



Veranda Resort

Public Company Limited

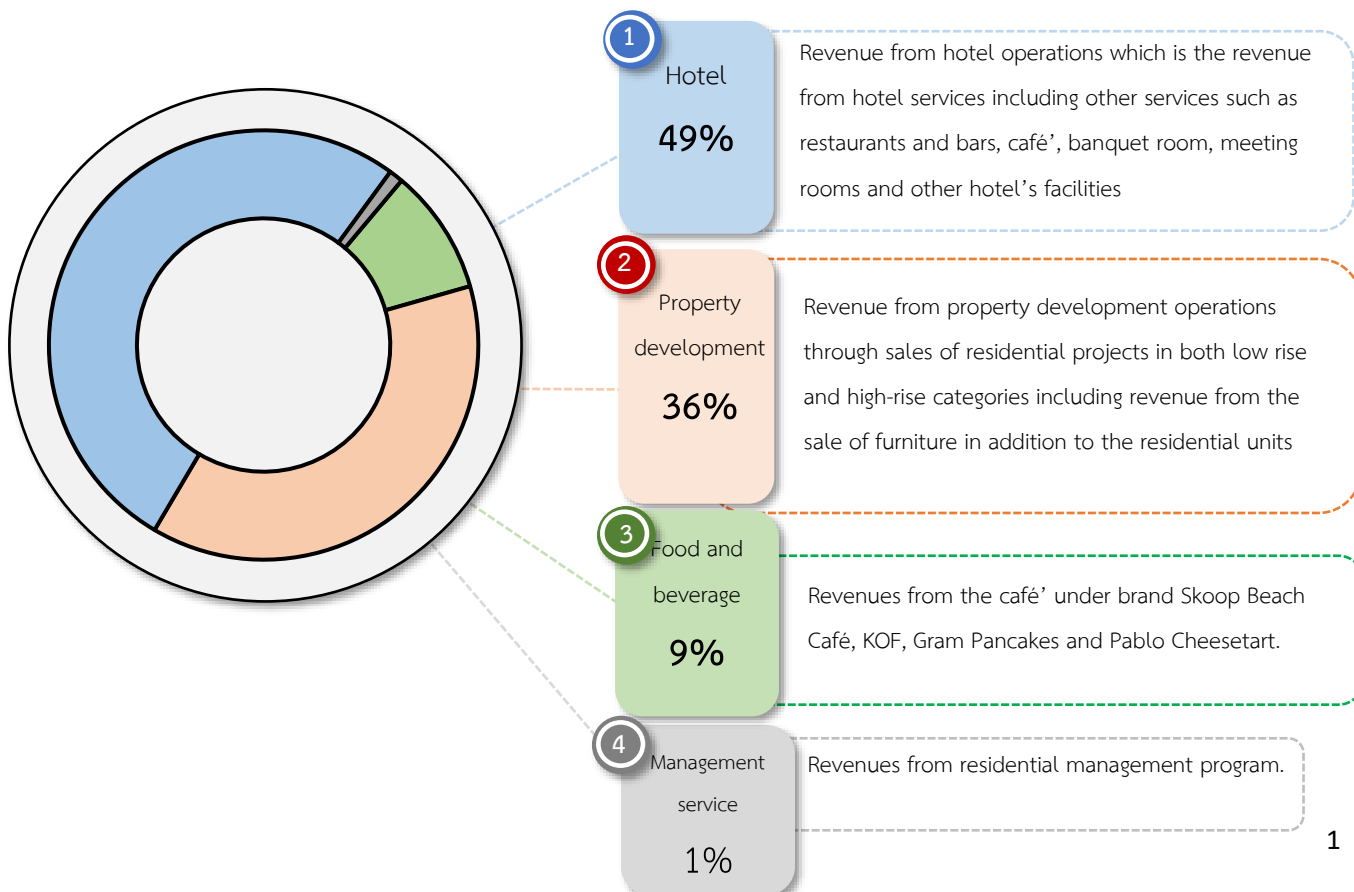
Management Discussion & Analysis

Q1/2022

Revenue Structure

In Q1/2021, The company has revenue is 307 THB mm with revenue from hotel operations is the main proportion, 49% of total revenue, and revenue from property development operations account for 36% of total revenue. The following table shows the total revenue structure by business type for the three-month period ended 31 March 2022.

Revenues	Q1/2022	%	Q1/2021	%	YoY	Q4/2021	%	QoQ
Revenue from hotel operations	150	49%	78	22%	+91%	198	50%	-24%
Revenue from property development operations	109	36%	233	65%	-53%	150	38%	-27%
Revenue from sales of food and beverage	28	9%	25	7%	+11%	36	9%	-21%
Revenue from management service	4	1%	3	1%	+32%	8	2%	-54%
Other income	16	5%	17	5%	-7%	5	1%	+191%
Total revenue	307	100%	356	100%	-14%	397	100%	-23%



For three-month period ended 31 March 2022, the Company's total revenue decreased by 49 THB mm or representing a decreased rate of 14% compared to the same quarter of the previous year, mainly due to 124 THB mm decrease in revenue from property development operations or representing a decreased rate of 53% due to progress in the ownership transfer of residential units at Veranda Residence Hua-hin, However, revenue from hotel operations increased by 72 THB mm or representing an increased rate of 91% due to a significant recovery of the tourism sector.

