

Management Discussion and Analysis for the performance of the three months period ended 31 March 2024**Performance Overview**

S Hotels and Resorts Public Company Limited ("SHR" or "the Company") and its subsidiaries ("the Group") reported revenue from sales and services in the first quarter of 2024 at 2,742.8 million baht. This figure reflects an 8% increase compared to the corresponding period of the previous year. This growth was attributed to the consistent upward trajectory in global tourism demand, reinforced by the recent renovations in its hotel offerings including the SAii Laguna Phuket Hotel, SAii Phi Phi Island Village Hotel, and Outrigger Fiji Beach Resort, which garnered positive feedback from guests. During this quarter, the Company's self-managed hotels in Thailand and the two hotels within the CROSSROADS project achieved remarkable occupancy rates of 89%. Moreover, they reported their highest quarterly average room rates (ADR) since inception, with growth rates of 14% and 10% YoY respectively. Similarly, despite entering the off-peak tourism season, hotels in the Republic of Fiji managed to substantially increase their ADR by 29%, maintaining an occupancy rate of 61%. Nevertheless, UK portfolio hotels encountered a 7% decline in occupancy rates, primarily stemming from the expiration of long-term exclusive use agreements, coinciding with the management lease agreement of the Mercure London Watford hotel. Additionally, the Outrigger Mauritius Beach Resort experienced a 9% YoY decrease in occupancy rates, reflecting the recovery phase following the resumption of normal operations in the fourth quarter of 2023.

The performance overview of the portfolio for the first quarter of 2024 underscores the success of the Company's ongoing asset enhancement strategy, driving the ADR up by 24% YoY to 7,165 baht. This growth effectively countered the impact of the portfolio's overall 5% decline in occupancy rates, which stood at 65%. Consequently, the Revenue Per Available Room (RevPAR) increased by 16% YoY, reaching 4,638 baht. Furthermore, the commitment to developing various products and services, reflective of the SAii brand identity and aimed at diversifying revenue sources, resulted in a 13% increase in non-room revenue for the Company's self-managed hotels in Thailand compared to the same period last year.

These aforementioned factors culminated in an 8% increase in revenue, bolstered by more effective cost control measures. Consequently, the Group reported an Adjusted EBITDA of 753.4 million baht, marking a 12% increase from the same period of the previous year, reflecting a growth rate higher than that of revenue. However, increased finance costs during the past period led the Company to report a net profit of 111.6 million baht for the first quarter of 2024, marking an 11% drop from the same period of the previous year.

Tourism Industry Trends and Hotel Operations by Location

The global tourism industry continues its sustained recovery, as forecasted by the United Nations World Tourism Organization (UNWTO), with global outbound tourist numbers expected to surpass pre-Covid-19 levels by 2%, reaching over 1.5 billion in 2024, marking a 17% increase from the previous year. This growth is primarily fueled by the ongoing expansion of tourism demand, notably from Chinese tourists, who dominate the global market share, as observed in 2019, along with high-spending tourists from the United States and the Middle East. This trend is supported by the increasing number of flight routes and flight frequencies. Moreover, according to the Pacific Asia Travel Association (PATA) report, the Asian region is poised to become the fastest-growing

destination, driven by its exceptional value for money and its ability to cater to the growing trend of experiential tourism, attracting over 619 million tourists, reflecting a 25% increase from the previous year.

However, the recovery of the tourism industry in 2024 may face challenges stemming from various factors, including the potential economic slowdown, geopolitical tensions, particularly in the Middle East, and volatile weather conditions that could exacerbate, potentially impacting tourism businesses in terms of revenue and cost management. The Company will assess appropriate strategies to mitigate potential impacts, including expanding sales channels and employing flexible marketing strategies to reach diverse customer segments, in order to achieve the planned operational objectives.

