

No. L003/2021

24th February 2021

Subject : The explanation of operating results for the year 2020
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31st December 2020, Laguna Resorts & Hotels Public Company Limited was adversely impacted by the Covid-19 pandemic and suffered a substantial net loss of Baht 947 million as compared to a Baht 364 million net profit in the year 2019.

Total revenue for the year decreased by Baht 3,285 million as compared to last year due largely to the following:

- The overall revenue from hotel operations which comprise hotel, golf, and retail operations declined by Baht 2,150 million. Like almost all businesses in the hospitality industry in Thailand, the Covid-19 pandemic has significantly impacted the Group's businesses, especially the hotel business. The Group's hotels had to cease operations from April to May 2020 to comply with the government's measures to stop the spread of COVID-19. To reduce the Group's overhead costs, the Group's hotels continued to remain closed from June to August 2020 due to the lack of tourists and reopened in September 2020 after the Thai Government launched the subsidized travel scheme to stimulate domestic travel in Thailand.
- Revenue from property development operations which comprise property sales and the sale of holiday club memberships decreased by Baht 995 million. The difference is largely attributed to the lower revenue recognition of property sales projects namely Cassia which was lower when compared to last year offset by an increase revenue recognition of Angsana Beach Front project in this year. At the time of this report, there is a total of Baht 2,473 million in property sales revenue which will be recognized in the future barring any cancellations.
- Revenue from office rental operations which includes retail leasing contracted decreased by Baht 55 million due largely to the lower occupancy of Thai Wah Tower office.
- Other income decreased by 85 million Baht mainly due to the previous year had gain on revaluation of investment properties amounting to Baht 87 million.

Total expenses reduced by Baht 1,993 million as compared to last year which is generally attributed to the following:

- The cost of hotel operations decreased by Baht 911 million due to the lower hotel revenue and cost-saving measures put in place after the start of Covid-19.

- The cost of property development operations decreased by Baht 623 million as lower property sales were recognized during the year.
- The cost of office rental operations decreased by Baht 18 million. This is largely attributed to lower property tax and electricity expenses in the current period.
- Selling expenses were Baht 248 million lower due to the reduction of sale and marketing expenses of the hotels, Laguna golf and office rental operations.
- Administrative expenses declined by Baht 192 million as property tax, management fees, and rental expenses were lower.

Share of profit from investment in associates decreased by Baht 2 million mainly relates to lower profit from Thai Wah Plc.

Finance cost increased by Baht 103 million as compared to last year due to a higher loan balance in the current period and lower capitalized interests of property sales projects as the construction of some projects were halted due to the Covid-19 pandemic.

Income tax expenses decreased Baht 57 million as as compared to the prior year due to there was no deferred tax assets set up during in this year.

Loss attributable to the non-controlling interests of the subsidiaries increased by Baht 15 which is primarily caused by loss of Laguna Service and gallery operation.

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

Sincerely Yours,

(Mr. Edmund Tan Min Hai)

Assistant Vice President – Head of Finance & Accounting