

No. L015/2022

8th November 2022

Subject : The explanation of operating results for the 3rd quarter of 2022
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the three-month period ended 30th September 2022, Thai Nationwide COVID-19 controls fully relaxed, the hospitality business is likely to continue to grow. However, the recovery is not thorough because the Chinese government is still enforcing stringent rules to stop the coronavirus pandemic. This is due to the low season in the third quarter of this year, Laguna Resorts & Hotels Public Company Limited still suffered a net loss of Baht 63 million. Nevertheless, it had a lower net loss when compared to a net loss of Baht 279 million in the same period previous year.

Total revenue for the three-month period ended 30th September 2022 increased by Baht 974 million as compared to the same period last year due largely to the followings:

- The overall revenue from hotel operations which comprise hotel, golf, and retail operations increased by Baht 395 million. Due to the government's fully relaxation of the coronavirus disease 2019 and more convenient entry into Thailand, the occupancy rate, average daily rate (ADR), and revenue per available room (RevPAR) of hotels have all improved.
- Revenue from property development operations which comprise property sales and the sale of holiday club memberships increased by Baht 578 million. The variance is largely attributed to the higher revenue recognition of property sales projects namely Skypark and Cassia projects. At the time of this report, there was a total of Baht 4,361 million in property sales revenue which will be recognised in the future barring any cancellations.

Total expenses for the three-month period ended 30th September 2022 increased by Baht 769 million as compared to the same period last year which was generally attributed to the followings:

- The cost of hotel operations increased by Baht 188 million due to increase in line with the hotel revenue.
- The cost of property development operations increased by Baht 311 million as a result of higher revenue recognition of property sales during the period.
- Selling expenses increased by Baht 110 million due to higher in commission expenses from more successful property sales along with higher sales and marketing expenses from ongoing hotel operations throughout the period.

- Administrative expenses increased by Baht 162 million mainly due to an increase in management, loyalty fees and rental expenses in line with hotel revenue, and also increase in land and building tax as a result of the cancellation of the relief measure in the current year. Moreover, as compared to the same period last year, there was a significant rise in exchange loss as a result of exchange fluctuation throughout the period.

Finance cost dropped by Baht 6 million, mainly due to lower interest rates as a result of loan restructuring at the end of last year. They were reduced from 3.75%-4.25% per annum in the quarter 3 of 2021 to 2% per annum since the quarter 1 of 2022.

Due to the Group's reduction of deferred tax assets during this quarter last year, deferred tax expenses were fairly high the previous year, which contributed to the drop in income tax expenses of Baht 10 million.

Profit attributable to the non-controlling interests of the subsidiaries increased by Baht 4 million, mostly as a result of Thailand's greater operating gallery earnings.

For the reasons stated above, the company's loss is lower as compared to the same period last year.

Sincerely Yours,

(Mr. Tan Min Hai Edmund)

Senior Assistant Vice President – Head of Finance & Accounting