The estimated number of international tourist arrivals in the countries where the Company's existing business can be summarized as follows:

(Unit: Million Visitors)	2019	2023	Forecast 2024*
Thailand	39.9	28.2	35.1
Republic of Maldives	1.7	1.9	2.0
United Kingdom	40.9	37.8	39.5
Republic of Fiji	0.9	0.9	1.0
Republic of Mauritius	1.4	1.2	1.4

Note:

- (1) Forecasts for the year 2024 for Thailand, as referenced from the Thai Ministry of Finance's estimation, Maldives as cited from the Maldives Association of Travel Agents and Tour Operators (MATATO), the United Kingdom as referenced from VisitBritain's estimation, Fiji as cited from the Ministry of Commerce of the Republic of Fiji, and Mauritius as cited from the Mauritius Tourism Promotion Authority.

Thailand

In the first quarter of 2024, Thailand's Ministry of Tourism and Sports revealed that approximately 9.4 million foreign tourists visited the country, marking a 44% increase compared to the corresponding period in the previous year. This surge in arrivals generated revenue surpassing 450 billion baht for the tourism sector. The top three tourist origins were China, Malaysia, and Russia, respectively. This significant growth trajectory prompted an upward adjustment in the projected number of foreign tourist arrivals for 2024, now forecasted to reach 35 million, with an estimated total tourism revenue of 3.5 trillion baht for the year. This growth can be attributed to several factors: (1) The gradual recovery of key tourist markets such as South Korea, Germany, and Japan, coinciding with the resumption of international flights, signaling a return to normalcy. (2) Key government initiatives promoting tourism, including visa exemptions for Chinese tourists and temporary exemptions for tourists from India, Taiwan, Kazakhstan, and Russia, alongside Thailand's tourism roadshow initiative targeting high-potential markets, especially in the Middle East. (3) Competitive advantage of Thailand tourism in terms of value for money compared to other leading tourist destinations.

Leveraging these supportive factors, coupled with the full utilization of available room inventory during the peak tourism season and the ability to raise room rates through the introduction of new products, the RevPAR of the Company's self-managed hotels in Thailand witnessed growth in the first quarter of 2024, reaching record highs since inception. This positive recovery momentum, combined with diverse strategic initiatives, including market expansion, enhanced cost control and expense management, along with SAii brand enhancement,

is anticipated to offset the impact of temporary closures for renovations planned at the SAii Laguna Phuket. This will enable the hotel operational performance in 2024 to be at par compared with the previous year, despite a greater number of renovated rooms. These hotel renovations are scheduled for the off-peak tourism period from May to early December 2024, aimed at bolstering long-term competitiveness and ensuring sustained business growth through 2025.

Republic of Maldives

For the first quarter of 2024, the Republic of Maldives welcomed over 600,000 tourists, reflecting a 15% upsurge compared to the corresponding period in the prior year. Notably, Chinese tourist arrivals surged nearly threefold, constituting approximately 11% of the total tourist arrivals. This substantial increase is directly linked to the visa exemption policy enacted between the two nations, effective from January 2024. Similarly, the uptick in arrivals from key European markets such as the United Kingdom, Italy, and Germany underscores the sustained growth trajectory of the Maldivian tourism sector. This growth is further propelled by the successful execution of proactive marketing strategies targeting a diverse customer segments. Consequently, during the first quarter of 2024, hotels within the CROSSROADS project, including the Hard Rock Hotel Maldives, SAii Lagoon Maldives, and SO/ Maldives, achieved their highest-ever RevPAR since inception, signaling a 5% growth compared to the same period in the previous year.

Throughout 2024, the Maldives Association of Travel Agents and Tour Operators foresees approximately 2 million foreign tourists visiting the Republic of Maldives. This projection is supported by: 1) Investment support policies aimed at introducing new tourism products and experiences tailored to meet diverse consumer preferences. (2) Strategic emphasis on capitalizing on off-peak tourism seasons, with targeted efforts to tap into emerging markets like Japan and attract tourists from Southeast Asia. Moreover, planned roadshows aim to revive tourism from India in the latter half of the year. (3) The increasing trend in flight numbers from Europe, China, and Malaysia aligns with the anticipated surge in tourist arrivals, following the completion of renovations at Velana International Airport, slated for early fourth quarter of 2024. Building upon these supportive factors, alongside continual adaptation of flexible and proactive marketing strategies, and the strategic development of beach clubs, spas, and restaurants within the CROSSROADS project to amplify success after its launch across all three islands. Furthermore, buoyed by recent favorable reviews of SO/ Maldives, the company anticipates substantial growth in operational performance for 2024. This growth is expected to stem from both increased occupancy rates and higher ADR compared to the preceding year.

