



Veranda Resort

Public Company Limited

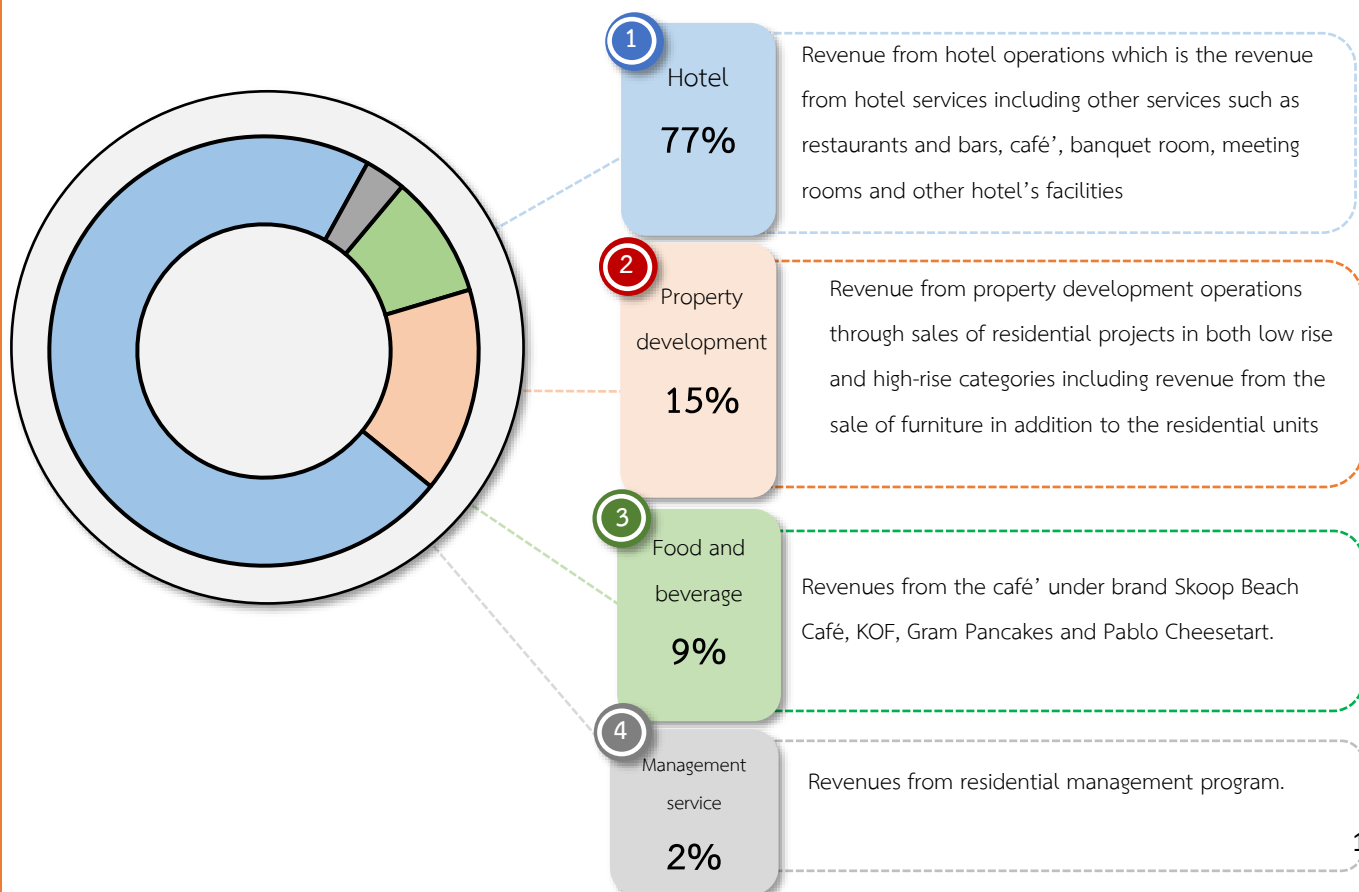
Management Discussion & Analysis

Q3/2022

Revenue Structure

In Q3/2022, The company generated total revenue of 330 THB mm with the main proportion came from revenue from hotel operations, 77% of total revenue, and revenue from property development operations accounted for 10% of total revenue. The following table shows the total revenue structure by business type for the three-month period ended 30 September 2022.

