



Veranda Resort

Public Company Limited

Management Discussion & Analysis

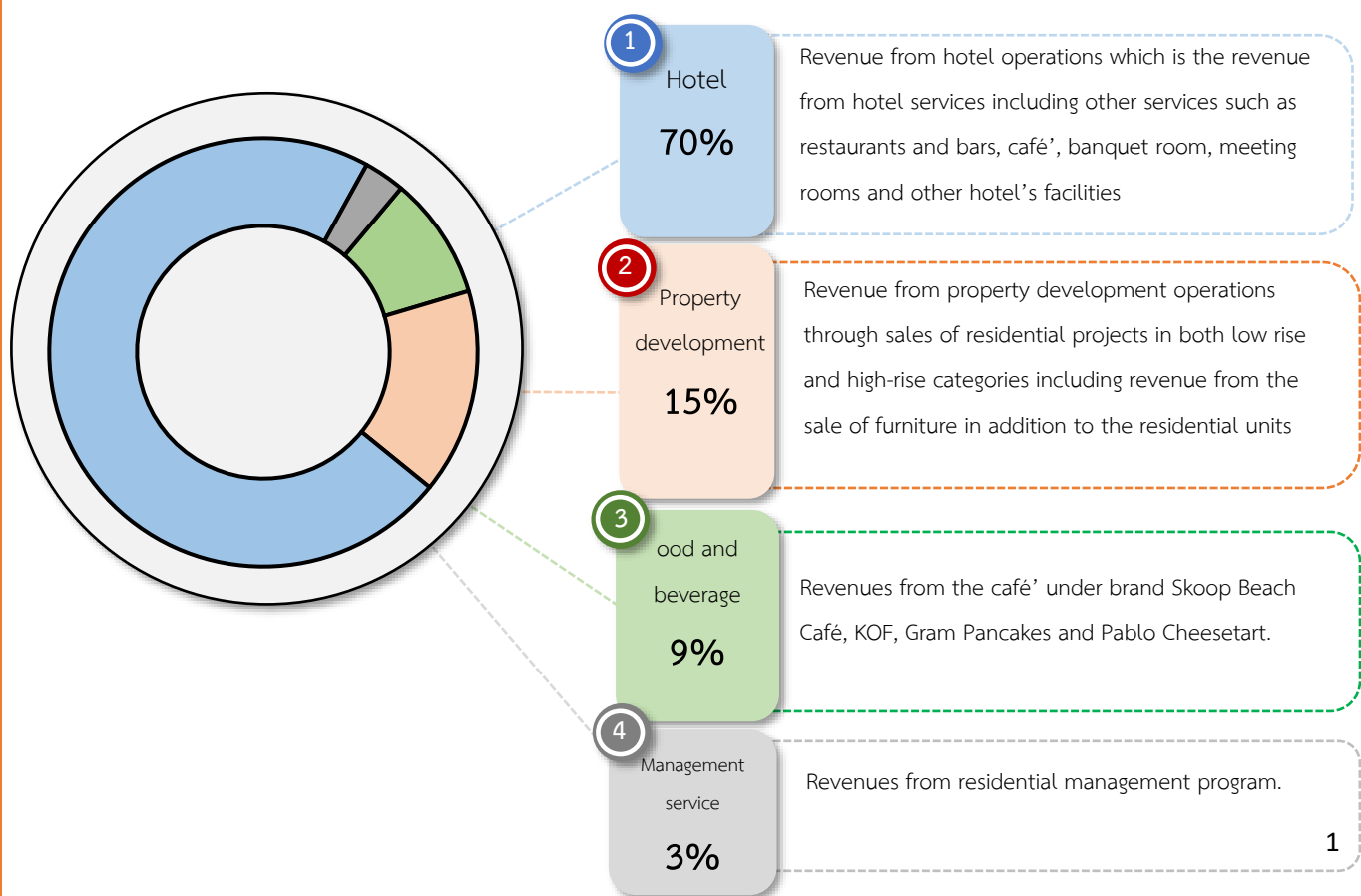
Q2/2022



Revenue Structure

In Q2/2022, The company generated total revenue of 325 THB mm with the main proportion came from revenue from hotel operations, 70% of total revenue, and revenue from property development operations accounted for 15% of total revenue. The following table shows the total revenue structure by business type for the three-month period ended 30 June 2022.