United Kingdom

The Office for National Statistics (ONS) reported that throughout 2023, approximately 37.9 million foreign tourists visited the United Kingdom, marking a 21% increase from the previous year. This represents a remarkable recovery of 93% compared to 2019, with total spending amounting to 30.8 billion pound sterling. However, during the fourth quarter of 2023, the UK's tourism sector exhibited signs of a slower recovery, evidenced by declines in both the number of foreign tourists and overall spending compared to the same period in 2022. This trend was primarily influenced by European tourists choosing warmer destinations in Southern Europe, the Middle East, and Asia. Furthermore, a March 2024 survey conducted by Visit England highlighted that higher living costs and unpredictable weather conditions contributed to a decrease in domestic tourism demand, particularly during

off-peak seasons, compared to the previous year. Moreover, the expiration of the long-term exclusive use agreement with the government for Mercure London Watford Hotel, along with the management lease agreement at the end of 2023, led to decreased operational performance of UK portfolio hotels in the first quarter of 2024 compared to the corresponding period in the previous year.

Nonetheless, it is expected that the UK tourism sector will gradually recover, propelled by targeted campaigns aimed at attracting tourists from high-potential markets such as the Middle East, the United States, and Australia. These initiatives are anticipated to yield more tangible positive outcomes starting from May 2024 onwards. Consequently, throughout the year, an estimated 39.5 million foreign tourists are projected to visit the United Kingdom, representing a 5% YoY increase or a robust recovery of 97% compared to 2019. The forecast for foreign tourist spending in 2024 is 34.1 billion pound sterling, reflecting a 7% YoY increase and a 20% increase compared to 2019. These projections, coupled with strategies to enhance asset quality through room renovations, upgrades to common areas and restaurants, as well as rebranding and repositioning efforts for select hotels in tourist destinations and key business centers, aim to attract high-spending and less price-sensitive market segments. Additionally, the ongoing implementation of asset rotation strategies will contribute to improving the efficiency and profit-making capability of the portfolio, thereby driving overall operational performance growth of the UK portfolio hotels in a stable manner.

Republic of Fiji

Following the success of Fiji's tourism authority's "Where Happiness Comes Naturally" campaign in 2023, which aimed to highlight the natural beauty, indigenous culture, and local heritage of the Republic of Fiji, aligning with the prevailing trend of experiential tourism, there was a noticeable surge in foreign tourist arrivals in the first quarter of 2024. The total number of visitors reached 194,391, marking an 11% increase compared to the same period in the previous year. The primary source countries were Australia, New Zealand, and the United States, collectively constituting 76% of the total influx. Likewise, the productive partnership between Fiji's tourism authority and Trip.com, coupled with the resumption of direct flights from Japan and Hong Kong since 2023, led to a substantial rise in tourists from Japan and China, reaching 5.9 and 1.8 times, respectively, compared to the first quarter of 2023, thereby contributing to a significant 36% YoY growth in RevPAR during the first quarter of 2024.

For the entirety of 2024, it is projected that the number of foreign tourists visiting the Republic of Fiji will surpass the one million mark, driven by sustained growth in demand from family travelers, eco-tourists, and couples, in tandem with the continuous expansion of flight routes, as well as planned roadshows aimed at attracting more visitors from India and South Korea. With these supportive factors in place, alongside the potential for rate increases through the introduction of new offerings and the restoration of full room availability at the Fiji Beach Resort, the company foresees exceptional operational performance growth for hotels in the Republic of Fiji throughout 2024.

