

May 14, 2024

The President & Director,

The Stock Exchange of Thailand (SET)

**LETTER OF CLARIFICATION for CENTEL's Operating Performance Results for the 3 months
ended March 31, 2024**

Central Plaza Hotel Public Company Limited. (the "Company" or "CENTEL") wishes to inform and clarify to the SET regarding the analysis of the Company's operating performance results for the 3 months (Q1/2024) that ended March 31, 2024, 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 Q1/2024 continuously increased to 9.4 million, a growth of 44% Year on Year (YoY) mainly driven by the recovery of Chinese tourists in a total of 1.8 million, an increase of 1.2 million or 2.4 times YoY, due partly to a benefit from visa-exemption scheme. The majority of tourist arrivals were from Asia with contribution of 66% of total tourist arrivals. The top three tourists were from China at 19%, Malaysia at 12%, and Russia at 7% of total tourist arrivals.

1.2 The tourism industry in the Maldives

The total number of international tourist arrivals in Q1/2024 was 604,004, a growth of 15% YoY. The growth was significantly driven by the Chinese tourists in a total of 67,399 persons, approximately 2.8 times increase compared to the same period last year. On the other hand, the number of Indian tourists reported a total of 34,847 persons in Q1/2024, a drop of 38% YoY, being the 6th rank of total tourist arrivals. However, European tourists were the majority with a contribution of 66% of total tourist arrivals. The top five tourist arrivals were from China at 11%, Russia, the UK, and Italy with nearly equal contributions at 10%, and Germany at 8% of total tourist arrivals.

1.3 The tourism industry in Dubai

The total number of international tourist arrivals in Q1/ 2024 was 5.2 million, an increase of 11% YoY, mainly driven by the tourists from North Asia & Southeast Asia with a growth of approximately 68% compared to the same period last year, with a contribution of 9% of total arrivals. The top three arrivals were from Western Europe with a contribution of 22%, South Asia with 17%, and Russia, Commonwealth of Independent States: CIS, and Eastern Europe with a total of 16% of total tourist arrivals.

1.4 The Tourism Industry in Japan

The total number of international tourist arrivals in Q1/2024 was 8.6 million, a growth of 79% YoY mainly driven by Asian tourists, particularly from China in a total of 1.3 million, an increase of 1.2 million or approximately 8.3 times increase YoY. The top three arrivals contributed 60% of total tourist arrivals, which were from South Korea at 27%, Taiwan at 17%, and China at 16% 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 Q1/2024 and Q1/2023

(Amount - in Baht Million)	Q1/2024		Q1/2023		Changes YoY (Increase+/ Decrease-)	
	Amount	%	Amount	%	Amount	%
	Revenues - hotel business	3,245	51%	2,832	48%	413
Revenues - food business	3,144	49%	3,031	52%	113	4%
Total revenues	6,389	100%	5,863	100%	526	9%
Cost of sales - hotel business	1,075	17%	868	15%	207	24%
Cost of sales - food business	1,418	22%	1,371	23%	47	3%
Total cost of sales ⁽¹⁾	2,493	39%	2,239	38%	254	11%
Selling & General Administrative Expenses	1,980	31%	1,926	33%	54	3%
Share of Gain (Loss) - Investments (by the equity method)	1	0%	(26)	0%	27	104%
Earning before Interest, Tax, Depreciation and Amortization (EBITDA)	1,917	30%	1,672	29%	245	15%
Depreciation & Amortization	755	12%	721	12%	34	5%
Earning before Interest and Tax (EBIT)	1,162	18%	951	16%	211	22%
Finance Costs ⁽²⁾	259	4%	186	3%	73	39%
Corporate Tax Expenses	117	2%	84	1%	33	39%
Profit attributable to Non-Controlling Interests	(30)	0%	(52)	1%	22	42%
Net Profit	756	12%	629	11%	127	20%

(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 124 million (Q1/2023: Baht 121 million)

- Q1/2024:** The Company achieved total revenues of Baht 6,389 million (Q1/2023: Baht 5,863 million), an increase of Baht 526 million (or a rise of 9% YoY), with the proportion of total revenues between the hotel business and the food business being at 51%:49% (Q1/2023: 48%:52%); while a Gross Profit was Baht 3,607 million, an increase of 10% YoY and represented a Gross Profit Margin of 59% of the revenues (excluding other income) that was stable compared to the same period last year. The Company achieved an Earning before Interest, Tax, Depreciation, and Amortization (EBITDA) of Baht 1,917 million, (Q1/2023: Baht 1,672 million), an increase of Baht 245 million (or 15%) compared to the same period last year and EBITDA Margin of 30% improved from the last year (Q1/2023: 29%) due to the recovery of the hotel business. The Company had an Earning before Interest and Tax (EBIT) of Baht 1,162 million, an increase of Baht 211 million or 22% compared to the same period last year. In Q1/2024, the company had a net profit of Baht 756 million, a rise of Baht 127 million, or 20% YoY because of the growth in operating performance of the hotel and the food business.