Revenues	Q2/2022	%	Q2/2021	%	YoY	Q1/2022	%	QoQ
Revenue from hotel operations	226	70%	61	19%	+269%	150	49%	+50%
Revenue from property development operations	49	15%	220	70%	-78%	109	36%	-55%
Revenue from sales of food and beverage	30	9%	22	7%	+36%	28	9%	+8%
Revenue from management service	9	3%	3	1%	+174%	4	1%	+130%
Other income	11	3%	9	3%	+31%	16	5%	-31%
Total revenue	325	100%	315	100%	+3%	307	100%	+6%



For three-month period ended 30 June 2022, the Company's total revenue increased by 10 THB mm or representing an increased rate of 3% compared to the same quarter of the previous year, mainly due to 165 THB mm increase in revenue from hotel operations or representing an increased rate of 269% due to easing of the COVID-19, and also resulted in an increase in the revenue from the food & beverage and revenue from management service.

Compared to the previous quarter, the Company's total revenue increased by 18 THB mm or representing an increased rate of 6%, mainly due to an increase in revenue from hotel operations of 76 THB mm or representing an increased rate of 50% mainly due to the increasing number of tourists from the easing of COVID-19 and more convenient for foreign tourists to visit Thailand. As a result, the occupancy rate increased.

Revenues and gross profit from hotel operations

Revenues from hotel operations

	Unit	For the three-month period ended 30 June			For the three-month period ended 31 March	
		2022	2021	YoY	2022	QoQ
The number of operating hotels	Hotel	6	6		6	
The number of rooms	Room	675	675		675	
Occupancy rate	%	51%	16%	+35%	33%	+18%
Average daily room rate	Baht/Room/Night	4,136	3,601	+15%	4,264	-3%
REVPAR	Baht/Room/Night	2,112	578	+265%	1,394	+52%
<u>Revenues from hotel operations</u>						
Room revenues	THB mm	132	37	+261%	86	+53%
Food and beverage revenues	THB mm	64	17	+289%	43	+48%
Revenues from other service	THB mm	30	8	+264%	21	+40%
Total revenues from hotel operations	THB mm	226	61	+269%	150	+50%

For three-month period ended 30 June 2022, the Company's revenues from hotel operations increased by 165 THB mm or representing an increased rate of 269% compared to the same quarter of the previous year, mainly due to opening the country and the improvement in the COVID-19 epidemic situation.

Compared to the previous quarter, the Company's revenues from hotel operations increased by 76 THB mm or representing an increased rate of 50% mainly due to the increased in occupancy rate as SO Bangkok and Veranda Collection Samui that mainly rely on foreign customer show strong growth in revenue as numbers of foreign arrivals to Thailand has been increasing.

Gross profit from hotel operations

	Unit	For the three-month period ended 30 June			For the three-month period ended 31 March	
		2022	2021	YoY	2022	QoQ
Revenues from hotel operations	THB mm	226	61	+269%	150	+50%
Cost from hotel operations	THB mm	109	47	+131%	85	+28%
Gross profit from hotel operations	THB mm	116	14	+729%	65	+79%
Gross profit margin from hotel operations	%	52%	22%	+30%	43%	+9%
Gross profit from hotel operations after depreciation	THB mm	74	-28	N/A	19	+278%

For three-month period ended 30 June 2022, the Company's gross profit from hotel operations increased by 102 THB mm or representing an increased rate of 729% compared to the same quarter of the previous year as hotel operation revenue is continually increasing.

Compared to the previous quarter, the Company's gross profit from hotel operations increased by 51 THB mm or representing an increased rate of 79% which in line with increased 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 30 June			For the three-month period ended 31 March	
		2022	2021	YoY	2022	QoQ
EBITDA	THB mm	65	-13	N/A	25	+160%
EBITDA Margin	%	29%	-21%	N/A	16%	+15%

For three-month period ended 30 June 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) 65 THB mm due to a significant recovery in revenue from hotel operations.

Compared to the previous quarter, the Company's EBITDA increased by 40 THB mm or representing an increased rate of 160% which in line with increased of revenue from hotel operations.

Revenue and gross profit from property development operations

Revenue from property development operations

Residential project	Project Value (million baht)	Transfer status (million baht)				
		For the three-month 30 June			For the three-month 31 March	
		2022	2021	YoY	2022	QoQ
Veranda Residence Hua-Hin	2,417	49	219	-78%	89	-45%
Veranda Residence Pattaya	1,899	0	1	N/A	12	N/A
Veranda High Residence Chiang Mai	198	0	0	N/A	8	N/A
Total	4,514	49	220	-78%	109	-55%

For three-month period ended 30 June 2022, the Company's revenue from property development operations decreased by 171 THB mm or representing a decreased rate of 78% compared to the same quarter of the previous year as Veranda Residence Hua Hin project gradually decreased the transfer of ownership. Compared to the previous quarter, the Company revenue from property development operations decreased by 60 THB mm or representing a decreased rate of 55%.