Republic of Mauritius

During the first quarter of 2024, the Republic of Mauritius welcomed a total of 328,958 foreign tourists, yielding tourism revenue of 16,544 million Mauritian rupees for the first two months of the year, marking a 10% and 11% YoY increase, respectively. The primary visitor countries included France, the United Kingdom, and

Germany. Concurrently, the relaunch of direct flights from Russia, combined with exclusive tour packages to Mauritius - Madagascar offered by Intourist, a prominent travel company, resulted in a notable surge in Russian tourists, increasing by 2.3 times compared to the same period in the previous year. This upswing notably bolstered the occupancy rate at the Outrigger Mauritius Beach Resort in March 2024, indicating a more distinct recovery trajectory.

Projections suggest a continual rise in tourist arrivals to the Republic of Mauritius throughout 2024, with an aim of reaching 1.4 million visitors. This growth is underpinned by the appeal to key tourist segments from Europe and the increasing travel demand from emerging markets such as Russia, China, and Australia. This trajectory aligns with the increasing flight numbers, forthcoming roadshow initiatives, and the approval for payments via the Unified Payments Interface (UPI) system, aimed at enhancing convenience and attracting more Indian tourists. Consequently, the company anticipates a significant recovery in operational performance in the latter half of 2024.

Nature of Business

The Company operates its business by holding shares in other companies (Holding Company) engaged in hotel management and investments in the international hotel business. It focuses on achieving growth through both organic and inorganic means, alongside enhancing profitability, to ensure sustainable long-term growth. The unique portfolio of assets consists of hotels located in world-class tourist destinations, namely:

(1) Five hotels under a self-managed platform which consists of four hotels in Thailand operate under independent brands, namely, Santiburi Koh Samui, SAii Phi Phi Island Village, SAii Laguna Phuket, SAii Koh Samui Choengmon, and Konotta Maldives Resort in the Republic of Maldives ("**Self-Managed Hotels**");

(2) Three hotels operate under the Outrigger brand and are managed under hotel management agreements, which consist of two hotels in the Republic of Fiji, Outrigger Fiji Beach Resort and Castaway Island Fiji, and one hotel in Mauritius named Outrigger Mauritius Beach Resort ("**Outrigger Hotels**");

(3) Two upper upscale successfully developed hotels, as part of Project CROSSROADS in the Emboodhoo lagoon in the Republic of Maldives, consisting of SAii Lagoon Maldives, Curio Collection by Hilton and Hard Rock Hotel Maldives ("**Hotel in CROSSROADS Project**");

(4) Twenty-three upper midscale hotels operated in the United Kingdom operated under the Mercure brands and managed by Aimbridge Hospitality EMEA (previously named Interstate Hotels & Resorts) which is a leading hotel operator in the United Kingdom, ("**UK Portfolio Hotels**"), and

(5) Four hotels under the Joint Venture Agreement, consisting of three upper midscale hotels operated under the Mercure and Holiday Inn brands, with both FICO UK and the company holding a 50% investment share in the venture. Additionally, the SO/ Maldives hotel operates under a hotel management agreement with Accor, as part of the CROSSROADS project in the Republic of Maldives, with both Wai Eco World Developer and the company holding a 50% investment share in the venture ("**Joint Ventures Hotels**"). Whereby operating under the joint venture, are not consolidated within the Company's hospitality business, and are instead accounted for

using the equity method, according to which the Company receives a share of profit or loss from the investment in the joint ventures.

The company has 37 commercially operating hotels, comprising hotels under its management, the Outrigger Hotel, hotels in the CROSSROADS project, the company's hotels in the United Kingdom, and hotels under joint ventures that have a total of 4,393 rooms. As of March 31, 2024, 36 hotels out of 37 were operational, equivalent to 98.8% of the total number of rooms (4,340 out of a total of 4,393 rooms).