However, in Q1/2024, the company recognized a gain from changes in the foreign exchange rates relating to foreign currency loans of Baht 6 million (Q1/2023: a gain of Baht 25 million).

2.2 Analysis of the Operating Results for each respective Business Group

2.2.1 Hotel Business

As of March 31, 2024, the Company had hotels under management in a total of 95 hotels (21,022 rooms); with 52 hotels (11,261 rooms) already in operation together with other 43 hotels (9,761 rooms) still under development. Of the 52 hotels already in operation, 20 hotels (5,566 rooms) are owned and operated by the Company, with the other 32 hotels (5,695 rooms) being operated under the Company's Hotel Management Agreements.

Operations Results - Hotel Business (for owned & operated hotels) Q1/2024

Occupancy Rate (OCC) %	Total Operating Performance		
	Q1/2024	Q1/2023	% Changes
Bangkok	78%	73%	5% pts
Upcountry	75%	78%	-3% pts
Maldives	92%	89%	3% pts
Dubai	90%	83%	7% pts
Japan	67%	-	NA
Thailand – Average	76%	76%	-
Total Average (excluded Dubai)	76%	77%	-1% pts
Total Average	77%	78%	-1% pts

Average Room Rate - ARR (Baht)	Total Operating Performance		
	Q1/2024	Q1/2023	% Changes
Bangkok	4,035	3,882	4%
Upcountry	6,124	4,703	30%
Maldives	16,640	16,151	3%
Dubai	7,441	6,444	15%

Japan	7,045	-	NA
Thailand - Average	5,408	4,461	21%
Total Average (excluded Dubai)	6,312	5,223	21%
Total Average	6,464	5,380	20%

Revenue per Available Room - RevPar (Baht)	Total Operating Performance		
	Q1/2024	Q1/2023	% Changes
Bangkok	3,140	2,849	10%
Upcountry	4,569	3,654	25%
Maldives	15,237	14,295	7%
Dubai	6,686	5,374	24%
Japan	4,740	-	NA
Thailand - Average	4,092	3,407	20%
Total Average (excluded Dubai)	4,772	4,025	19%
Total Average	4,994	4,187	19%

Operating performance of the hotel business in Q1/2024

Hotel Business (In Baht Million)	Q1/2024	Q1/2023	% Changes
Revenues - Hotel Business operations	2,999	2,516	19%
Total Revenues (including other income)	3,245	2,832	15%
Gross Profit	1,924	1,648	17%
% Gross Profit Margin	64%	66%	-2% pts
EBITDA	1,367	1,122	22%
% EBITDA Margin	42%	40%	2% pts
Net Profit	632	538	17%
% Net profit margin	19%	19%	-

- Q1/2024:
 - In Q1/2024, the Revenue per available rooms (RevPar) of the hotel business has improved QoQ and YoY because of high season with sustainable recovery of hotel business in Thailand and overseas. The RevPar increased by 19% YoY to Baht 4,994, even though the Occupancy Rate (OCC) slightly dropped from 78% to 77% in Q1/2024, the Average Room Rate (ARR) increased by 20% YoY to Baht 6,464.

General Administrative Expenses more efficiently YoY. As a result, the EBITDA margin increased to 42% (Q1/2023: 40%). EBITDA was Baht 1,367 million (Q1/2023: Baht 1,122 million), an increase of 22% YoY. The Net Profit was Baht 632 million (Q1/2023: Baht 538 million), an increase of Baht 94 million, or 17% YoY.

