

Management Discussion and Analysis for the performance of the six months ended 30 June 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 for the second quarter of 2024 at 2,469.1 million baht, representing an 8% increase from the same period in the previous year. This growth was driven by an effective proactive marketing strategy that reached a more diverse and well-balanced customer base and introduced new room types that received positive guest feedback.

During the quarter, hotels in the Republic of Fiji showed exceptional performance, achieving an occupancy rate of up to 85% and an average daily room rate (ADR) that increased by 26% compared to the same period in the previous year. Similarly, the three self-managed hotels in Thailand on Koh Samui and Koh Phi Phi maintained an occupancy rate of 71%, despite approaching the off-peak tourism season. This performance helped mitigate the impact of the temporary closure for renovations of 173 rooms at the SAii Laguna Phuket Hotel since mid-April. As a result, the overall portfolio recorded an 11% growth in average revenue per room (RevPAR) compared to the same period in the previous year, reaching 4,174 baht. Adjusted EBITDA was reported at 553.8 million baht, reflecting an increase of 26% from the same period in the previous year, while net loss decreased 39% YoY to 71.6 million baht.

For the first six months of 2024, the Group recorded revenue from sales and services amounting to 5,211.9 million baht, an 8% increase from the same period in the previous year. This growth was attributed to the strong expansion momentum in travel demand and the successful implementation of the Company's ongoing asset enhancement strategy. This is reflected in the ADR, which increased by 18% from the same period in the previous year, reaching 6,662 baht, with an average occupancy rate of 66%. Consequently, the overall portfolio's RevPAR reached 4,426 baht, up from 3,951 baht in the same period of the previous year. Coupled with more efficient control of sales and service costs, the Group reported Adjusted EBITDA of 1,307.1 million baht, an increase of 17% from the same period in the previous year, and a net profit of 40 million baht for the period.

Tourism Industry Trends and Hotel Operations by Location

The global tourism industry is experiencing a sustained recovery, evidenced by a 19% YoY increase in international tourist arrivals in the first quarter of 2024, reaching over 285 million people. The Asia-Pacific region has shown the strongest rebound during this period, driven by the rise in flight routes and frequencies, as well as visa facilitation policies in various countries. Furthermore, the UN Tourism Confidence Index survey for April 2024 indicates continued growth in travel demand across all regions for the remainder of the year. The United Nations World Tourism Organization (UNWTO) forecasts approximately 1.5 billion international tourists worldwide for 2024, marking a 17% YoY increase and surpassing pre-pandemic levels by 2%.

However, risks such as economic slowdown, ongoing geopolitical conflicts, and potentially worsening climate conditions could impact performance in terms of both revenue and cost management during the latter half of 2024. To address these challenges, the Company considers implementing strategies to mitigate potential

impacts, including expanding sales channels, adopting flexible proactive marketing strategies to achieve a balanced guest mix, and emphasizing efficient cost and expense management to meet its planned performance 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	36.7
Republic of Maldives	1.7	1.9	2.0
United Kingdom	40.9	37.8	38.7
Republic of Fiji	0.9	0.9	1.0
Republic of Mauritius	1.4	1.2	1.5

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

The Tourism Authority of Thailand (TAT) reports that in the first half of 2024, approximately 17.5 million international tourists visited Thailand, representing a significant 35% YoY increase. This represents a 93% recovery compared to the same period in 2019 and has generated over 830 billion baht in tourism revenue. The top three source markets are China, Malaysia, and India, respectively. Looking ahead into the second half of 2024, the tourism industry is expected to continue growing, benefiting from Thailand's competitive advantage in value for money compared to other destinations. Key drivers of this growth include 1) TAT's policy initiatives with a 1 billion baht budget aimed at promoting experiential tourism in both major and secondary cities; 2) The expansion of visa-free measures to 93 countries and an extension of the stay period in Thailand to 60 days, along with developing partnerships with airlines to increase routes and flight frequencies, to encourage long-term stays in Thailand; and 3) Targeted promotions and roadshows in new high-spending markets in the United States and the Middle East. TAT aims to attract 36.7 million international tourists in 2024, generating a total tourism revenue of 3.5 trillion baht.

