



Veranda Resort

Public Company Limited

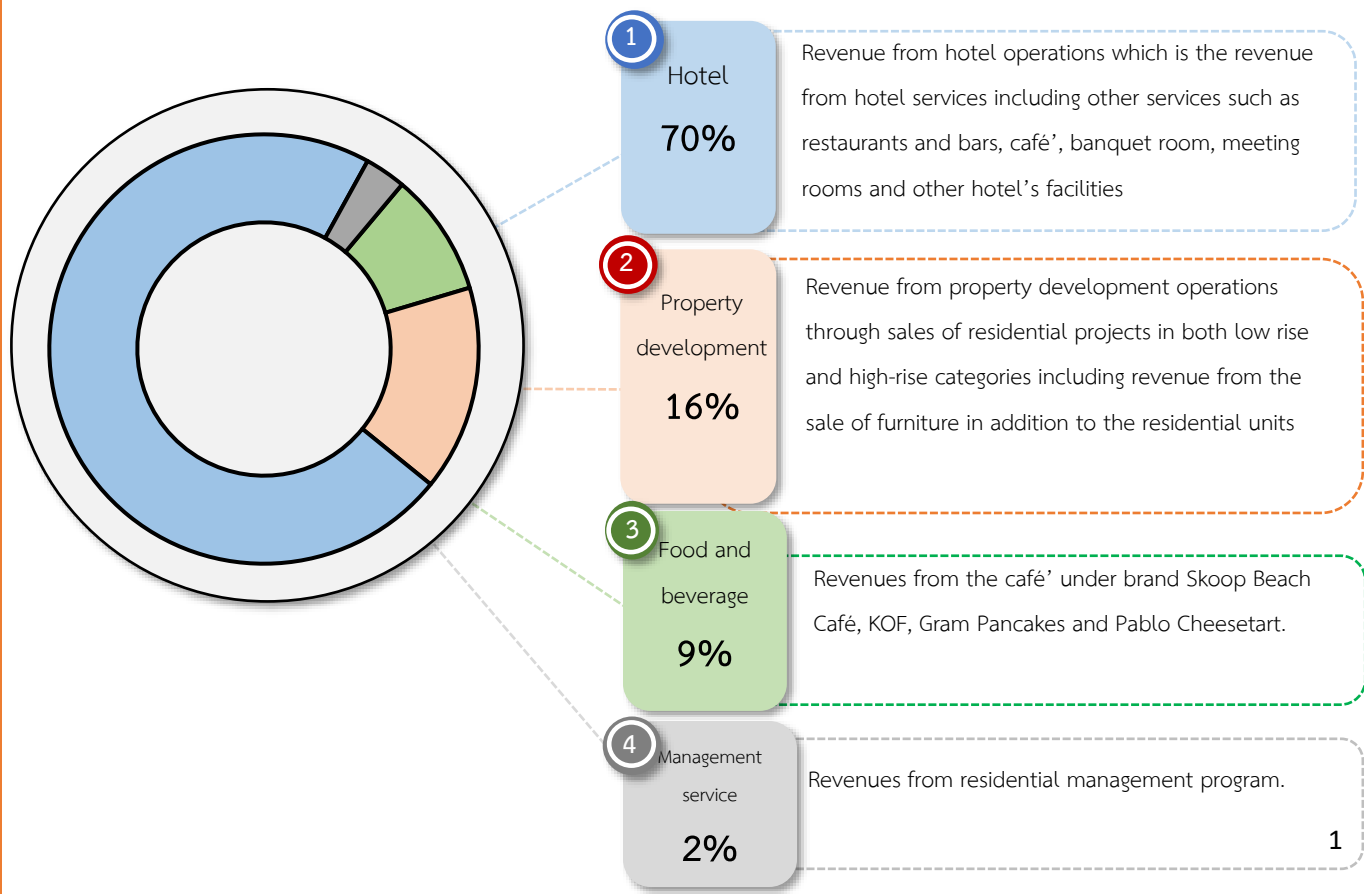
Management Discussion & Analysis

2022

Revenue Structure

In 2022, The company generated total revenue of 1,366 THB mm with the main proportion came from revenue from hotel operations, 70% of total revenue, and revenue from property development operations accounted for 16% of total revenue. The following table shows the total revenue structure by business type for the three-month period ended 31 December 2022.