Compared to the previous quarter, the Company's total revenue decreased by 90 THB mm or representing a decreased rate of 23%, mainly due to a decrease in revenue from hotel operations of 48 THB mm or representing a decreased rate of 24% as affected by the tourism situation impacted by the Omicron COVID-19 in early 2022.

Revenues and gross profit from hotel operations

Revenues from hotel operations

	Unit	For the three-month period ended 31 March			For the three-month period ended 31 December	
		2022	2021	YoY	2021	QoQ
The number of operating hotels	Hotel	6	6		6	
The number of rooms	Room	675	675		675	
Occupancy rate	%	33%	21%	+12%	44%	-11%
Average daily room rate	Baht/Room/Night	4,264	3,139	+35%	4,407	-3%
REVPAR	Baht/Room/Night	1,394	648	+116%	1,923	-28%
<u>Revenues from hotel operations</u>						
Room revenues	THB mm	86	40	+115%	116	-26%
Food and beverage revenues	THB mm	43	27	+62%	55	-21%
Revenues from other service	THB mm	21	11	+82%	27	-22%
Total revenues from hotel operations	THB mm	150	78	+91%	198	-24%

For three-month period ended 31 March 2022, the Company's revenues from hotel operations increased by 72 THB mm or representing an increased rate of 91% compared to the same quarter of the previous year, mainly due to the recovery of occupancy rate and average daily room rates as affected by the improvement in the COVID-19 epidemic situation since last year with The Company has received continuous support from the Thai-based customer.

Compared to the previous quarter, the Company's revenues from hotel operations decreased by 48 THB mm or representing a decreased rate of 24% mainly due to the lower of occupancy rate and average daily room rates as affected by the Omicron COVID-19 in early 2022. However, SO Bangkok and Veranda Collection Samui that mainly rely on foreign customer show revenue increased by the increasing in numbers of foreign arrivals to Thailand.

Gross profit from hotel operations

	Unit	For the three-month period ended 31 March			For the three-month period ended 31 December	
		2022	2021	YoY	2021	QoQ
Revenues from hotel operations	THB mm	150	78	+91%	198	-24%
Cost from hotel operations	THB mm	85	60	+41%	96	-11%
Gross profit from hotel operations	THB mm	65	18	+258%	103	-37%
Gross profit margin from hotel operations	%	43%	23%	+20%	52%	-9%
Gross profit from hotel operations after depreciation	THB mm	19	-33	N/A	56	-65%

For three-month period ended 31 March 2022, the Company's gross profit from hotel operations increased by 47 THB mm or representing an increased rate of 258% compared to the same quarter of the previous year which in line with increased of revenue from hotel operations.

Compared to the previous quarter, the Company's gross profit from hotel operations decreased by 38 THB mm or representing a decreased rate of 37% which in line with decreased in revenue from hotel operations.

Earnings before interest tax depreciation and amortization (EBITDA) from hotel operations

Hotel Operations	Unit	For the three-month period ended 31 March			For the three-month period ended 31 December	
		2022	2021	YoY	2021	QoQ
		EBITDA	THB mm	25	-11	N/A
EBITDA Margin	%	16%	-14%	N/A	33%	-17%

For three-month period ended 31 March 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) 25 THB mm, increased by 36 THB mm compared to the same quarter of the previous year due to a significant recovery in revenue from hotel operations.

Compared to the previous quarter, the Company's EBITDA decreased by 40 THB mm in line with decreased of gross profit from hotel operations.

Revenue and gross profit from property development operations

Revenue from property development operations

Residential project	Project value	Transfer status (million baht)				
		For the three-month 31 March			For the three-month 31 December	
		2022	2021	YoY	2021	QoQ
Veranda Residence Hua-Hin	2,417	89	222	-60%	140	-36%
Veranda Residence Pattaya	1,899	12	3	+277%	10	+20%
Veranda High Residence Chiang Mai	198	8	8	-3%	0	N/A
Total	4,514	109	233	-53%	150	-27%

For three-month period ended 31 March 2022, the Company's revenue from property development operations decreased by 124 THB mm or representing a decreased rate of 53% compared to the same quarter of the previous year due to Veranda Residence Hua Hin project began to transfer ownership since March 2020, therefore the income during the initial transfer period was quite high and gradually decreased as the ownership transfer progressed. Compared to the previous quarter, the Company revenue from property development operations decreased by 41 THB mm or representing a decreased rate of 27%.