With these supporting factors, along with the successful expansion into new customer segments and a commitment to improving cost and expense management efficiency, the impact of the planned 2nd renovation of SAii Laguna Phuket Hotel during the off-peak season is expected to be mitigated. This should help maintain overall performance levels for 2024 at a level similar to the previous year, despite a 3% YoY decrease in room nights sold. The renovation, aimed at enhancing long-term competitive potential, began in mid-April and is expected to be completed with all rooms returned by mid-December 2024. This is anticipated to drive strong performance into the end of the year and into 2025.

Republic of Maldives

In the first half of 2024, the Republic of Maldives' tourism industry continued to show robust growth, with over 1 million tourists visiting the Maldives, marking a 9% increase from the same period last year. This growth was mainly led by tourists from China, who made up approximately 12% of all visitors during this period, showing a 90% YoY increase and an 86% recovery compared to the same period in 2019. Additionally, key European

markets such as Russia, the United Kingdom, Italy, and Germany reported an 11% YoY increase, consistent with the ongoing rise in flight routes and frequencies. For the entire year of 2024, the Maldives Association of Travel Agents and Tour Operators (MATATO) anticipates welcoming around 2 million international tourists.

The growth outlook for the tourism industry in the Republic of Maldives for the second half of 2024 is promising, supported by several key factors: 1) The expansion of flight routes and frequencies, alongside targeted tourism promotion roadshows in major Chinese cities, coupled with the Maldives Marketing and Public Relations Corporation (MMPRC)'s endorsement of WeChat Pay services, which aims to attract more Chinese tourists. Additionally, hotels within the CROSSROADS project commenced accepting payments via this system at the end of June. 2) The Maldives' achievement of the Indian Ocean's Leading Green Destination award from the World Travel Awards for the first time is expected to draw more tourists, particularly from Europe, who prioritize sustainable tourism. 3) The partial opening of the new terminal at Velana International Airport in November 2024 will enhance passenger capacity to 3.7 million annually, with a full opening scheduled for July 2025. These favorable developments, along with proactive marketing strategies and plans to develop beach clubs, spas, and restaurants within the CROSSROADS project, lead the company to anticipate steady growth in operational performance for 2024 and into early 2025.

United Kingdom

The recovery outlook for the UK tourism industry has shown signs of slowing towards the end of Q4 2023 and into the beginning of Q1 2024. Consequently, Visit Britain has revised its forecast for international visitors in 2024 to 38.7 million, reflecting a 2% YoY increase and a 95% recovery compared to 2019 levels. However, due to the effects of inflation and increased spending on tourism, the total spending forecast has been adjusted to 32.5 billion GBP, marking a 5% increase from the previous year and a 14% recovery above 2019 levels. This growth is primarily driven by the positive recovery momentum in the long-haul travel market, which includes high-spending countries such as the United States, China, and Australia, known for their longer stays and higher expenditure on travel.

In the second half of 2024, the UK tourism industry is anticipated to show more definitive signs of recovery, consistent with regional growth trends. This expectation is bolstered by a 13% increase in flight bookings by international tourists in Northern Europe compared to the same period last year. Additionally, ForwardKeys data reveals that London is one of the most sought-after destinations and the top travel location among global travelers planning to visit Europe in July and August 2024. Moreover, a July 2024 survey by Visit Britain indicates a rising domestic demand for travel in the UK over the next 12 months.

Given these supportive factors, along with ongoing initiatives to enhance asset quality, rebrand, and reposition hotels in key tourist hotspots and business centers, with aimed to attract higher-spending upper-market segments. Additionally, the continued asset rotation strategy is expected to improve portfolio profitability, thereby driving consistent growth in the performance of the UK hotel portfolio.

Republic of Fiji

During the first half of 2024, Fiji welcomed 447,155 international visitors, representing a 7% increase from the same period last year. This growth highlights the increasing popularity of experiential tourism, which allows visitors an opportunity to engage with Fiji's natural beauty, indigenous identity, and local culture. Notably, over 68% of these visitors originated from Australia and New Zealand. Additionally, Fiji Airways' efforts to strengthen its market presence and expand seat capacity for high-spending travelers from North America have resulted in a 9% YoY increase in arrivals from the United States and Canada.