2.2.2 Food Business

- Operating Results - Food Business Q1/2024

Same Store Sales (SSS) Growth %	Q1/2024	Q1/2023
Top 4 brands	1%	9%
Other brands - Excluding Joint Ventures' and "The Terrace" under management	-3%	7%
Average - Excluding Joint Ventures' and "The Terrace" under management	1%	8%
Total Average - Excluding Café Amazon - Vietnam	1%	8%

Total Systems Sales (TSS) Growth %	Q1/2024	Q1/2023
Top 4 brands	5%	14%
Other brands - Excluding Joint Ventures' and "The Terrace" under management	-8%	23%
Average - Excluding Joint Ventures' and "The Terrace" under management	3%	15%
Total Average - Excluding Café Amazon - Vietnam	7%	29%

Number of QSR Outlets	Q1/2024	Q1/2023
KFC	337	322
Mister Donut	461	471
Auntie Anne's	226	213
Ootoya	49	47
Pepper Lunch	50	51
Cold Stone Creamery	16	16
The Terrace	4	6
Chabuton	15	17
Yoshinoya	24	29
Tenya	12	12
Katsuya	59	61
Aroi Dee	10	29
Kowlune	1	1

Arigato	211	195
Grab Kitchen by Every Food	5	18
Kiani	1	-
Joint ventures' brands		
Salad Factory ⁽¹⁾	41	31
Brown Café	6	10
Café Amazon - Vietnam ⁽¹⁾	24	20
Som Tum Nua	8	5
Shinkanzen Sushi ⁽¹⁾	58	45
Total	1,618	1,599

⁽¹⁾ Presented as Joint ventures in Financial Statement

Operating performance of the food business in Q1/2024

Food Business (in Baht Million)	Q1/2024	Q1/2023	% Changes
Sales Revenues	3,101	3,010	3%
Total Revenues (including other income)	3,144	3,031	4%
Gross Profit	1,683	1,639	3%
% Gross Profit Margin	54%	54%	-
EBITDA	549	550	-
% EBITDA Margin	17%	18%	-1% pts
Net Profit	124	91	36%
% Net Profit Margin	4%	3%	1% pts

- For operating performance in Q1/2024, the food business achieved Total Revenues of Baht 3,144 million, an increase of Baht 113 million (or a growth of 4% YoY). The Same Store Sales – excluding Joint ventures' brands and "The Terrace" under management outlets (%SSS) increased by 1% compared to the same period last year and Total System Sales – excluding Joint ventures' brands and "The Terrace" under management outlets (%TSS) grew by 3% YoY. The increase in revenue was mainly from the key brands – KFC, Auntie's Anne, and Ootoya.
- At the end of Q1/2024, the company had a total of 1,618 outlets (including Joint venture brands in Thailand and overseas), a net increase of 19 outlets or a growth of 1% compared to Q1/2023. The outlet expansions were from KFC (+15), Auntie Anne's (+13), Salad Factory (+10), Shinkanzen Sushi (+13), Arigato (+16)

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 high revenue contributions from delivery, notably decreased YoY. Non-performing outlets have been closed to improve profitability.

- In Q1/2024, The food business had a Gross Profit of Baht 1,683 million (Q1/2023: Baht 1,639 million), an increase of 3% YoY, while the Gross Profit margin was stable at 54% of food revenue (excluding other incomes). The company had Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) of Baht 549 million (Q1/2023: Baht 550 million). EBITDA margin (%EBITDA) dropped slightly YoY to 17% (Q1/2023: 18%). However, the food business had a Net profit of Baht 124 million, an increase of Baht 33 million, or 36% YoY, and a Net Profit margin improved from 3% to 4%. In Q1/2024, Although the rental expenses of the food business increased, the raw material prices tended to improve, and depreciation and amortization declined compared to the same period in 2023.

3 Financial Status

Financial Position and Cash Flows

As of March 31, 2024, the Company had Total Assets of Baht 54,465 million, an increase of Baht 262 million compared to the end of 2023, mainly due to an increase of Property, Plant, and Equipment of Baht 956 million, a rise in Investments in joint venture of Baht 169 million, while Cash and cash equivalents decreased by Baht 495 million and a drop of Trade and other receivables by Baht 203 million.

Total Liabilities were Baht 33,292 million, a decrease of Baht 894 million or 3% compared to the end of 2023, mainly from a drop of Bank overdrafts and short-term loans from financial institutions by Baht 300 million, a decrease in Trade and other payables of Baht 499 million. Long-term loans from financial institutions dropped by Baht 415 million, whereas Long-term lease liabilities increased by Baht 267 million.

The Company had Total Shareholders' Equity of Baht 21,174 million, an increase of Baht 1,156 million from the end of 2023, mainly resulting from an increase in the Company's Net Profit in Q1/2024 of Baht 756 million.