Revenues	2022	%	2021	%	YoY	Q4/22	%	Q3/22	%	QoQ
Revenue from hotel operations	955	70%	395	30%	+143%	324	80%	255	77%	+27%
Revenue from property development operations	222	16%	756	58%	-71%	33	8%	31	10%	+6%
Revenue from sales of food and beverage	116	9%	103	8%	+13%	29	7%	29	9%	+1%
Revenue from management service	28	2%	16	1%	+77%	9	2%	7	2%	+45%
Other income	45	3%	37	3%	+21%	10	2%	8	2%	+23%
Total revenue	1,366	100%	1,307	100%	+4%	405	100%	330	100%	+23%



For 2022, The company has total revenue increased by 59 THB mm or representing an increased rate of 4% compared to last year, mainly due to increase in revenue from hotel operations by strong recovery from tourism industry compared to last year. As the outbreak of COVID-19 slowed down and people around the world returned to travel near normal situation.

For three-month period ended 31 December 2022 the Company's revenue has increased 75 THB mm or representing an increased rate of 23% from previous quarter due to increase in revenue from hotel operation 69 THB mm or representing an increased rate of 27% which is the result of growth in occupancy rate and Average Daily Rate.

Revenues and gross profit from hotel operations

	Unit	For the year ended December 31			For the three-month period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
The number of operating hotels	Hotel	6	6		6	6	
The number of rooms	Room	675	675		675	675	
Occupancy rate	%	51%	23%	+28%	65%	57%	+8%
Average daily room rate	Baht/Room/Night	4,246	3,917	+8%	4,555	4,078	+12%
REVPAR	Baht/Room/Night	2,185	915	+139%	2,940	2,328	+28%
Revenues from hotel operations							
Room revenues	THB mm	549	230	139%	185	146	+27%
Food and beverage revenues	THB mm	279	110	153%	96	64	+28%
Revenues from other service	THB mm	127	55	131%	43	30	+26%
Total revenues from hotel operations	THB mm	955	395	142%	324	255	+27%

For 2022, revenues from hotel business has an increase 560 THB mm or representing an increased rate of 142% compared to last year mainly due to increase in the number of foreign tourists from country's reopening.

For the three-month period ended 31 December 2022, revenues from hotel business have an increase 69 THB mm or representing an increased rate of 27% compared to the previous quarter due to the recovery of occupancy rate and average room rate during high season.

Gross profit from hotel operations

	Unit	For the year ended December 31			For the three-month period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
Revenues from hotel operations	THB mm	955	395	+142%	324	255	+27%
Cost from hotel operations	THB mm	461	245	+88%	145	121	+20%
Gross profit from hotel operations	THB mm	494	150	+229%	179	134	+33%
Gross profit margin from hotel operations	%	52%	38%	+14%	55%	53%	+2%
Gross profit from hotel operations after depreciation	THB mm	315	-39	+714%	132	88	+50%

For 2022, gross profit from hotel operations increased by 344 THB mm or representing increase rate of 229% compare to last year mainly due to a significant increase in hotel revenue and continued cost and expense control, Generated gross margin at 52%.

For the three-month period ended 31 December 2022, gross profit from hotel operations increased by 45 THB mm or representing increase rate of 33% compared to the previous quarter, Generated gross margin at 55%.