In addition to plans to introduce direct flight routes from additional major North American cities in Q4 2024, Fiji's tourism industry is expected to continue its growth throughout the second half of the year. This growth is bolstered by the ongoing promotion of the tourism campaign "If You Can't Bin It, Bag It," which emphasizes sustainability for nature and local communities to attract more eco-tourists. Moreover, a marketing budget of 44 million USD, a 47% increase from the previous year, has been allocated to reach new tourist markets, including India, South Korea, and Europe. Fiji is anticipated to set a new record with 1 million international visitors by the end of 2024. With these factors in play and positive feedback on the new room types at Outrigger Fiji Beach Resort, the company expects robust performance growth for its hotels in Fiji throughout the year.

Republic of Mauritius

In the first half of 2024, the Republic of Mauritius welcomed 625,051 international visitors and generated tourism revenue of 38,877 million rupees during the first five months of the year. This reflects a 6% and 9% increase, compared to the same period last year, respectively. The top three source markets were France, the United Kingdom, and Germany, which together accounted for 44% of total visitors. For the entire year of 2024, Mauritius is expected to attract approximately 1.5 million international tourists and aims to achieve a 16% increase in tourism revenue, reaching 100,000 million rupees.

The tourism industry in Mauritius is expected to maintain its growth into the second half of 2024. This outlook is supported by expanding flight routes and an increase in direct flights, particularly from India and the Middle East, which are key target markets. Additionally, a new partnership with Saudia Holidays aims to enhance Mauritius's appeal as a premier destination for Saudi Arabian tourists. Visa exemptions for visitors from other significant markets, including Russia, China, and Australia, have led to substantial increases in visitor numbers—1.3 times, 1.2 times, and 25% respectively—compared to the same period last year. These developments are expected to sustain the positive momentum from the first half of the year and further diversify the tourist market. Furthermore, the higher average occupancy rate at Outrigger Mauritius Beach Resort in Q2 2024, which exceeded levels from the same period in 2022, suggests a strong performance recovery in the second half of 2024.

Major Developments

- The company has finalized the sale of the Mercure Wetherby hotel, comprising 103 rooms, for 5.8 million GBP, equivalent to 269.5 million baht, as of the end of May 2024.

- A strategic partnership has been established with Ascott to manage 4 prime hotels located in major tourist destinations and economic hubs. This collaboration aligns with our Asset Rotation strategy, aiming to reposition these hotels, optimize operational performance, and expand our appeal to international tourists.

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-two 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 36 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 4,290 rooms. As of June 30, 2024, 35 hotels out of 36 were operational, equivalent to 98.8% of the total number of rooms (4,237 out of a total of 4,290 rooms).

Revenue from services by management platforms:

(Unit: million baht)	1H'2023	% Revenue Share	1H'2024	% Revenue Share	% Change YoY	2Q'2023	% Revenue Share	2Q'2024	% Revenue Share	% Change YoY
Self-Managed Hotels	1,005.2	20.8%	1,081.7	20.8%	7.6%	363.1	15.9%	342.2	13.9%	-5.7%
Outrigger Hotels	635.6	13.2%	887.5	17.0%	39.6%	333.9	14.7%	534.2	21.6%	60.0%
Project CROSSROADS	1,333.1	27.6%	1,481.0	28.4%	11.1%	517.8	22.7%	569.6	23.1%	10.0%
UK Portfolio Hotels	1,847.4	38.3%	1,761.8	33.8%	-4.6%	1,062.3	46.7%	1,023.1	41.4%	-3.7%
Total Revenue from Sales and Services	4,821.4	100.0%	5,211.9	100.0%	8.1%	2,277.1	100.0%	2,469.1	100.0%	8.4%

In Q2 2024, the group reported revenue from sales and services amounting to 2,469.1 million baht, representing an 8% increase compared to the same period last year. This growth was driven by a substantial revenue upsurge from Outrigger hotels in both Fiji and Mauritius, which saw a 60% YoY rise. Additionally, revenue from the two CROSSROADS hotels grew by 10% YoY. These increases offset the effects of temporary closures for renovations of certain rooms at the SAii Laguna Phuket hotel since mid-April 2024 and the decline in revenue from UK hotels.

