotel Osaka. An EBITDA was Baht 943 million (Q4/2022: Baht 899 million), an increase of 5% YoY, with an EBITDA margin of 34%, which decreased YoY (Q4/2022: 38%). The drop in profit margin was partly due to the impact of the 2 major renovations: the partial closure of Centara Grand Mirage Beach Resort Pattaya and the full closure of Centara Karon Resort Phuket, together with a relatively low-profit margin of Centara Grand Hotel Osaka during the ramp-up in performance. The hotel business had a net Profit after an extra item of Baht 300 million in Q4/2023, a drop of Baht 16% YoY (Q4/2022: Baht 359 million).

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

Occupancy Rate (OCC) %	Total Operating Performance		
	Year 2023	Year 2022	% Changes
Bangkok	75%	55%	20% pts
Upcountry	68%	44%	24% pts
Maldives	72%	68%	4% pts
Dubai	81%	77%	4% pts
Japan	72%	-	-
Thailand - Average	70%	47%	23% pts
Total Average (excluded Dubai)	70%	48%	22% pts
Total Average	71%	52%	19% pts

Average Room Rate - ARR (Baht)	Total Operating Performance		
	Year 2023	Year 2022	% Changes
Bangkok	3,918	3,443	14%
Upcountry	4,382	3,825	15%
Maldives	13,251	15,002	-12%
Dubai	6,642	5,731	16%
Japan	6,667	-	-
Thailand - Average	4,224	3,688	15%
Total Average (excluded Dubai)	4,877	4,585	6%
Total Average	5,113	4,791	7%

Revenue per Available Room - RevPar (Baht)	Total Operating Performance		
	Year 2023	Year 2022	% Changes
Bangkok	2,933	1,898	55%
Upcountry	2,962	1,673	77%
Maldives	9,482	10,154	-7%
Dubai	5,382	4,441	21%
Japan	4,791	-	-
Thailand - Average	2,953	1,742	70%
Total Average (excluded Dubai)	3,419	2,219	54%
Total Average	3,651	2,486	47%

Operating performance of hotel business for Year 2023

Hotel Business (In Baht Million)	Year 2023	Year 2022	% Changes
Revenues - Hotel Business operations	9,078	5,935	53%
Total Revenues (including other income)	9,932	6,541	52%
Gross Profit	5,525	3,602	53%
% Gross Profit Margin	61%	61%	-
EBITDA	3,284	1,796	83%
% EBITDA Margin	33%	27%	6% pts
Net Profit (Loss) from operation	641	(161)	-501%
Reversal of impairment on assets	128	-	N/A
Net Profit (Loss) after an extra item	769	(161)	-581%
% Net profit (loss) margin	8%	-2%	10% pts

- Year 2023:
 - Occupancy Rate (OCC) increased from 52% to 71%, and the Average Room Rate (ARR) improved by 7% YoY to Baht 5,113 which then resulted in the RevPar being increased by 47% YoY to Baht 3,651.
 - Bangkok: RevPar increased by 55% YoY to Baht 2,933, due to an increase in Occupancy Rate (OCC) from 55% to 75%; while Average Room Rate (ARR) was Baht 3,918, an improvement of 14% YoY.
 - Upcountry: RevPar rose by 77% to Baht 2,962, resulting from the Occupancy Rate (OCC) improving from 44% to 68%; and the Average Room Rate (ARR) increased by 15% YoY to Baht 4,382.
 - Overseas:
 - Maldives: RevPar dropped by 7% YoY to Baht 9,482 as a result of a decrease in ARR by 12% YoY to Baht 13,251. While OCC improved from 68% to 72%. Considering in USD, TRevPar dropped by 1% YoY to USD 436.
 - Dubai: RevPar was Baht 5,382, a growth of 21% YoY. OCC rose from 77% to 81% and ARR grew by 16% to Baht 6,642.
 - Japan: RevPar was Baht 4,791, OCC at 72%, and ARR of Baht 6,667.

- For 2023, The hotel Business achieved Total Revenues of Baht 9,932 million, an increase of Baht 3,391 million (or 52% YoY). The hotel business had a Gross Profit of Baht 5,525 million (Year 2022: Baht 3,602 million), an increase of 53% YoY, and a Gross Profit Margin being at 61% was stable, compared to last year. The hotel business had an EBITDA of Baht 3,284 million (Year 2022: Baht 1,796 million), a growth of 83% YoY, mainly because of the substantial recovery of 5-star and luxury hotels in Thailand. An EBITDA margin improved YoY to 33% (Year 2022: 27%) and a net Profit from operation before an extra item was Baht 641 million, compared to a net Loss of Baht 161 million, an improvement of 501% YoY.