Revenue from services by management platforms:

(Unit: million baht)	1Q'2023	% Revenue	4Q'2023	% Revenue	1Q'2024	% Revenue	% Change	% Change
		Share		Share		Share	YoY	QoQ
Self-Managed Hotels	642.1	25.2%	423.3	17.1%	739.4	27.0%	15.2%	74.7%
Outrigger Hotels	301.8	11.9%	419.4	16.9%	353.2	12.9%	17.0%	-15.8%
Project CROSSROADS	815.3	32.0%	693.1	28.0%	911.4	33.2%	11.8%	31.5%
UK Portfolio Hotels	785.1	30.9%	943.1	38.0%	738.7	26.9%	-5.9%	-21.7%
Total revenue from services	2,544.3	100.0%	2,478.9	100.0%	2,742.8	100.0%	7.8%	10.6%

In the first quarter of 2024, the company recorded revenue from sales and services amounting to 2,742.8 million baht, marking an 8% increase compared to the corresponding period last year. This growth was driven by the revenue generated by self-managed hotels in Thailand, hotels in the CROSSROADS project, and Outrigger hotels in the Republic of Fiji, which saw YoY growth rates of 15%, 12%, and 29% respectively. The rise can be attributed to both an uptick in occupancy rates fueled by continuous growth in tourism demand and the ability to increase ADR of renovated rooms. Additionally, non-room revenue of self-managed hotels in Thailand and hotels in the CROSSROADS project grew by 7% YoY, aligning with the company's strategy to diversify revenue streams.

Taking into account the trend from the previous quarter, the robust revenue growth was primarily fueled by the start of the tourism season for hotels in Thailand and those in the CROSSROADS project, coupled with the return of fully available rooms. This helped counterbalance the revenue decline observed from the fourth quarter of 2023 for Outrigger hotels and the UK portfolio hotels. Consequently, the overall revenue from sales and services in the first quarter of 2024 increased by 11% compared to the fourth quarter of 2023.

Key indicators in respect of the Hotels performance are set out as follows:
Self-Managed Hotels

Indicators	1Q'2023	4Q'2023	1Q'2024	% Change YoY	% Change QoQ
No. of Hotels	4 ⁽²⁾	4 ⁽²⁾	4 ⁽²⁾	-	-
No. of Keys	604	604	604	-	-
Average Occupancy Rate (%)	87.5%	56.6%	88.5%	1.0%	31.9%
ADR (Baht)	9,840	9,012	11,200	13.8%	24.3%
RevPAR (Baht)	8,611	5,104	9,914	15.1%	94.2%

Note

- (2) As Konotta Maldives is still under temporarily closed, the Company excluded the hotel from the calculation of the key indicators

In the first quarter of 2024, the company's self-managed hotels in Thailand attained an 88.5% occupancy rate and reported an ADR of 11,200 baht, marking a 1% and 14% YoY increase, respectively. These improvements were primarily driven by the significant capability to adjust room rates for newly introduced offerings, particularly the SAii Phi Phi Island Village Hotel and SAii Laguna Phuket Hotel. This underscores the success of the company's asset enhancement strategy and the strategic locations that have attracted a diverse range of tourists from across the globe. Furthermore, with the full availability of rooms coinciding with Thailand's peak tourism season, the occupancy rate and ADR experienced robust growth of 32% and 24%, respectively, compared to the previous quarter. Additionally, the RevPAR reached its highest quarterly level of 9,914 baht since its inception.

Outrigger Hotels

Indicators	1Q'2023	4Q'2023	1Q'2024	% Change YoY	% Change QoQ
No. of Hotels	3	3	3	-	-
No. of Keys	499	499	499	-	-
Average Occupancy Rate (%)	55.4%	61.6%	54.2%	-1.2%	-7.4%
ADR (Baht)	6,831	10,176	8,590	25.8%	-15.6%
RevPAR (Baht)	3,783	6,273	4,657	23.1%	-25.8%

Note

- (3) The exchange rates applied for the calculations in 1Q'2023 were 15.44 THB/FJD and 0.75 THB/MUR. In 4Q'2023, the rates used were 15.83 THB/FJD and 0.81 THB/MUR. For 1Q'2024, the rates were 15.89 THB/FJD and 0.79 THB/MUR.
- (4) For the Outrigger Mauritius Beach Resort, the hotel was temporarily closed from April to October, in which the Company didn't put into calculation the rooms during closure period.