For the first six months of 2024, the tourism industry has demonstrated significant recovery across almost all regions compared to the same period last year. The introduction of newly renovated room types at two hotels in Thailand and one in Fiji, which received positive feedback, coupled with effective marketing and pricing strategies, led to revenue increases of 40% for Outrigger hotels, 11% for the two CROSSROADS hotels, and 8% for self-managed hotels in Thailand compared to the first half of 2023. However, revenue from UK hotels declined by 4%, primarily due to the expiration of a long-term exclusive-use agreement with the government at the end of 2023. Nonetheless, the company now perceives indications of revenue recovery in the latter half of the year.

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

Self-Managed Hotels

Indicators	1H'2023	1H'2024	% Change YoY	2Q'2023	2Q'2024	% Change YoY
No. of Hotels	4 ⁽²⁾	4 ⁽²⁾	-	4 ⁽²⁾	4 ⁽²⁾	-
No. of Keys	604	604	-	604	604	-
Average Occupancy Rate (%)	75.7%	72.5%	-3.2%	64.1%	56.5%	-7.6%
ADR (Baht)	8,431	9,570	13.5%	6,528	7,017	7.5%
RevPAR (Baht)	6,385	6,938	8.7%	4,184	3,963	-5.3%

Note

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

In Q2 2024, the self-managed hotels in Thailand saw a drop in occupancy rates to 57%, due to limited available rooms for sales caused by the temporary closure of certain rooms at SAii Laguna Phuket Hotel for renovations. Without this impact, the occupancy rate would have been 74%, with an ADR of 7,017 baht, reflecting a 7% increase from Q2 2023. This rise was supported by effective pricing strategies and successful marketing efforts that attracted a more diverse customer base.

For the first six months of 2024, RevPAR increased by 9% YoY. This improvement was primarily due to the introduction of newly renovated room types at both SAii Laguna Phuket Hotel and SAii Phi Phi Island Village Hotel, which led to a 14% YoY increase in ADR. This growth helped to mitigate the effects of the reduced number of available rooms compared to the same period last year.

Outrigger Hotels

Indicators	1H'2023	1H'2024	% Change YoY	2Q'2023	2Q'2024	% Change YoY
No. of Hotels	3	3	-	3	3	-
No. of Keys	499	499	-	499	499	-
Average Occupancy Rate (%)	61.0%	63.3%	2.3%	69.6%	72.4%	2.8%
ADR (Baht)	7,823	9,326	19.2%	9,049	9,877	9.2%
RevPAR (Baht)	4,769	5,902	23.8%	6,299	7,148	13.5%

Note

- (3) The exchange rates applied for the calculations in 1H'2023 were 15.48 THB/FJD and 0.75 THB/MUR. For 1H'2024, the rates used were 16.08 THB/FJD and 0.79 THB/MUR. For 2Q'2023, the rates were 15.53 THB/FJD and 0.76 THB/MUR, and for 2Q'2024, the rates were 16.27 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 the closure period.

In Q2 2024, Outrigger hotels reported a RevPAR of 7,148 baht, reflecting a 13% increase compared to Q2 2023. This rise was driven by improved occupancy rates and higher ADR, fueled by the growing appeal of experiential tourism and the introduction of newly renovated rooms at Outrigger Fiji Beach Resort. This contributed to significant performance improvements, with Outrigger hotels in Fiji achieving an occupancy rate of 85% and a 26% increase in ADR from Q2 2023. Similarly, Outrigger Mauritius Beach Resort demonstrated notable signs of recovery, with a 50% occupancy rate in Q2 2024 and a 13% higher ADR compared to Q2 2019.

For the first six months of 2024, Outrigger hotels achieved a 63% occupancy rate and a 19% increase in ADR. This led to a 24% YoY increase in overall RevPAR, reaching 5,902 baht. This growth was achieved despite the challenges associated with the ramp-up period for Outrigger Mauritius Beach Resort, which resumed operations in late 2023.