2.2.2 Food Business

- Operating Results - Food Business Q4/2023

Same Store Sales (SSS) Growth %	Q4/2023	Q4/2022
Top 4 brands	3%	11%
Other brands*	-6%	16%
Total Average excl. JV	2%	12%
Total Average incl. JV	2%	11%

Total Systems Sales (TSS) Growth %	Q4/2023	Q4/2022
Top 4 brands	8%	16%
Other brands*	-9%	28%
Total Average excl. JV	5%	18%
Total Average incl. JV	7%	31%

*Excluded Joint Ventures' brands

Number of QSR Outlets	Q4/2023	Q4/2022
KFC	335	319
Mister Donut	463	469
Auntie Anne's	225	209
Ootoya	48	47
Pepper Lunch	49	51
Cold Stone Creamery	16	16
The Terrace	4	7

Chabuton	16	17
Yoshinoya	26	31
Tenya	12	12
Katsuya	59	60
Aroi Dee	11	30
Kowlune	1	1
Arigato	210	185
Grab Kitchen by Every Food	6	18
Kiani	1	-
Joint ventures' brands		
Salad Factory ⁽¹⁾	39	30
Brown Café	10	11
Café Amazon - Vietnam ⁽¹⁾	25	18
Som Tum Nua	8	5
Shinkanzen Sushi ⁽¹⁾	57	44
Total	1,621	1,580

⁽¹⁾ Presented as Joint ventures in Financial Statement

Operating performance of the food business in Q4/2023

Food Business (in Baht Million)	Q4/2023	Q4/2022	% Changes
Sales Revenues	3,235	3,102	4%
Total Revenues (including other income)	3,279	3,139	4%
Gross Profit	1,768	1,716	3%
% Gross Profit Margin	55%	55%	-
EBITDA	533	632	-16%
% EBITDA Margin	16%	20%	-4% pts
Net Profit	125	139	-10%
% Net Profit Margin	4%	4%	-

- For operating performance in Q4/2023, the food business achieved Total Revenues of Baht 3,279 million, an increase of Baht 140 million (or a growth of 4% YoY). The Same Store Sales (SSS) increased by 2% compared to the same period last year and Total System Sales (TSS) grew by 5% YoY. The increase in

revenue was mainly from the growth of key brands – KFC and Auntie’s Anne. However, delivery revenue dropped YoY due to switching customers’ behaviour to dine-in.

- Including JVs, the SSS increased by 2% compared to the same period last year and The Average TSS grew by 7% YoY. The increase in JV revenue was mainly from the growth of Shinkanzen Sushi and Salad Factory.
- At the end of Q4/2023, the company had a total of 1,621 outlets, an increase of 41 outlets or a growth of 3% compared to Q4/2022. Most of the outlet expansion was from KFC (+16), Auntie Anne’s (+16), Salad Factory (+9), Shinkanzen Sushi (+13), Arigato (+25) mainly driven by shop-in-shop in Mister Donut outlets. Conversely, the number of outlets of Aroi Dee and Grab Kitchen by Every Food, which have a significant revenue contribution from delivery, notably decreased YoY. Non-performing outlets have been closed to improve the profitability.
- The food business had a Gross Profit of Baht 1,768 million (Q4/2022: Baht 1,716 million), an increase of 3% YoY, While Gross Profit margin was stable at 55% of food revenue (excluding other income) YoY. In Q4/2023, The food business had Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of Baht 533 million, or a drop of 16% YoY. EBITDA margin was at 16%, a decrease YoY (Q4/2022: 20%). In Q4/2023, the food business had a Net profit of Baht 125 million, a decrease of Baht 14 million, or 10% YoY. The drop in profit margin was due mainly to an increase in rental fees and the provision of outlet closures YoY.

Operating Results - Food Business for Year 2023

Same Systems Sales (SSS) Growth %	Year 2023	Year 2022
Top 4 brands	4%	17%
Other brands*	-1%	39%
Total Average excl. JV	4%	20%
Total Average incl. JV	3%	19%

Total Systems Sales (TSS) Growth %	Year 2023	Year 2022
Top 4 brands	9%	23%
Other brands*	1%	46%
Total Average excl. JV	8%	26%
Total Average incl. JV	13%	36%

*Excluded Joint Ventures’ brands

Operating performance of the food business for 2023

Food Business (in Baht Million)	Year 2023	Year 2022	% Changes
Sales Revenues	12,465	11,553	8%
Total Revenues (including other income)	12,615	11,675	8%
Gross Profit	6,794	6,552	4%
Gross Profit Margin %	55%	57%	-2% pts
EBITDA	2,251	2,615	-14%
% EBITDA Margin	18%	22%	-4% pts
Net Profit	479	559	-14%
% Net Profit Margin	4%	5%	-1% pts