The Outrigger hotel, comprising two properties in the Republic of Fiji and one in the Republic of Mauritius, experienced a slight YoY decrease in average occupancy rate in the first quarter of 2024, standing at 54.2%. This decline was primarily driven by a drop in the occupancy rate of the Outrigger Mauritius Beach Resort, which began showing clearer signs of operational recovery in March 2024, thanks to a significant influx of tourists from Russia, Switzerland, and Saudi Arabia. However, the other two Outrigger hotels in the Republic of Fiji maintained robust performance levels, buoyed by higher room rates resulting from the introduction of new room types at the Outrigger Fiji Beach Resort and the growing popularity of experiential tourism. As a result, the overall ADR of Outrigger hotels in the first quarter of 2024 reached 8,591 baht, indicating a substantial 26% YoY growth. Nevertheless, both the occupancy rate and ADR experienced a slight decline from the previous quarter due to the transition into the off-peak tourism season in the Republic of Fiji.

Project CROSSROADS Hotels

Indicators	1Q'2023	4Q'2023	1Q'2024	% Change YoY	% Change QoQ
No. of Hotels	2	3	3	1	-
No. of Keys	376	456	456	80	-
Average Occupancy Rate (%)	87.5%	61.3%	81.0%	-6.5%	19.7%
ADR (Baht)	13,994	15,201	16,780	19.9%	10.4%
RevPAR (Baht)	12,241	9,311	13,591	11.0%	46.0%

Note

- (5) The exchange rates applied for the calculations in 1Q'2023 were 33.91 THB/USD. In 4Q'2023, the rates used were 35.65 THB/USD. For 1Q'2024, the rates were 35.64 THB/USD.
- (6) SO/ Maldives commenced commercial operation since 1st November, 2023.

In the first quarter of 2024, hotels within the CROSSROADS project experienced a notable 19.9% increase in ADR compared to the corresponding period of the previous year, reaching 16,780 baht. This surge can be attributed to increased travel demand, particularly from long-haul travelers and visitors from China. It underscores the efficacy of adept pricing strategies and targeted marketing initiatives aimed at attracting affluent tourist segments, including those from the United States, Italy, and the Middle East, to properties like the Hard Rock Maldives and SAii Lagoon Maldives hotels. This rise in ADR offset the overall YoY decline in average occupancy rate, which stood at 81%. This YoY drop in occupancy rate came as that of SO/ Maldives, which has just commenced its operation and is still in the ramp-up period, was included in the figure since the last quarter of 2023.

Moreover, the onset of the peak tourism season in the Maldives substantially bolstered both occupancy rates and ADR, with growth rates of 19.7% and 10.4% respectively when compared to the fourth quarter of 2023.

UK Portfolio Hotels

Indicators	1Q'2023	4Q'2023	1Q'2024	% Change YoY	% Change QoQ
No. of Hotels	27	27	26	(1)	(1)
No. of Keys	2,940	2,940	2,781	(159)	(159)
Average Occupancy Rate (%)	65.6%	62.2%	59.1%	-6.5%	-3.1%
ADR (Baht)	3,133	3,716	3,439	9.8%	-7.4%
RevPAR (Baht)	2,055	2,312	2,032	-1.1%	-12.1%

Note

- (7) The exchange rates applied for the calculations in 1Q'2023 were 41.22 THB/GBP. In 4Q'2023, the rates used were 44.25 THB/GBP. For 1Q'2024, the rates were 45.28 THB/GBP.
- (8) The number of hotels and rooms changed as a result of the expiration of the management lease agreement for Mercure London Watford Hotel, comprising 159 rooms, by the end of 4Q'2023.

