



SAFARI WORLD

TRANSLATION

Safari World Public Company Limited

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Subject Performance clarification for the year ending December 31, 2023, which is more than 20% vary by the same period last year.

To: Directors and the President
The Stock Exchange of Thailand

Safari World Public Company Limited (the "Company") would like to report previous year's description and analysis of performance for the year ended December 31, 2023 that vary more than 20% by the same period last year.

Progress situation for 2023 operation and business

Following the containment of the COVID-19 pandemic both domestically and globally, there has been a notable increase in the influx of international tourists, particularly from India, the Middle East, and ASEAN countries, to Thailand. Bangkok, in particular, continues to be the province attracting the highest number of foreign tourists. This trend has consequently led to an improvement in the revenues of Safari World Group. In 2023, the group reported a total operational revenue of 2,029.59 million Baht, marking an increase of 96.93% compared to the total operational revenue of 1,030.63 million Baht in 2022. As a result, the net loss decreased to 462.58 million Baht, down 20.48% from a net loss of 581.70 million Baht in 2022. The majority of this revenue was attributed to Safari World, benefiting significantly from the return of international tourists, with Bangkok being the most preferred destination. Safari World achieved a record operational revenue of 1,385.03 million Baht in 2023, an increase of 74.63% compared to 793.13 million Baht in 2022. This substantial revenue growth can be attributed to the company's investments in park improvements and the addition of new activities and attractions over the past 2-3 years, leading to a net profit of 417.03 million Baht in 2023, an increase of 298.16% compared to a net profit of 104.74 million Baht in 2022.

Safari World Public Company Limited



However, despite the significant return of tourists to Thailand, Phuket, which hosts two subsidiaries of the company, namely Phuket Fantasea and Carnival Magic, has not witnessed a substantial increase in the number of international tourists, who are the main customer group. This situation may be attributed to a decrease in the number of flights, along with the relatively high costs of travel expenses, such as airfare and hotel accommodations. Consequently, only about 50% of the expected foreign tourists have visited, leading to the subsidiaries' revenues not meeting the initial projections. Moreover, Carnival Magic, being a newly opened park that is not widely recognized yet, requires time to build its reputation and attract a broader audience. As a result, its revenue has been gradually increasing but remains modest. However, the park faces significant depreciation expenses due to its newness, leading to substantial losses for the subsidiaries, which in turn reflect on the overall financial statements of the Safari World Group, resulting in losses for the year 2023.

In 2023, the tourism situation in Phuket had not yet returned to normalcy. The number of international tourists, who are the main customer group, remained low. Consequently, the company continued its policy of operating its subsidiaries in Phuket—Phuket Fantasea and Carnival Magic—only three days per week on alternating schedules to share staff and reduce operational costs. In 2023, Phuket Fantasea generated a total revenue of 390.58 million Baht, while incurring a net loss of 1,164.24 million Baht. This loss resulted from provisioning for asset impairment at Phuket Fantasea, including expected credit losses on loans to Carnival Magic amounting to 54 million Baht, and an impairment of the investment in the subsidiary Carnival Magic amounting to 1,485.00 million Baht. The root cause of these impairments was the impact of the COVID-19 pandemic outbreak beginning in early 2020, which led to Carnival Magic delaying its opening by two years and four months, finally commencing operations on September 20, 2022. Additionally, being located in Phuket, where the number of international tourists remained low, and as a newly opened theme park, Carnival Magic was not well known among international tourists. This led to lower customer turnout than the company's revenue projections in the initial phase of operation, while still incurring high fixed costs, primarily from depreciation and amortization expenses. In the third quarter, the continuous operational losses of Carnival Magic, including the recognition of cumulative operational losses, resulted in a negative shareholders' equity, with total liabilities exceeding the net book value of land, buildings, and equipment, indicating the need for an asset impairment test for Carnival Magic.

Subsequently, the corporate group engaged a consulting firm with expertise in appraising large real estate businesses, such as hotels and shopping malls, closely related to the scale of Carnival Magic. The consultant, registered and recognized by the Securities and Exchange Commission (SEC), was appointed to independently assess the project value using the Income Approach. The assessment process involved on-

site inspections at the business location and an examination of the tourism situation in Phuket, including interviews with sales representatives from various tour companies and discussions with executives about future business management strategies to gather necessary information. The valuation of the Carnival Magic project concluded that the assets, including buildings and equipment, were valued at 5,061 million Baht. When compared to the net book value of buildings and equipment recorded in the financial statements as of December 31, 2023, which amounted to 5,163 million Baht, the corporate group was required to recognize an asset impairment provision of 102 million Baht in the 2023 financial statements for Carnival Magic.