- For the performance of 2023, the food business had a total revenue of Baht 12,615 million, an increase of Baht 940 million (or 8% compared to 2022). The SSS increased by 4% YoY driven by the top four brands. The Average TSS was 8% YoY with the top four brands' TSS at 9% and the other brands' TSS at 1%, compared to last year.
- Including JVs, the SSS increased by 3% compared to the same period last year and The Average TSS grew by 13% YoY. The increase in JV revenue was mainly from the growth of Shinkanzen Sushi and Salad Factory.
- The food business had a Gross profit of Baht 6,794 million, a rise of 4% YoY with a Gross Profit margin of 55%, a drop YoY (Year 2022: 57%). An EBITDA was Baht 2,251 million, a decrease of 14% YoY, with an EBITDA margin of 18% (Year 2022: 22%). The food business had a Net profit of Baht 479 million, a drop of Baht 80 million YoY (or 14%). The declining profit margin was mainly because of an increase and volatility in key raw material prices, electricity prices, rental fees, and the provision of outlet closures, particularly for cloud kitchen.

3 Financial Status

Financial Position and Cash Flows

As of December 31, 2023, the Company had Total Assets of Baht 54,204 million, an increase of Baht 6,038 million or 13%, compared to the end of 2022, due mainly to an increase of Right-of-use assets of Baht 6,380 million relating to the renewal of the long-term lease contract of Centara Grand Beach Resort Hua Hin and a new lease contract of Centara Grand Hotel Osaka. Trade and other receivables increased by Baht 292 million. On the other hand, Cash and cash equivalents dropped by Baht 618 million and other current financial assets decreased by Baht 319 million, compared to the end of 2022.

Total Liabilities were Baht 34,186 million, a rise of Baht 4,911 million or 17%, compared to the end of 2022, mainly from an increase in lease liabilities of Baht 6,296 million relating to the renewal of the long-term lease contract of Centara Grand Beach Resort Hua Hin and the new lease contract of Centara Grand Hotel Osaka. Debenture increased by Baht 1,903 million; whereas, long-term debt from financial institutions dropped by Baht 3,645 million, compared to the end of 2022.

The Company had Total Shareholders' Equity of Baht 20,018 million, an increase of Baht 1,127 million from the end of 2022, mainly resulting from an increase in the Company's Net Profit in 2023 of Baht 1,248 million.

As of December 31, 2023, the Company had Net Cash from Operating activities totaling Baht 4,921 million, an increase of Baht 722 million YoY, together with Net Cash used in Investing activities of Baht 1,586 million, a drop of Baht 212 million (or 12%), which mainly consisted of payments to purchase property, plant, and equipment totaling of Baht 1,936 million and a rise of investments and loans to joint ventures of Baht 130 million. Interest income was Baht 291 million and cash received from a decrease in other current financial assets of Baht 319 million. The Company had Net Cash used in Financing activities totaling Baht 3,886 million, an increase of Baht 1,370 million YoY, mainly from repayment of long-term loan of Baht 7,999 million, principal repayments of Lease liabilities of Baht 1,655 million, and repayment of debenture of Baht 1,084 million, which netted off cash received from long-term loans from financial institutions of Baht 4,474 million and cash received from debentures of Baht 3,000 million.

Analysis of Financial Ratios

Financial Ratios	Year 2023	Year 2022
Current Ratio (times)	0.5	0.6
Interest Bearing Debt / Equity (times)	1.4	1.2
Interest Bearing Debts (excluding lease liabilities) / Equity (times)	0.7	0.8

As of December 31, 2023, the Company's current ratio slightly decreased to 0.5 times, compared to the end of 2022, from a decrease in current assets due mainly to a drop of cash and cash equivalents of Baht 618 million. Meanwhile, Interest Bearing Debts/Equity Ratio increased to 1.4 times, compared to the end of last year, due to the accounting impact relating to the leases of Centara Grand Hotel

Osaka and Centara Grand Beach Resort Hua Hin. The Interest-Bearing Debts (excluding lease liabilities) / Equity was 0.7 times, which decreased from the end of last year because of an increase in total Shareholders' Equity. Additionally, the company has a covenant with financial institutions to maintain Interest Bearing Debts (excluding lease liabilities) / Equity not exceeding 2.0 times.