Gross profit from property development operations

	Unit	For the three-month period ended 31 March			For the three-month period ended 31 December	
		2022	2021	YoY	2021	QoQ
Revenues from property development operations	THB mm	109	233	-53%	150	-27%
Cost from property development operations	THB mm	81	167	-51%	113	-28%
Gross profit from property development operations	THB mm	28	66	-57%	37	-23%
Gross profit margin from property development operations	%	26%	28%	-2%	25%	+1%

For three-month period ended 31 March 2022, the Company's Gross profit from property development operations 28 THB mm, decreased by 38 THB mm or representing a decreased rate of 57% compared to the same quarter of the previous year due to decreased in revenue with gross profit margin of 26%.

Compared to the previous quarter, the Company Gross profit from property development operations decreased by 9 THB mm or representing a decreased rate of 23% due to decreased in revenue.

Selling expenses and administrative expenses

	For the three-month period ended 31 March			For the three-month period ended 31 December	
	2022	2021	YoY	2021	QoQ
	THB mm	THB mm	%	THB mm	%
Selling expenses	33	37	-11%	36	-8%
Selling expenses to total revenue (%)	11%	11%	-	9%	+2%
Administrative expenses	46	39	+16%	45	0%
Administrative expenses to total revenue (%)	15%	11%	+4%	11%	+4%
Selling expenses and administrative expenses	79	76	+3%	81	-3%
Selling expenses and administrative expenses to total revenue (%)	26%	22%	+4%	20%	+6%

For three-month period ended 31 March 2022, the Company's selling expenses decreased by 11% compared to the same quarter of the previous year and decreased by 8% compared to the previous quarter in line with decreased of total revenue.

For three-month period ended 31 March 2022, the Company's administrative expenses increased by 7 THB mm or representing an increased rate of 16% compared to the same quarter of the previous year mainly due to increase in employee-related expenses was in line with the increase in revenue from hotel operations. Compared to the previous quarter, the Company's administrative expenses were at the same level.

Earnings before interest tax depreciation and amortization (EBITDA)

	Unit	For the three-month period ended 31 March			For the three-month period ended 31 December	
		2022	2021	YoY	2021	QoQ
		EBITDA	THB mm	46	40	+15%
EBITDA Margin	%	15%	11%	+4%	22%	-7%

For three-month period ended 31 March 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 6 THB mm or representing an increased rate of 15% compared to the same quarter of the previous year due to a significant recovery in revenue from hotel operations.

Compared to the previous quarter, the Company's EBITDA decreased by 40 THB mm or representing a decreased rate of 46% due to decreased of total revenue which in line with the lower revenue.

Depreciation and amortization

For three-month period ended 31 March 2022, the Company's depreciation and amortization 57 THB mm, decreased by 6 THB mm or representing a decreased rate of 10% compared to the same quarter of the previous year.

Compared to the previous quarter, the Company's depreciation and amortization decreased by 2 THB mm or representing a decreased rate of 3%.

Financial expenses

For three-month period ended 31 March 2022, the Company's financial expenses 17 THB mm, decreased by 3 THB mm or representing a decreased rate of 17% compared to the same quarter of the previous year due to and full repayment of long-term loans in property development business.

Compared to the previous quarter, the Company's financial expenses slightly decreased.

Net profit and net profit margin

	Unit	For the three-month period ended 31 March			For the three-month period ended 31 December	
		2022	2021	2022	2021	QoQ
Net profit (Net loss)	THB mm	(21)	(35)	+38%	13	N/A
Net profit Margin	%	-7%	-10%	+3%	3%	N/A

For three-month period ended 31 March 2022, the Company's net loss of 21 THB mm, decreased by 14 THB mm compared to the same quarter of the previous year due to increase of EBITDA from hotel operations.

Financial Statement

	unit	31 March 2022	31 Dec 2021	Change %
Total assets	THB mm	4,708	4,795	-2%
Total liabilities	THB mm	2,799	2,865	-2%
Total equity	THB mm	1,909	1,930	-1%
D/E	times	1.47	1.48	
IBD/E	times	1.25	1.25	

As 31 March 2022, the Company had total assets of 4,708 THB mm, decrease from 31 December 2021 by 87 THB mm or 2%, mainly due to reduce in properties development for sale by the transfer of ownership of the Veranda Residence Hua-hin project, net with the purchase of land for project development in Cha-am district Phetchaburi province.

As 31 March 2022, the Company had total liabilities 2,799 THB mm, decrease from 31 December 2021 by 66 THB mm or 2%, mainly due to

- Long-term loans from financial institutions decreased due to the repayment of the loan as scheduled.
- Advance received from transfer is recognized as income during the period of the Veranda Residence Hua Hin, Pattaya and Chiang Mai projects.

As 31 March 2022, the Company had total equity 1,909 THB mm, decrease from 31 December 2021 by 21 THB mm or 1% by net loss in Q1/2022 .

As of 31 March 2022, the Company D/E ratio is 1.47 times and the IBD/E ratio is 1.25 times which is at a level similar to the previous ending of year, by the company's capital structure at an appropriate level.