The UK portfolio hotels experienced a 6% decline in average occupancy rate compared to the same period of the previous year. This decline can be primarily attributed to the expiration of the long-term exclusive-use contract with the government for the Mercure London Watford hotel, which concluded along with the management lease at the end of 2023. Meanwhile, the portfolio ADR during the quarter reached 3,439 baht, growing by 10% YoY following market trend and rate adjustment from certain renovated rooms. Nevertheless, both the occupancy rate and ADR witnessed a decline from the previous quarter due to the transition into the off-peak tourism season in the United Kingdom.

Discussion of results of operations:

Table comparing financial performance of 1Q'2023 and 1Q'2024.

	1Q'2023		1Q'2024		% Change YoY	
	THB Million	%	THB Million	%	THB Million	%
Revenue from services	2,544.3	100%	2,742.8	100.0%	198.5	7.8%
Costs of services	1,604.9	63.1%	1,633.5	59.6%	28.6	1.8%
Gross profit	939.4	36.9%	1,109.3	40.4%	169.9	18.1%
Other income	32.5	1.3%	58.3	2.1%	25.8	79.4%
Selling expenses	114.6	4.5%	140.0	5.1%	25.4	22.2%
Administrative expenses	461.5	18.1%	547.2	20.0%	85.7	18.6%
Gain (Loss) from Exchange rate	(17.1)	(0.7%)	(16.7)	(0.6%)	0.4	2.3%
Share of profit (loss) from investment in an associate and joint ventures	(4.3)	(0.2%)	(62.8)	(2.3%)	(58.5)	(1,360.5%)
Finance costs (Interest expenses)	248.2	9.8%	298.0	10.9%	49.8	20.1%
Profit (loss) before income taxes	126.2	5.0%	102.9	3.8%	(23.3)	(18.5%)
Income tax expenses (income)	1.4	0.1%	8.7	0.3%	7.3	542.3%
Profit (loss) of the year	124.9	4.9%	112.9	4.1%	(13.3)	(10.6%)
<i>Adjusted items</i>						
Net unrealized gain (loss) on exchange rate	(19.8)	(0.8%)	(16.7)	(0.6%)	3.1	15.5%
Non-recurring items ¹	(0.2)	(0.0%)	0.3	0.0%	0.5	260.9%
Adjusted EBITDA²	671.6	26.4%	753.4	27.5%	81.7	12.2%
Adjusted profit (loss) of the year	144.4	5.7%	128.6	4.7%	(15.8)	(11.0%)

(1) Non-recurring items include Gain (Loss) on the disposal of assets and shares of JV companies, and Gain (Loss) from fair value adjustment of investment in the joint ventures or investment properties

(2) Adjusted EBITDA is calculated from EBT plus Finance cost, Depreciation and Amortization, Interest income, and deduct unrealized loss from exchange rates, and non-recurring items

Revenue from services

In the first quarter of 2024, the Group generated revenue from sales and services amounting to 2,742.8 million baht, representing a 7.8% YoY increase. This growth was primarily driven by a 10% rise in overall room revenue, notably supported by the RevPAR of hotels in Thailand and the Republic of Fiji, which experienced significant growth rates of 15% and 36% respectively compared to the corresponding period the previous year. Moreover, there was a 13% increase in non-room revenue from self-managed hotels in Thailand, in line with the company's strategy to diversify revenue streams.

Costs of services

During the first quarter of 2024, the Group incurred costs of services totaling 1,633.5 million baht, marking a 1.2% YoY increase. This rise was comparatively subdued compared to the growth in revenue from sales and services, primarily due to the operating efficiency improvement initiatives and economies of scale derived from the exceptional operational performance of hotels in Thailand and the Maldives as well as decreased expenses stemming from lease agreements of hotels in the United Kingdom.

Gross profit

The Group's gross profit for the first quarter of 2024 amounted to 1,109.3 million baht, marking an 18.1% increase. The gross profit margin stood at 40.4%, up from 36.9% in the same period of the previous year. This underscores the success of elevating ADR through room development initiatives and efficient targeted marketing strategies.