The reasons mentioned above prompted the asset impairment provisioning consideration for Phuket Fantasea Co., Ltd. (Public Company Limited), in accordance with accounting standards. This resulted in the group's consolidated financial statements recognizing a total asset impairment loss of 102 million Baht. The consideration of an expected credit loss provision of 54 million Baht on loans to Carnival Magic and the impairment of investment in the subsidiary Carnival Magic amounting to 1,485.00 million Baht did not impact the group's consolidated financial statements. This is because these are intercompany transactions between subsidiaries, which are eliminated in the consolidation process of the group's financial statements.

Furthermore, the management considered and resolved to change the accounting policy for valuing land from the cost method to reflecting current market sale prices in the 2023 financial statements. This change resulted in a profit of 2,163.00 million Baht from the revaluation of land in the specific financial statements of "Phuket Fantasea."

However, the revenue outlook for 2024 is projected to improve sequentially, as Thailand has implemented a "free visa" policy for Chinese tourists and other key customer groups, such as Russia and India, since September 25, 2023. This policy is expected to positively impact the tourism situation in Phuket, leading to an increase in revenue for the region.

Company and the subsidiaries 2023 operation results

For the year 2023, the company and its subsidiaries reported a net loss of 462.58 million Baht, consisting of a profit from the company's standalone financial statements amounting to 417.03 million Baht, a loss from Phuket Fantasea amounting to 1,645.24 million Baht, and a loss from Carnival Magic amounting to 776.51 million Baht. Compared to the net loss of 581.70 million Baht in 2022, the net loss decreased by 119.12 million Baht, or there was an increase of 20.48 percent. The primary factors for this financial outcome include:

Summary of operation result in 2023

Unit: Million Baht

List	Consolidated				Individual			
	2566	2565	YoY	%	2566	2565	YoY	%
Revenue from operation	2,029.59	1,030.63	998.96	96.93	1,385.03	793.13	591.90	74.63
<u>Deduct</u> Cost of sale and services	867.31	550.81	316.50	57.46	446.97	332.05	114.92	34.61
Loss from animal death	38.78	22.11	16.67	75.40	36.03	22.11	13.92	62.96
Depreciation	433.88	209.87	224.01	106.74	80.35	81.50	(1.15)	(1.41)
Gross profit (loss)	689.62	247.84	441.78	178.25	821.68	357.47	464.21	129.86
Expected credit loss	3.85	2.45	1.40	57.14	1.81	1.55	0.26	16.77
Loss from Permanent Asset Impairment	(102.00)	0.45	(102.45)	(22,766.67)	-	0.45	-	-
Profit (loss) from fixed asset sale	(1.75)	(2.32)	0.57	(24.57)	(2.34)	(0.76)	(1.58)	207.89
Other income	18.38	13.89	4.49	32.33	142.72	117.16	25.56	21.82
<u>Deduct</u> Cost of sale and service	108.59	57.43	51.16	89.08	55.80	28.56	27.24	95.38
Cost of administration	523.22	496.10	27.12	5.47	299.53	208.42	91.11	43.71
Financial cost	422.81	298.95	123.86	41.43	148.73	134.66	14.07	10.45
Profit (loss) before Income Tax	(446.52)	(590.17)	143.65	24.34	459.81	104.23	(355.58)	341.15
Revenue (expense) income tax	(16.06)	8.47	(24.53)	(289.61)	(42.78)	0.51	(43.29)	(8,488.24)
Net Profit (Loss)	(462.58)	(581.70)	119.12	20.48	417.03	104.74	312.29	298.16
EBIT	(23.71)	(291.22)			608.54	238.89		
Gross Margin	33.98	24.05			59.33	45.07		
Net Profit Margin	(22.79)	(56.44)			30.11	13.21		

Revenue from the Operation

For the year 2023, the company and its subsidiaries achieved total operating revenue of 2,029.59 million Baht, comprised of 1,385.03 million Baht from the company's operations, and revenues from the subsidiaries, Phuket Fantasea and Carnival Magic, amounting to 390.58 million Baht and 253.98 million Baht, respectively.

The operating revenue increased by 998.96 million Baht or 96.93 percent from the year 2022. The year 2023 saw the company generating higher revenues than the pre-COVID-19 period (2019), due to the return of key customer groups, namely international tourists, and the addition of new attractions, resulting in higher revenue. Furthermore, the opening of another Carnival Magic location contributed to this increase, even though the number of international tourists travel to Phuket is comparatively lower to pre-COVID-19.