4 Factors that may impact ongoing business operations

- Factors that may impact ongoing business operations in 2024:

Hotel Business: The number of global tourists still continue to rebound from last year. The United Nations World Tourism Organization (UNWTO) estimates international tourism to grow by 2% in 2024, compared to pre-Covid 19 (Year 2019). Tourism across Asia is expected to be a key growth driver due to a relatively laggard in recovery during the past year, compared to other regions. Additionally, an increase in Chinese travelling will support the growth in global tourism. However, Economic and geopolitical headwinds, together with high interest rates, pose significant challenges to the sustained recovery.

Therefore, the company continued to cautiously operate the business with the focus on cost control, operating efficiency and financial discipline. The Company is still pursuing an investment expansion plan in the next two to three years to foster the future growth with cautious capital allocation. The company has obtained sources of funds with optimal costs from both loans from financial institutions and debentures offering in the capital market, together with the prepayment of loans by using net operating cash flow to reduce interest expenses.

- In 2024, Centara Grand Osaka, a 5-star hotel with 515 rooms, will be the 1st full year of operation. The accounting treatment for this project is as follows:
 - Centara Osaka Japan Kabushiki Kaisha (KK): a 100% owned subsidiary and a lessee to operate the hotel. The full performance is consolidated in the consolidated financial statements.
 - Centara Osaka Tokutei Mokutei Kaisha (TMK): The Company holds 53%. It is a joint venture and the asset owner. The company will recognize the performance by the equity method in the consolidated financial statements.
- Major renovations of 2 hotels in Thailand:
 - Centara Karon Resort Phuket with 335 keys: The full closure of renovation started in Q3/2023 and is targeted to gradually reopen in Q4/2024 – Q2/2025.

- Centara Grand Mirage Beach Resort Pattaya with 553 keys: The partial closure started in Q3/2023 and is targeted to gradually offer new rooms by phasing in Q2/2024 – Q1/2025.
- Targeted to open Centara Mirage Lagoon Maldives with 145 rooms in Q4/2024 and Centara Grand Lagoon Maldives with 142 rooms in Q1/2025. The pre-opening expenses of the two hotels is estimated approximately Baht 200-250 million, which will be gradually recognized in the second half of 2024.

Food Business: The Company has been aware of the situation of increasing and volatility of raw materials prices and operating expenses. Therefore, the company has a plan to continually negotiate with raw materials suppliers, engaging in forward contracts of certain key materials to reduce the risk of price volatility, finding alternative sources, launching new products, and new promotions and campaigns corresponding to the change in cost structure. Additionally, the Company plans to close non-performing outlets to improve the profit margin and alters outlet size or business operation to correspond with a change in sales and customers' behaviour nowadays.

Business plan for sustainability growth

The company is committed to driving the business to accomplish sustainable goals. According to the long-term target plan from 2020-2029, the Company plans to reduce energy consumption, water usage, waste, and the emission of greenhouse gases by 20%, compared to 2019. Currently, progress is being made on the plan. In 2023, twelve hotels of Centara Hotels and Resorts received Global Sustainable Tourism Council (GSTC) certifications, at present in a total of 25 hotels.

For society, the Company achieved “Best Employer Thailand 2023” by Kincentric Best Employers Thailand. It reflects the dedication to making the Company to be “The Place to Be Best Workplace” for every employee. Furthermore, with the commitment, the results have been recognized both in domestic and international organizations. The company has been included in SET ESG RATING “A” for the 6th consecutive year by the Stock Exchange of Thailand, MSCI ESG Rating “A” for the 1st year, and S&P Global Sustainability Yearbook 2024 in the level of Industry Mover for the 1st year. These are key stepping stones for further sustainability development.

- Business trends for 2024:
 - Hotel Business: In 2024, the Occupancy rate (including Joint Ventures) is expected to be 70%-73%, and the Revenue per Available Room (RevPAR) to Baht 4,000 – 4,300. The key growth drivers are:
 - Sustainable growth of 5-star and luxury hotels in Thailand
 - Sustainable growth of Centara Mirage Beach Resort Dubai
 - The recovery of two existing hotels in the Maldives, partially from a low base in Q2-Q3/2023 and the recovery of Chinese tourists.
 - A performance of Centara Grand Osaka for the 1st full year of operation in 2024, together with an expected positive factor from preparing for hosting the “World Expo 2025” in the second half of 2024.
 - Food Business: In 2024, The Company estimated Same-Store-Sales (excluding Joint Ventures) growth range of 3% - 5% and Total-System-Sales growth of 8%-11%, compared to the same period last year, mainly driven by the top 4 brands. For the outlet expansion, the Company plans to have a net increase, including the joint ventures’ brands, of 80-95 outlets (including the shop-in-shop of Arigato in Mister Donut) or a growth of 5%-6%, compared to last year.

For your information accordingly;

Respectfully Yours,



(Mr. Gun Srisompong)

CFO & VP Finance and Administration