Project CROSSROADS Hotels

Indicators	1H'2023	1H'2024	% Change YoY	2Q'2023	2Q'2024	% Change YoY
No. of Hotels	2	2	-	2	2	-
No. of Keys	376	376	-	376	376	-
Average Occupancy Rate (%)	71.3%	74.8%	3.6%	55.2%	60.7%	5.5%
ADR (Baht)	13,663	15,028	10.0%	13,145	13,338	1.5%
RevPAR (Baht)	9,736	11,248	15.5%	7,258	8,102	11.6%

Note

- (5) The exchange rates applied for the calculations in 1H'2023 were 34.20 THB/USD. For 1H'2024, the rates used were 36.18 THB/USD. For 2Q'2023, the rates were 34.48 THB/USD, and for 2Q'2024 the rates were 36.71 THB/USD

In Q2 2024, the two CROSSROADS hotels, Hard Rock Maldives and SAii Lagoon Maldives achieved a 12% increase in RevPAR compared to Q2 2023, reaching 8,102 baht. This growth is attributed to the successful implementation of flexible pricing strategies and effective marketing efforts that attracted a more diverse clientele, including guests from China, France, and South Korea. Consequently, occupancy rates increased by 6% from the same period last year, reaching 60%. The effective management of RevPAR across varying market conditions, along with

ongoing growth in travel demand—reflected in increased flights and routes—resulted in a 16% YoY increase in RevPAR for the first half of 2024, totaling 11,248 baht.

For SO/ Maldives, Q2 2024 showed a slight improvement over the previous quarter. The occupancy rate increased to 48%, though this was offset by a drop in ADR due to the onset of the off-peak travel season, resulting in a RevPAR of 10,058 baht.

UK Portfolio Hotels

Indicators	1H'2023	1H'2024	% Change YoY	2Q'2023	2Q'2024	% Change YoY
No. of Hotels	24	22	(2)	24	22	(2)
No. of Keys	2,704	2,442	(262)	2,704	2,442	(262)
Average Occupancy Rate (%)	69.8%	64.4%	-5.4%	73.4%	70.4%	-3.5%
ADR (Baht)	3,558	3,942	10.8%	3,914	4,352	11.2%
RevPAR (Baht)	2,483	2,538	2.2%	2,892	3,064	5.9%

Note

- (6) The exchange rates applied for the calculations in 1H'2023 were 42.18 THB/GBP. For 1H'2024, the rates used were 45.93 THB/GBP. For 2Q'2023, the rates were 43.14 THB/GBP, and for 2Q'2024, the rates were 46.37 THB/GBP.
- (7) 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, and the disposal of Mercure Wetherby, comprising 103 rooms, by the end of May 2024.

In Q2 2024, the company's UK hotels reported an 11% increase in ADR compared to Q2 2023. This rise was attributable to adjustments in room rates of certain properties following the expiration of the long-term exclusive use agreement with the government. Despite this, occupancy rates decreased by 3% YoY, leading to a 6% increase in RevPAR, which reached 3,064 baht.

The performance for the first half of 2024 mirrored the Q2 results, with a similar trend observed compared to the same period last year. Overall, RevPAR increased slightly to 2,538 baht, reflecting the consistent impact of the aforementioned factors.

Discussion of results of operations:

Table comparing financial performance of 6M'2023 and 6M'2024.

	6M'2023		6M'2024		%Change YoY	
	million baht	%	million baht	%	million baht	%
Revenue from services	4,821.4	100.0%	5,211.9	100.0%	390.5	8.1%
Costs of services	3,203.8	66.5%	3,290.8	63.1%	87.0	2.7%
Gross profit	1,617.5	33.5%	1,921.0	36.9%	303.5	18.8%
Other income	74.0	1.5%	139.0	2.7%	64.9	87.8%
Selling expenses	226.2	4.7%	252.9	4.9%	26.8	11.8%
Administrative expenses	921.3	19.1%	1,028.5	19.7%	107.2	11.6%
Gain (Loss) from exchange rate	(14.1)	(0.3%)	(20.4)	(0.4%)	(6.3)	(45.0%)
Share of profit (loss) from investment in an associate and joint ventures	(10.3)	(0.2%)	(128.3)	(2.5%)	(118.0)	(1,141.0%)
Finance costs (Interest expenses)	520.9	10.8%	592.3	11.4%	71.4	13.7%
Profit (loss) before income taxes	(1.2)	(0.0%)	37.5	0.7%	38.8	3185.7%
Income tax expenses (income)	(8.9)	(0.2%)	(2.5)	(0.0%)	(6.4)	(72.0%)
Profit (loss) of the year	7.7	0.2%	40.0	0.8%	32.4	422.7%
<i>Adjusted items</i>						
Net unrealized gain (loss) on exchange rate	(18.0)	(0.4%)	(22.0)	(0.4%)	4.0	(22.4%)
Non-recurring items ¹	(0.7)	(0.0%)	(15.0)	(0.3%)	(15.3)	(2,047.9%)
Adjusted EBITDA²	1,112.8	23.1%	1,307.1	25.1%	193.2	17.5%
Adjusted profit (loss) of the year	25.0	0.5%	47.0	0.9%	21.0	88.3%

Discussion of results of operations:

Table comparing financial performance of 2Q'2023 and 2Q'2024.