Selling expenses

The Group's selling expenses in the first quarter of 2024 amounted to 140 million baht, representing a 22.2% increase from the corresponding period of the previous year. This rise was primarily attributed to increased advertising and marketing promotion expenses incurred by hotels in Thailand, the Maldives, and the United Kingdom.

Administrative expenses

The Group incurred administrative expenses totaling 547.2 million baht in the first quarter of 2024, reflecting an 18.6% increase from the corresponding period of the previous year. This increase primarily stemmed from higher staff expenses incurred to support business growth and strengthen the Group's competencies, increased hotel management fees, in line with the rising revenue and profit of hotels in Fiji, along with the recognition of depreciation expenses for the Konotta Maldives.

Finance Costs

The Group's finance costs in the first quarter of 2024 amounted to 298 million baht, marking a 20.1% increase compared to the corresponding period of the previous year. This increase was attributed to the higher interest rates, notably on loans denominated in US dollars and British pounds sterling. Moreover, the issuance of bonds totaling 1.3 billion baht in the fourth quarter of 2023 has also contributed to increased interest expenses in Thai baht.

Other income

The Group's other income in the first quarter of 2024 amounted to 58.3 million baht, representing a 79.4% increase from the same period of the previous year. This rise primarily stemmed from guarantee fees for loans provided to subsidiaries.

Share of profit (loss) from associates and joint ventures

During the first quarter of 2024, the Group recorded a share of losses from joint ventures and associates totaling 62.8 million baht, reflecting an increase from the 4.3 million baht loss recorded during the same period of the previous year. This can be attributed to the initial phase of commercial operations of the SO/ Maldives hotel under a joint venture in November 2023.

Adjusted EBITDA

Adjusted EBITDA of the Group in the first quarter of 2024 stood at 753.4 million baht, marking a 12.2% increase from the corresponding period of the previous year. This growth, surpassing the rate of revenue increase, underscores improved competitiveness and heightened efficiency in cost management.

Profit (loss) for the period

The Group reported a profit of 112.9 million baht for the first quarter of 2024, reflecting a 10.6% decrease from the corresponding period of the previous year, primarily led by higher financial costs attributed to increasing interest rates and increased share of losses from joint ventures and associates.

Analysis of Financial Position and Investment Structure

As of March 31, 2024, the Group's total assets amounted to 39,325.9 million baht, an increase of 1,603.2 million baht or 4.3% from the end of December 2023. Meanwhile, total liabilities amounted to 22,234.7 million baht, up by 603.0 million baht from the end of 2023, with interest-bearing debt reaching 14,263.8 million baht, up from 13,931.8 million baht, mainly due to the impact of foreign currency translation adjustments. Shareholder's equity stood at 17,091.2 million baht, up from 16,091.0 million baht at the end of 2023, driven by first-quarter 2024 profits and currency translation adjustments. Furthermore, the interest-bearing debt-to-equity ratio (IBD/E) declined to 0.83 as of March 31, 2024, below the company's target financial leverage threshold, indicating a robust financial position and readiness to invest in sustainable growth in the future.

	Dec 31, 2023	Mar 31, 2024	Change	
	(THB million)	(THB million)	(THB million)	(%)
Cash and cash equivalents	2,216.3	2,433.0	216.7	9.8%
Total current assets	3,771.8	3,911.4	139.6	3.7%
Property, plant and equipment, net	30,414.4	31,782.2	1,367.8	4.5%
Total non-current assets	33,950.9	35,414.5	1,463.7	4.3%
Total assets	37,722.7	39,325.9	1,603.2	4.3%
Total interest-bearing debt	13,931.8	14,263.8	332.0	2.4%
Other liabilities	7,699.9	7,970.9	271.1	3.5%
Total liabilities	21,631.7	22,234.7	603.0	2.8%
Total equity	16,091.0	17,091.2	1,000.2	6.2%
Interest-bearing debt to equity (times)	0.87	0.83	(0.03)	

Yours faithfully,

S Hotels and Resorts Public Company Limited

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