

21 February 2023

Subject: Clarification of the change in the operating performance of the year 2022 from the previous year by more than 20%

Attention: President
Stock Exchange of Thailand

Grande Asset Hotels and Property Public Company Limited and its subsidiaries (the “Group”) would like to clarify the result of operating performance of 2022 that caused the increment of operating performance from the previous year by more than 20% as follows:

1. The Group’s revenue from hotel operations in the year 2022 was Baht 1,559 million, increased from the previous year by Baht 1,122 million, due to the increase of revenues from rooms and from food and beverage as a result of the relaxation of situation of Coronavirus Disease 2019 (“COVID-19”). The number of business travelers and tourism increased resulting in a rebound in the hotel occupancy rates and average room rate of the Group.

The costs of hotel operations also increased from the previous year by Baht 250 million, to support the recovery of the hotel guests, especially employee expense and cost of food and beverage. However, the increase in costs of hotel operations were lower than the increase in revenues from hotel operations as the certain costs of hotels are fixed such as salary, depreciation expense and rental expense. The gross margin of hotels significantly increased.

2. The revenues from sales of real estate of the Company in the amount of Baht 136 million, an increase from the previous year by Baht 76 million due mainly to corresponding increase in ownership transferred amount of real estate units.

Cost of sales of real estate business also increased in accordance with the increase in revenues from sales of real estate.

3. The revenues from rental income of the Company of Baht 31 million, increasing from the previous year by Baht 13 million following the increase in rental area and the average rental rate.
4. The other incomes of the Company of Baht 158 million, an increase from the previous year by Baht 33 million, was mainly due to the increase in interest income from loans to joint ventures.
5. The selling expenses of the Group increased from the previous year by Baht 104 million mainly from the increment of selling expenses of hotel business according to increase in revenues from hotel operations. Moreover, the expenses of real estate business relating to selling and ownership transfer expenses such as advertising and sale promotion, commission expense, special business tax and transfer fee etc., increased in accordance with the increase in revenues from sales of real estate.

6. The administrative expenses of the Group increased from the previous year by Baht 285 million mainly from the increase in administrative expenses of hotel business, especially employee expense, electricity expense and management fee corresponding to increase in number of hotel guests and revenues from hotel operations.
7. The Company recognised expected credit losses on financial asset during the year 2022 at the amount of Baht 113 million for long outstanding trade receivable.
8. The pandemic COVID-19 has impacted the hotels operating result of subsidiaries. Therefore in 2020, the Company recognised impairment loss on investments in subsidiaries of Baht 159 million in separate financial statements. Consequence year 2021, the Company reversed allowance of losses on impairment of these investment amounting to Baht 34 million due to the projected hotels' performance better than last year.
9. In the year 2021, The hotel's performance has been continuously and significantly declining due to the consequence of pandemic COVID-19 . Management therefore considered impairment of property, plant and equipment of each hotel. As the above result, the Group recognized impairment losses Baht 560 million of such hotel.
10. Finance costs of the Group increased from the previous year by Baht 195 million mainly from a subsidiary entering into the sales and lease back agreements with buy - back obligations from GROREIT since the third quarter of 2021. In addition, the increase in debentures and average interest rate of loans was also higher.
11. Share of profit from investments in joint ventures increased from the previous year by Baht 60 million mainly due to the share of profit from investment in condominium project, Hyde Heritage Thonglor, which ownership transferred in August 2022.
12. The income tax of the Group in the year 2022 was Baht 181 million, from the recognition of deferred tax income by Baht 193 million mainly from tax losses and the difference in expenses under lease agreements during the year. Meanwhile, the Group recognized current tax expenses on profits for the year to Baht 12 million.
13. Other comprehensive expense of the Group decreased from the previous year by Baht 2,959 million derived from the gains from land revaluation (net of tax) of Baht 2,942 million following adoption of change in accounting policy for measurement of the lands classified as property, plant and equipment from the cost method to the revaluation method in the year 2021, and change in fair value of equity investments (net of tax) decreased more than the previous year by Baht 17 million.

Please be kindly informed accordingly.

Yours Sincerely,



Mr. Sathit Kiatkrajai
Executive Vice President - Accounting & Control