

No. L007/2021

14th May 2021

Subject : The explanation of operating results for the 1st quarter 2021
Attention : The President
The Stock Exchange of Thailand

Dear Sir,

For the year ended 31st March 2021, Laguna Resorts & Hotels Public Company Limited was adversely impacted by the Covid-19 pandemic and suffered a substantial net loss of Baht 200 million as compared to net profit of Baht 1 million same period last year.

Total revenue for three-month period decreased by Baht 602 million as compared to the same period last year due largely to the following:

- The overall revenue from hotel operations which comprise hotel, golf, and retail operations declined by Baht 780 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.
- Revenue from property development operations which comprise property sales and the sale of holiday club memberships increased by Baht 186 million. The difference is largely attributed to the higher revenue recognition of property sales projects namely Angsana Beach Front project. At the time of this report, there is a total of Baht 2,293 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 8 million due largely to the lower occupancy of Thai Wah Tower office and Canal operations.

Total expenses reduced by Baht 404 million as compared to the same period last year which is generally attributed to the following:

- The cost of hotel operations decreased by Baht 310 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 increased by Baht 93 million as higher property sales were recognized during the period.
- The cost of office rental operations decreased by Baht 3 million. This is largely attributed to lower property tax and electricity expenses of Thai Wah Tower office in the current period.

- Selling expenses were Baht 50 million lower due to the reduction of sale and marketing expenses of the hotels, property sales, gallery operations and office rental of Thai Wah Tower office.
- Administrative expenses declined by Baht 133 million as property tax, management fees, and rental expenses were lower.

Share of profit from investment in associates increased by Baht 6 million mainly relates to increase in profit from Thai Wah Plc.

Finance cost increased by Baht 5 million as compared to the same period 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 increased Baht 12 million due mainly to an increase in deferred tax liabilities relating to revenue recognition of Angsana Beachfront project in the current period as compared to the same period last year.

Loss attributable to the non-controlling interests of the subsidiaries increased by Baht 10 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 same period last year.

Sincerely Yours,

(Mr. Edmund Tan Min Hai)

Senior Assistant Vice President – Head of Finance & Accounting