Revenues	Q3/2022	%	Q3/2021	%	YoY	Q2/2022	%	QoQ
Revenue from hotel operations	255	77%	57	24%	+346%	226	70%	+13%
Revenue from property development operations	31	10%	154	64%	-80%	49	15%	-36%
Revenue from sales of food and beverage	29	9%	21	9%	+42%	30	9%	-3%
Revenue from management service	7	2%	2	1%	+242%	9	3%	-24%
Other income	8	2%	6	2%	+36%	11	3%	-29%
Total revenue	330	100%	240	100%	+38%	325	100%	+2%



For three-month period ended 30 September 2022, the Company's total revenue increased by 90 THB mm or representing an increased rate of 38% compared to the same quarter of the previous year, mainly due increase in revenue from hotel operations.

Compared to the previous quarter, the Company's total revenue increased by 5 THB mm or representing an increased rate of 2%, mainly due to a continually increase in revenue from hotel operations.

Revenues and gross profit from hotel operations

Revenues from hotel operations

	Unit	For the three-month period ended 30 September			For the three-month period ended 30 June	
		2022	2021	YoY	2022	QoQ
The number of operating hotels	Hotel	6	6		6	
The number of rooms	Room	675	675		675	
Occupancy rate	%	57%	13%	+44%	51%	+6%
Average daily room rate	Baht/Room/Night	4,078	3,866	+5%	4,136	-1%
REVPAR	Baht/Room/Night	2,328	503	+326%	2,112	+10%
Revenues from hotel operations						
Room revenues	THB mm	146	37	+293%	132	+11%
Food and beverage revenues	THB mm	75	11	+558%	64	+16%
Revenues from other service	THB mm	34	9	+297%	30	+16%
Total revenues from hotel operations	THB mm	255	57	+346%	226	+13%

For three-month period ended 30 September 2022, the Company's revenues from hotel operations increased by 198 THB mm or representing an increased rate of 346% compared to the same quarter of the previous year, mainly due to the improvement in the COVID-19 epidemic situation

Compared to the previous quarter, the Company's revenues from hotel operations increased by 29 THB mm or representing an increased rate of 13% mainly due to the increased in number of tourist arrivals which helps occupancy rate a SO Bangkok and Veranda Collection Samui.

Gross profit from hotel operations

	Unit	For the three-month period ended 30 September			For the three-month period ended 30 June	
		2022	2021	YoY	2022	QoQ
Revenues from hotel operations	THB mm	255	57	+346%	226	+13%
Cost from hotel operations	THB mm	121	42	+191%	109	+11%
Gross profit from hotel operations	THB mm	134	15	+764%	116	+15%
Gross profit margin from hotel operations	%	52%	27%	+25%	52%	-
Gross profit from hotel operations after depreciation	THB mm	89	-35	+349%	74	+21%

For three-month period ended 30 September 2022, the Company's gross profit from hotel operations increased by 119 THB mm or representing an increased rate of 764% compared to the same quarter of the previous year as hotel operation revenue is increasing, Generated gross margin at 52%, up from 27% in the same quarter of the previous year.

Compared to the previous quarter, the Company's gross profit from hotel operations increased by 18 THB mm or representing an increased rate of 15% due to increase 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 September			For the three-month period ended 30 June	
		2022	2021	YoY	2022	QoQ
EBITDA	THB mm	75	-5	N/A	65	+15%
EBITDA Margin	%	29%	-8%	N/A	29%	-

For three-month period ended 30 September 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) 75 THB mm due to a significant recovery in revenue from hotel operations.

Compared to the previous quarter, the Company's EBITDA increased by 10 THB mm or representing an increased rate of 15% 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 September			For the three-month 30 June	
		2022	2021	YoY	2022	QoQ
Veranda Residence Hua-Hin	2,417	31	154	-80%	49	-36%
Veranda Residence Pattaya	1,899	0	0	N/A	0	N/A
Veranda High Residence Chiang Mai	198	0	0	N/A	0	N/A
Total	4,514	31	154	-80%	49	-36%

For three-month period ended 30 September 2022, the Company's revenue from property development operations decreased by 123 THB mm or representing a decreased rate of 80% compared to the same quarter of the previous year.