Gross profit from property development operations

	Unit	For the three-month period ended 30 June			For the three-month period ended 31 Marh	
		2022	2021	YoY	2022	QoQ
Revenues from property development operations	THB mm	49	219	-78%	109	-55%
Cost from property development operations	THB mm	37	153	-76%	81	-54%
Gross profit from property development operations	THB mm	12	67	-82%	28	-58%
Gross profit margin from property development operations	%	24%	30%	-6%	26%	-2%

For three-month period ended 30 June 2022, the Company's Gross profit from property development operations decreased by 55 THB mm or representing a decreased rate of 82% compared to the same quarter of the previous year due to decreased in revenue with gross profit margin of 24%.

Compared to the previous quarter, the Company Gross profit from property development operations decreased by 16 THB mm or representing a decreased rate of 58% due to decreased in revenue.

Selling expenses and administrative expenses

	For the three-month period ended 30 June			For the three-month period ended 31 March	
	2022	2021	YoY	2022	QoQ
	THB mm	THB mm	%	THB mm	%
Selling expenses	38	33	+14%	33	+14%
Selling expenses to total revenue (%)	12%	11%	+1%	11%	+1%
Administrative expenses	50	42	+19%	46	9%
Administrative expenses to total revenue (%)	15%	13%	2%	15%	-

For three-month period ended 31 March 2022, the Company's selling expenses increased by 14% compared to the same quarter of the previous year and the previous quarter which in line with increased of total revenue.

For three-month period ended 30 June 2022, the Company's administrative expenses increased by 8 THB mm or representing an increased rate of 19% compared to the same quarter of the previous year. Compared to the previous quarter, the Company's administrative expenses increased by 4 THB mm or representing an increased rate of 9% due to increase in the expenses involves employees which in line with increased of revenue from hotel operation.

Earnings before interest tax depreciation and amortization (EBITDA)

	Unit	For the three-month period ended 30 June			For the three-month period ended 31 March	
		2022	2021	YoY	2022	QoQ
EBITDA	THB mm	72	29	+145%	46	+54%
EBITDA Margin	%	22%	9%	+13%	15%	+7%

For three-month period ended 31 March 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 43 THB mm or representing an increased rate of 145% 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 increased by 26 THB mm or representing an increased rate of 54% due to continued recovery in revenue from hotel operation.

Depreciation and amortization

For three-month period ended 30 March 2022, the Company's depreciation and amortization 55 THB mm, there were no significant changes 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 30 June 2022, the Company's financial expenses 17 THB mm, decreased by 1 THB mm or representing a decreased rate of 5% compared to the same quarter of the previous year due to full repayment of long-term loans in property development business. Compared to the previous quarter, there were no significant changes.

Net profit

	Unit	For the three-month period ended 30 June			For the three-month period ended 31 March	
		2022	2021	YoY	2021	QoQ
Net profit (Net loss)	THB mm	2	(35)	N/A	(21)	N/A
Net profit Margin	%	1%	-11%	N/A	-7%	N/A

For three-month period ended 30 June 2022, the Company's net profit of 2 THB mm, increased compared to the same quarter of the previous year due to increase of EBITDA from hotel operations.

Financial Statement

	unit	30 June 2022	31 Dec 2021	Change %
Total assets	THB mm	4,632	4,795	-3%
Total liabilities	THB mm	2,721	2,865	-5%
Total equity	THB mm	1,910	1,930	-1%
D/E	times	1.42	1.48	
IBD/E	times	1.23	1.25	

As 30 June 2022, the Company had total assets of 4,632 THB mm, decrease from 31 December 2021 by 163 THB mm or 3%, mainly due to reduce in properties development for sale by the transfer of ownership of the Veranda Residence Hua-hin project, net with the purchased of land for Veranda Pool villas Hua hin Cha-am project.

As 30 June 2022, the Company had total liabilities 2,721 THB mm, decrease from 31 December 2021 by 144 THB mm or 5%, 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 30 June 2022, the Company had total equity 1,910 THB mm, decrease from 31 December 2021 by 20 THB mm by net loss in 6-month period Q2/2022 .

As 30 June 2022, the Company D/E ratio is 1.42 times and the IBD/E ratio is 1.23 times which slightly lower compare to the previous ending of year, by the company's capital structure at an appropriate level.