Other revenue

In 2023, Company and subsidiaries made income from other miscellaneous operations of the Subsidiaries amounting to 18.38 million Baht, which is 4.49 million Baht, or 32.33% higher than in 2022.

Cost of Sales and Services

For the year 2023, the company and its subsidiaries incurred a cost of sales and services amounting to 867.31 million Baht, an increase of 316.50 million Baht or 57.46 percent from 2022. This increase in costs was in line with the rise in operating revenue, attributable to the resumption of Safari World's normal operations six days a week, the reopening of Phuket Fantasea, and importantly, the launch of the new theme park, "Carnival Magic".

Loss from animals' death

For the year 2023, the company and its subsidiaries reported a loss from animal deaths amounting to 38.78 million Baht, an increase of 16.67 million Baht or 75.40 percent from 2022. This increase was due to sudden changes in weather conditions, leading to various animals suffering from chronic illnesses, infections, and poor health. Additionally, natural causes such as chronic diseases, aging, and the end of life expectancy of the animals also contributed to this outcome. In response, the corporate group has intensified its animal care measures to reduce the number of animal deaths significantly.

Depreciation value

For the year 2023, the company and its subsidiaries reported depreciation expenses amounting to 433.88 million Baht, an increase from 2022 by 224.01 million Baht, or 106.74 percent. This increase in depreciation expenses was primarily due to the depreciation of assets from the operation of Phuket Fantasea and Carnival Magic, as well as the recognition of depreciation expense in accordance with the useful life of the assets.

Cost of Distribution

For the year 2023, the company and its subsidiaries incurred distribution costs totaling 108.59 million Baht, an increase from 2022 by 51.16 million Baht, or 89.08 percent. The primary reason for this increase was the operational commencement across all three group entities, especially "Carnival Magic," a new theme park attraction. Consequently, there was significant investment in marketing activities aimed at advertising and public relations to enhance brand recognition.

Administrative Expenses

For the year 2023, the company and its subsidiaries incurred administrative expenses amounting to 523.22 million Baht, an increase from 2022 by 27.12 million Baht, or 5.47 percent. The primary reason for this

increase was the commencement of operations across all three entities of the company and its subsidiaries, especially the full-scale operation of "Safari World" and the year-round operations of "Phuket Fantasea and Carnival Magic," leading to an increase in administrative expenses.

Financial cost

For the year 2023, the company and its subsidiaries incurred financial costs amounting to 422.81 million Baht, an increase from 2022 by 123.86 million Baht, or 41.43 percent. This increase was primarily due to the rising interest rates on borrowings from financial institutions.

Safari World and Subsidiaries Financial Analysis Report

Financial Statement

List	Consolidated		YoY	%	Individual		YoY	%
	31 Dec 23	31 Dec 22			31 Dec 23	31 Dec 22		
	Unit: Million Baht							
Assets								
Current Assets	216.74	202.82	13.92	6.86	100.62	413.76	(313.14)	(75.68)
Non-Current Assets	8,392.76	8,785.34	(392.58)	(4.47)	6,968.69	5,967.57	1,001.12	16.78
Total Assets	8,609.50	8,988.16	(378.66)	(4.21)	7,069.31	6,381.33	687.98	10.78
Liabilities and Equity								
Current Liabilities	4,661.63	2,265.40	2,396.23	105.78	1,229.90	936.18	293.72	31.37
Non-Current Liabilities	2,548.11	4,855.55	(2,307.44)	(47.52)	1,814.13	1,832.03	(17.90)	(0.98)
Total Liabilities	7,209.74	7,120.95	88.79	1.25	3,044.03	2,768.21	275.82	9.96
Total Shareholders' Equity	1,399.76	1,867.21	(467.45)	(25.03)	4,025.28	3,613.12	412.16	11.41
Total liabilities and shareholders' equity	8,609.50	8,988.16	(378.66)	(4.21)	7,069.31	6,381.33	687.98	10.78
Debt to Equity Ratio (time)	5.15	3.81			0.76	0.77		
Interest-bearing debt to equity ratio (time)	3.75	2.83			0.53	0.59		

Asset

As of December 31, 2023, the company and its subsidiaries had total assets amounting to 8,609.50 million Baht, a decrease from December 31, 2022, by 378.66 million Baht, or 4.21 percent. This was a result of:

An increase in current assets by 13.92 million Baht, or 6.86 percent, primarily due to an increase in trade receivables and other current receivables by 30.31 million Baht, or 46.63 percent. This increase was attributed to the resumption of operations by the corporate group; and

A decrease in non-current assets by 392.58 million Baht, or 4.47 percent, mainly due to a decrease in land, buildings, and equipment by 427.48 million Baht, or 5.16 percent. This decline was a result of asset impairment in the subsidiary "Carnival Magic," due to its continuous operational losses and the recognition of depreciation expense according to the useful life of the assets.