Compared to the previous quarter, the Company revenue from property development operations decreased by 18 THB mm or representing a decreased rate of 36% as Veranda Residence Hua Hin project gradually decreased the transfer of ownership.

Gross profit from property development operations

	Unit	For the three-month period ended 30 September			For the three-month period ended 30 June	
		2022	2021	YoY	2022	QoQ
Revenues from property development operations	THB mm	31	154	-80%	49	-36%
Cost from property development operations	THB mm	22	116	-81%	37	-39%
Gross profit from property development operations	THB mm	9	39	-78%	12	-26%
Gross profit margin from property development operations	%	28%	25%	+3%	24%	+4%

For three-month period ended 30 September 2022, the Company's Gross profit from property development operations decreased by 30 THB mm or representing a decreased rate of 78% compared to the same quarter of the previous year due to decreased in revenue however gross profit margin at 28% increased from 25% from the same quarter of the previous year.

Compared to the previous quarter, the Company Gross profit from property development operations decreased by 3 THB mm or representing a decreased rate of 26% due to decreased in revenue.

Selling expenses and administrative expenses

	For the three-month period ended 30 September			For the three-month period ended 30 June	
	2022	2021	YoY	2022	QoQ
	THB mm	THB mm	%	THB mm	%
Selling expenses	39	25	+53%	38	+3%
Selling expenses to total revenue (%)	12%	11%	+1%	12%	-
Administrative expenses	53	33	+59%	50	+6%
Administrative expenses to total revenue (%)	16%	14%	+2%	15%	+1%

For three-month period ended 30 September 2022, the Company's selling expenses increased by 53% compared to the same quarter of the previous year and increased by 3% from the previous quarter which in line with increased of total revenue.

For three-month period ended 30 September 2022, the Company's administrative expenses increased by 59% compared to the same quarter of the previous year. Compared to the previous quarter, the Company's administrative expenses increased by 6% 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 September			For the three-month period ended 30 June	
		2022	2021	YoY	2022	QoQ
EBITDA	THB mm	78	16	+381%	72	9%
EBITDA Margin	%	24%	7%	+17%	22%	2%

For three-month period ended 30 September 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 62 THB mm or representing an increased rate of 381% 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 6 THB mm or representing an increased rate of 9% due to continued recovery in revenue from hotel operation.

Depreciation and amortization

For three-month period ended 30 September 2022, the Company's depreciation and amortization 58 THB mm decreased by 3 THB mm or representing a decreased rate of 5% compared to the same quarter of the previous year.

Compared to the previous quarter, the Company's depreciation and amortization increased by 3 THB mm or representing an increased rate of 5%.

Financial expenses

For three-month period ended 30 September 2022, the Company's financial expenses 17 THB mm, decreased by 1 THB mm or representing a decreased rate of 7% compared to the same quarter of the previous year due to 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 September			For the three-month period ended 30 June	
		2022	2021	2022	2021	QoQ
Net profit (Net loss)	THB mm	2.0	-49.8	+104%	1.7	+14%
Net profit Margin	%	1%	-21%	+22%	1%	-

For three-month period ended 30 September 2022, the Company's net profit of 2 THB mm, increased by 104% compared to the same quarter of the previous year and increased by 14% compared to the previous quarter due to increase of EBITDA from hotel operations.

Financial Statement

	unit	30 September 2022	31 Dec 2021	Change %
Total assets	THB mm	4,558	4,795	-5%
Total liabilities	THB mm	2,646	2,865	-8%
Total equity	THB mm	1,912	1,930	-1%
D/E	times	1.38	1.48	
IBD/E	times	1.19	1.25	

As 30 September 2022, the Company had total assets of 4,558 THB mm, decrease from 31 December 2021 by 237 THB mm or 5%, mainly due to reduce in properties development for sale by the transfer of ownership of the Veranda Residence Hua-hin project.

As 30 September 2022, the Company had total liabilities 2,646 THB mm, decrease from 31 December 2021 by 219 THB mm or 8%, 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 property development business.

As 30 September 2022, the Company had total equity 1,912 THB mm, decrease from 31 December 2021 by 18 THB mm or 1% by net loss in 9-month period Q3/2022 .

As 30 September 2022, the Company D/E ratio is 1.38. times and the IBD/E ratio is 1.19 times which slightly lower compare to the previous ending year.