

No. L001/2023

21st February 2023

Subject : The explanation of operating results for the year 2022
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31st December 2022, Thai Nationwide COVID-19 controls are 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 in the year 2022. Laguna Resorts & Hotels Public Company Limited can achieve a break-even point and turns a net profit of Baht 7 million. As a result, it had a slightly larger net profit compared to the previous year, when it had a net loss of Baht 1,032 million.

Total revenue for the year increased by Baht 3,308 million as compared to the last year primarily due to the followings:

- The overall revenue from hotel operations which comprises hotel, golf, and retail operations increased by Baht 1,710 million. Due to the government's fully relaxation of the coronavirus disease 2019, more convenient entry into Thailand and high season at the end of the year. As a result, the occupancy rates, average daily rates (ADR), and revenue per available room (RevPAR) of hotels have all significantly improved.
- Revenue from property development operations which comprises property sales and the sale of holiday club memberships increased by Baht 1,572 million. The variance is largely attributed to the higher revenue recognition of property sales projects namely Skypark, Angsana Beach Front Residence, Cassia, Banyan Tree Expansion, Laguna Park 2 projects. At the time of this report, there was a total of Baht 5,963 million in property sales revenue which will be recognised in the future barring any cancellations.
- Revenue from office rental operations which includes office rental at Thai Wah Tower I and retail shop rental at Canal Village (Phuket), increased by Baht 9 million mostly as a result of Canal Village. All retail stores have been fully operational as normal, therefore tenants were billed for the entire year of 2022's rental costs. However, the Group did not charge rental costs to some stores that temporarily closed during the first half year of 2021, and reopened at the end of year 2021.
- Other income increased by Baht 17 million mainly due to gain on revaluation of investment properties amounting to Baht 35 million in 2022 (2021: Nil). However, gain of Baht 13 million from the sales of a warehouse in Singapore was recognised in 2021 (2022: Nil).



Total expenses increased by Baht 2,381 million as compared to the previous year, attributed to the followings:

- The cost of hotel operations increased by Baht 717 million due to increase in line with the hotel revenue.
- The cost of property development operations increased by Baht 919 million as a result of higher revenue recognition of property sales during this year.
- Cost of office rental operations rose by Baht 6 million mostly due to an increase in repair and maintenance expenses of Thai Wah Tower I in 2022, whereas there were no such expenses last year as a result of cost savings from the COVID-19 situation. Additionally, cost of electricity at Canal Village has slightly increased from the previous year.
- Selling expenses increased by Baht 339 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 year.
- Administrative expenses increased by Baht 400 million mainly due to an increase in management and royalty fees in line with hotel revenue, and also an 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 last year, there was a significant rise in exchange loss as a result of exchange fluctuation throughout the year. In addition, in order to support the recovery of business operations, salaries and wages expenses also increased in line with the growth in employment.

Finance cost dropped by Baht 32 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 to 2% per annum since the quarter 1 of 2022.

Income tax expenses decreased by Baht 87 million mainly because in 2022, the Group set up deferred tax assets for tax losses as the Group believes the taxable profits may be sufficient to utilize in the future.

Profit attributable to the non-controlling interests of the subsidiaries decreased by Baht 3 million, mostly as a result of decreased gallery operations profits in Singapore, which were profit from warehouse sales the previous year.



For the reasons stated above, the company's profit is higher as compared to last year.

Sincerely Yours,

(Mr. Tan Min Hai Edmund)

Senior Assistant Vice President – Head of Finance & Accounting