Liabilities

As of December 31, 2023, the company and its subsidiaries had a total debt of 7,209.74 million Baht, an increase from December 31, 2022, by 88.79 million Baht, or 1.25 percent. This increase was mainly due to a rise in trade payables and other current liabilities by 108.12 million Baht, or 7.22 percent, as a result of the full operation across all three companies within the group.

As of December 31, 2023, the debt-to-equity ratio of the company was 5.15 times, and the interest-bearing debt-to-equity ratio was 3.74 times, marking an increase compared to December 31, 2022. This indicates a higher level of leverage and financial risk, reflecting the company's increased reliance on debt financing in relation to its equity base.

Shareholders' Equity

As of December 31, 2023, the company and its subsidiaries had a shareholder equity amounting to 1,399.76 million Baht, a decrease from December 31, 2022, by 467.45 million Baht, or 25.03 percent. The operations for the year 2023 resulted in a net loss of 462.58 million Baht. Additionally, there was a non-controlling interest loss of 1.45 million Baht, primarily due to the company's profitable operations being offset by increased losses from its subsidiaries, which stemmed from not operating at full capacity.

Liquidity

For the fiscal year ending December 31, 2023, the liquidity of the company and its subsidiaries saw a net decrease in cash flows amounting to 1.53 million Baht. With the beginning balance of cash and cash equivalents at 88.41 million Baht, this resulted in an ending balance of cash and cash equivalents of 75.87 million Baht. The detailed cash flows from various activities are as follows:

	Unit: Million Baht	
	Consolidated	Individual
Net cash flows from operations	791.28	827.29
Net cash flows are used in investing activities	(144.91)	(645.03)
The net cash flow is derived from money-raising activities	<u>(658.91)</u>	<u>(184.21)</u>
Decrease in cash and cash equivalents - net	(12.54)	(1.95)
Cash and cash equivalents at the beginning of the period	<u>88.41</u>	<u>30.83</u>
Cash and cash equivalents at the end of the period	<u>75.87</u>	<u>28.88</u>

The net cash flow from operating activities for the year ending December 31, 2023, amounted to 791.28 million Baht, arising from a pre-tax loss of 445.96 million Baht. This was adjusted by non-cash transactions and changes in working capital that impact cash flow from operations. The primary items contributing to an increase in cash flow included, Loss from permanent asset impairment of 101.18 million Baht, Depreciation and amortization expenses of 453.61 million Baht, Financial costs amounting to 422.89 million Baht, Employee benefit expenses of 24.98 million Baht, Loss from animal deaths of 38.78 million Baht, Loss from the sale of assets of 3.75 million Baht, Reversal of accounting entries amounting to 4.56 million Baht, Interest income of 0.24 million Baht.

The primary factors contributing to a decrease in cash flow included adjustments due to changes in net working capital, resulting in a cash outflow of 228.82 million Baht, alongside cash payments for employee benefits obligations of 26.66 million Baht, and corporate income tax payments of 5.32 million Baht.

The net cash used in investing activities for the year amounted to 144.91 million Baht, primarily due to cash payments for the purchase of animals, buildings, and equipment totaling 143.50 million Baht. This includes the purchase of performance animals by the company, leasehold rights payments of 11.91 million Baht, and cash receipts from the sale of animals and assets amounting to 9.92 million Baht, mainly from the sale of depreciated vehicles by a subsidiary, Phuket Fantasea, and cash receipts from bank interest totaling 0.58 million Baht.

Net cash provided by financing activities amounted to 658.91 million Baht, largely from cash receipts from loans from companies and external individuals totaling 156.5 million Baht, financial institution borrowings of 7.80 million Baht, payments for financial cost settlements amounting to 445.62 million Baht, bond debt repayments of 133.61 million Baht, loan repayments totaling 231.65 million Baht, and lease liability payments of 12.33 million Baht.

Please be informed accordingly.

Sincerely yours,

- Apar Kewkacha-
(Apar Kewkacha)
President