	2Q'2023		2Q'2024		% Change YoY	
	million baht	%	million baht	%	million baht	%
Revenue from services	2,277.1	100.0%	2,469.1	100.0%	192.0	8.4%
Costs of services	1,599.0	70.2%	1,657.4	67.1%	58.4	3.7%
Gross profit	678.1	29.8%	811.7	32.9%	133.6	19.7%
Other income	41.5	1.8%	80.7	3.3%	39.1	94.3%
Selling expenses	111.5	4.9%	112.9	4.6%	1.4	1.2%
Administrative expenses	459.8	20.2%	481.3	19.5%	21.5	4.7%
Gain (Loss) from Exchange rate	3.0	0.1%	(3.7)	(0.1%)	(6.7)	(222.1%)
Share of profit (loss) from investment in an associate and joint ventures	(6.1)	(0.3%)	(65.5)	(2.7%)	(59.5)	(982.0%)
Finance costs (Interest expenses)	272.7	12.0%	294.3	11.9%	21.6	7.9%
Profit (loss) before income taxes	(127.5)	(5.6%)	(65.4)	(2.6%)	62.1	48.7%
Income tax expenses (income)	(10.2)	(0.4%)	6.2	0.3%	16.4	160.8%
Profit (loss) of the year	(117.2)	(5.1%)	(71.6)	(2.9%)	45.6	38.9%
<i>Adjusted items</i>						
Net unrealized gain (loss) on exchange rate	1.8	0.1%	(5.3)	(0.2%)	(7.1)	(398.1%)
Non-recurring items ¹	(0.3)	(0.0%)	(15.2)	(0.6%)	(14.9)	(5,620.9%)
Adjusted EBITDA²	441.2	19.4%	553.8	22.4%	112.6	25.5%
Adjusted profit (loss) of the year	(119.2)	(5.2%)	(81.5)	(3.3%)	37.7	31.7%

(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

The Group's revenue from sales and services in Q2 2024 amounted to 2,469.1 million baht, representing an 8.4% increase from the second quarter of 2023, despite the temporary partial closure of rooms for renovation at SAii Laguna Phuket Hotel during the quarter. This growth was driven by the recovery and expansion of the tourism industry in Thailand, the Republic of Maldives, and the Republic of Fiji, as well as the successful implementation of marketing strategies and increased ADR for hotels that completed new room renovations as part of the Group's ongoing asset enhancement strategy. Similarly, revenue for the first six months of 2024 grew by 8.1% YoY, reaching 5,211.9 million baht. This aligns with the continuous expansion trend in the tourism industry and the effectiveness of the aforementioned strategies.

Costs of services

The Group's cost of services in Q2 2024 increased by 3.7% compared to Q2 2023, reaching 1,657.4 million baht. For the first six months of 2024, the cost of services amounted to 3,290.8 million baht, marking a 2.7% YoY increase. This slower rate of increase relative to revenue growth for both periods is attributed to improved

operational efficiency and economies of scale achieved through the strong performance of Outrigger hotels. Additionally, the Group benefited from lower utility costs in the Maldives and reduced lease expenses in the United Kingdom.

Gross profit

The Group recorded a gross profit of 811.7 million baht in Q2 2024, representing a 19.7% increase from Q2 2023. For the first six months of 2024, the gross profit reached 1,921 million baht, marking an 18.8% YoY rise. Additionally, the gross profit margin also improved in both periods, reaching 32.9% in Q2 2024 and 36.9% in the first half of 2024. This improvement reflects the success of driving higher ADR through room upgrades, particularly in the Republic of Fiji, alongside a flexible room pricing strategy and effective management of service costs.

Selling expenses

The Group's selling expenses in Q2 2024 amounted to 112.9 million baht, reflecting a 1.2% increase from Q2 2023. For the first six months of 2024, selling expenses totaled 252.9 million baht, an 11.8% YoY increase. This rise resulted from higher advertising and promotional expenses aimed at reaching new customer segments, aligning with the growth in revenue from services.