As of March 31, 2024, the Company had Net Cash from Operating activities totaling Baht 1,663 million, an increase of Baht 353 million YoY, together with Net Cash used in Investing activities of Baht 1,048 million, a rise of Baht 700 million, which mainly consisted of payments to purchase property, plant, and equipment totaling of Baht 1,246 million, while cash received from a decrease in other current financial assets of Baht 200 million and Finance income of Baht 93 million. The Company had Net Cash used in Financing activities totaling Baht 1,280 million, an increase of Baht 190 million YoY, mainly from Cash paid for bank overdrafts and short-term loans of Baht 621 million, repayments of long-term loans from financial institutions of Baht 608 million, cash paid for long-term lease liabilities of Baht 312 million, cash paid for finance cost of Baht 138 million, which netted off

cash received from bank overdrafts and short-term loans from financial institutions of Baht 300 million and increase in long-term loans from financial institutions of Baht 186 million.

Analysis of Financial Ratios

Financial Ratios	Q1/2024	Year 2023
Current Ratio (times)	0.5	0.5
Interest Bearing Debt / Equity (times)	1.3	1.4
Interest Bearing Debts (excluding lease liabilities) / Equity (times)	0.6	0.7

As of March 31, 2024, the Company's current ratio was stable at 0.5 times, compared to the end of 2023. Meanwhile, Interest Bearing Debts/Equity Ratio decreased to 1.3 times due to an increase in total Shareholders' Equity and a decrease in Interest Bearing Debts as similar trend as a drop of the Interest-Bearing Debts (excluding lease liabilities) / Equity YoY to 0.6 times. 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: Overview, tourist arrivals continued to grow during the high season in Q1 mainly driven by the recovery of Chinese tourists. Geopolitical conflicts, the global economy slowdown, and extreme weather fluctuations and natural disaster may affect overall tourism and operating costs. Therefore, the company continue to cautiously operate the business by continuously adjusting sales and marketing strategies to boost revenue, closely monitoring the performance, controlling costs & expenses, particularly during low season, focusing on operating efficiency and financial discipline. The Company is still pursuing an investment expansion plan to foster 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 Hotel 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 rooms and public areas 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 mostly be gradually recognized in the second half of 2024.

Food Business: The food industry is highly competitive due to the low barrier to entry into the market. Therefore, cost control efficiency is rather critical. The Company has been aware of the situation and continuously enhanced competitiveness by adding new brands and steadily pursuing new distribution channels to improve sales. For managing raw material costs, the company has a plan to continually negotiate with raw materials suppliers, including finding alternative sources of raw materials, and partially engaging in forward contracts of certain key materials to reduce the risk of price volatility. Additionally, the company reduces the impact of an increase in raw materials price by launching new products, new promotions, and marketing campaigns corresponding to the changes in cost structure. For the minimum wage increase this year, the company has planned to mitigate this impact by using technology to improve efficiency and optimize employee work schedules according to sales. Additionally, the Company plans to close non-performing outlets to improve the profit margin and cautious opening new outlets which will focus on key brands with high-profit margins, together with altering outlet size or adjusting operating model to correspond with changes in sales and customers' behaviour nowadays.

Business plan for sustainability growth

The company has set a goal to achieve Net Zero by 2050. Under our operational plan, we are targeting a 20% reduction in greenhouse gas emissions by 2029 (compared to the base year 2019) through effective management of energy consumption, water usage, and waste. Additionally, the Company plans to eliminate single-use plastics by 2025 and ensure that all hotels of Centara Hotels & Resorts receive environmental certification from the Global Sustainable Tourism Council (GSTC) by 2025.

In addition, the food business also emphasizes the importance of long-term operations through sustainable development. This includes prioritizing the development of talented personnel and implementing sustainable value chain management practices, which encompass environmental impact management. In addition, the Company promotes the creation of a responsible business operations culture aimed at generating shared value and advancing sustainable development as integral aspects of its operations.

- 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
 - Performance of Centara Grand Hotel Osaka for the 1st full year of operation in 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. There is expected significant growth during 2H24 partially due to the low base last year. The growth will be mainly driven by the top 4 brands and joint venture 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

Appendix

The accounting impacts from the leases of Centara Grand Beach Resort & Villas Hua Hin and Centara Grand Hotel Osaka on Depreciation and Interest Expenses as the following details:

The impact of Lease Contracts (Unit: in Baht Million)	Q1/2024	Q2/2024	Q3/2024	Q4/2024
Centara Grand Beach Resort and Villas Hua Hin				
● Depreciation	(15)	(15)	(15)	(15)
● Interest Expenses	(25)	(24)	(23)	(23)
Centara Grand Hotel Osaka				
● Depreciation	(28)	(28)	(28)	(28)
● Interest Expenses	(42)	(42)	(42)	(42)