Administrative expenses

The Group's administrative expenses in Q2 2024 amounted to 481.3 million baht, reflecting a 4.7% increase from Q2 2023. For the first six months of the year, these expenses totaled 1,028.5 million baht, marking an 11.6% YoY increase. This rise was primarily driven by higher management fees associated with the increased revenue and profit of hotels in Fiji, as well as the recognition of depreciation expenses of Konotta Maldives Hotel.

Finance Costs

The Group's finance costs for Q2 2024 amounted to 294.3 million baht, reflecting a 7.9% increase from Q2 2023. For the first half of the year, finance costs totaled 592.3 million baht, representing a 13.7% YoY increase. This rise is attributed to the increase in global interest rates over the previous year and the company's issuance of debentures totaling 1,300 million baht in Q4 2023, leading to higher interest expenses in Thai baht.

Other income

In Q2 2024, the Group's other income reached 80.7 million baht, marking a 94.3% increase compared to Q2 2023. For the first half of the year, other income amounted to 139 million baht, reflecting an 87.7% YoY increase. This growth was mainly driven by income from loan guarantee fees for joint ventures and gains from the sale of the asset held for sale, the Mercure Wetherby Hotel.

Share of profit (loss) from associates and joint ventures

The Group reported a share of losses from joint ventures and associates amounting to 65.5 million baht in Q2 2024, and 128.3 million baht for the first six months of 2024. This increase compared to the previous year is primarily due to the initial phase of commercial operations at the SO/ Maldives hotel, which commenced under the joint venture in November 2023.

Adjusted EBITDA

The Group reported Adjusted EBITDA of 553.8 million baht for Q2 2024, representing an increase of 25.5% compared to Q2 2023. For the first six months of 2024, Adjusted EBITDA amounted to 1,307.1 million baht, marking a 17.5% YoY growth. This performance highlights the Group's enhanced revenue-generating capabilities, effective marketing strategies, and more efficient cost management, despite the adverse effects of an increased share of losses from joint ventures.

Profit (loss) for the period

In Q2 2024, the Group reported a net loss of 71.6 million baht, a 38.9% drop compared to the loss reported in Q2 2023. As a result, for the first half of 2024, the Group achieved a net profit of 40 million baht, an increase from 7.7 million baht in the corresponding period of the previous year. This improvement underscores the Group's strengthened competitiveness.

Analysis of Financial Position and Investment Structure

As of June 30, 2024, the Group's total assets amounted to 38,844.8 million baht, an increase of 1,122.1 million baht, or 3%, compared to December 31, 2023. Total liabilities were 21,724.8 million baht, up by 93.1 million baht from the end of 2023, while interest-bearing debt decreased to 13,799.0 million baht from 13,931.8 million baht, due to partial loan repayments and adjustments for foreign currency translation. Shareholders' equity rose to 17,120.0 million baht from 16,091.0 million baht at the end of 2023, driven by profits in the first half of 2024 and currency translation adjustments. Furthermore, the interest-bearing debt-to-equity ratio (IBD/E) decreased to 0.81 times as of June 30, 2024, which is substantially below the company's financial covenants, reflecting a robust financial position and readiness to invest for sustainable growth in the future.

	Dec 31, 2023	Jun 30, 2024	Change	
	(million baht)	(million baht)	(million baht)	(%)
Cash and cash equivalents	2,216.3	2,161.5	(54.8)	(2.5%)
Total current assets	3,785.3	3,383.1	(402.2)	(10.6%)
Property, plant and equipment, net	30,414.4	31,912.8	1,498.4	4.9%
Total non-current assets	33,937.4	35,461.7	1,524.3	4.5%
Total assets	37,722.7	38,844.8	1,122.1	3.0%
Total interest-bearing debt	13,931.8	13,799.0	(132.8)	(1.0%)
Other liabilities	7,699.9	7,925.8	226.0	2.9%
Total liabilities	21,631.7	21,724.8	93.1	0.4%
Total shareholders' equity	16,091.0	17,120.0	1,029.0	6.4%
Interest-bearing debt to equity (times)	0.87	0.81	(0.06)	

Yours faithfully,

S Hotels and Resorts Public Company Limited

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