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

Hotel Operations	Unit	For the year ended			For the three-month		
		December 31			period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
EBITDA	THB mm	271	36	+653%	107	75	+43%
EBITDA Margin	%	28%	9%	+19%	30%	29%	+1%

For 2022, Earnings before interest tax depreciation and amortization (EBITDA) increased by 653% compared to last year due to increased of hotel revenues, Generate EBITDA Margin at 28%

For the three-month period ended 31 December 2022, Earnings before interest tax depreciation and amortization (EBITDA) increased by 43% compared to the previous quarter due to the increasing hotel revenues, Generate EBITDA Margin at 30%

Revenue and gross profit from property development operations

Revenue from property development operations

Residential project	Project value	Transfer status					
		For the year ended			For the three-month		
		December 31			period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
Veranda Residence Hua-Hin	2,417	202	734	-72%	33	31	6%
Veranda Residence Pattaya	1,899	12	14	-15%	-	-	-
Veranda High Residence Chiang Mai	198	8	8	-	-	-	-
Total	4,514	222	756	-71%	33	31	6%

For 2022, the Company's revenue from property development operations decreased by 534 THB mm or representing a decreased rate of 71% compare to last year due to Veranda Residence Hua Hin project gradually decreased the transfer of ownership.

For three-month period ended 31 December 2022, the Company's revenue from property development operations is at the same level compared to the previous quarter.

Gross profit from property development operations

	Unit	For the year ended December 31			For the three-month period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
		Revenues from property development operations	THB mm	222	756	-71%	33
Cost from property development operations	THB mm	169	548	-69%	29	22	+5%
Gross profit from property development operations	THB mm	53	208	-75%	4	9	-52%
Gross profit margin from property development operations	%	24%	27%	-3%	13%	28%	-15%

For 2022, the Company's Gross profit from property development operations decreased by 155 THB mm or representing a decreased rate of 75% compared to last year due to decreased in revenue, Generate gross profit margin at 24%.

For three-month period ended 31 December 2022, the Company Gross profit from property development operations decreased by 5 THB mm or representing a decreased rate of 52% compared to the previous quarter, Generate gross profit margin at 13%.

Selling expenses and administrative expenses

	For the year ended December 31			For the three-month period ended		
	2022	2021	YoY	31 Dec	30 Sep	QoQ
Selling expenses	157	132	+19%	47	39	+22%
Selling expenses to total revenue (%)	12%	10%	+2%	12%	12%	-
Administrative expenses	210	160	+31%	62	53	+17%
Administrative expenses to total revenue (%)	15%	12%	+3%	15%	16%	-1%

For 2022, the Company's selling expenses increased by 19% compared to last year and increased by 22% compared to the previous quarter which in line with increased of revenues from hotel operation.

For 2022, the Company's administrative expenses increased by 31% compared to last year and increased by 17% compared to the previous quarter due to increase in the expenses involves employees and management fee which in line with increased of revenues from hotel operation.

Earnings before interest tax depreciation and amortization (EBITDA)

	Unit	For the year ended			For the three-month		
		December 31			period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
EBITDA	THB mm	298	172	+74%	103	78	+33%
EBITDA Margin	%	22%	13%	+9%	25%	24%	+1%

For 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 126 THB mm or representing an increased rate of 74% compared to last year due to a significant recovery in revenue from hotel operations.

For three-month period ended 31 December 2022, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 25 THB mm or representing an increased rate of 33% compared to the previous quarter due to continued recovery in revenue from hotel operation.

Depreciation and amortization

For 2022, the Company's depreciation and amortization 227 THB mm decreased by 10 THB mm or representing a decreased rate of 4% compared to last year.

Financial expenses

For 2022, the Company's financial expenses 71 THB mm decreased by 3 THB mm compared to last year due to repayment of long-term loans from financial institution.

For three-month period ended 31 December 2022, the Company's financial expenses increased by 3 THB mm compared to the previous quarter from interest expenses on debentures issued in November 2022 and higher MLR lending rates.

Net profit

	Unit	For the year ended December 31			For the three-month period ended		
		2022	2021	YoY	31 Dec	30 Sep	QoQ
Net profit	THB mm	1.1	(107.2)	+101%	18.6	2.0	+841%
Net profit Margin	%	0.1%	-8%	+8%	5%	1%	+4%

For 2022, the Company's net profit is 1.1 THB mm increased by 101% compared to last year. For three-month period ended 31 December 2022, the Company's net profit is 18.6 THB mm increased by 841% compared to the previous quarter due to increase of EBITDA from hotel operations.

Financial Statement

	unit	31 Dec 2022	31 Dec 2021	Change %
Total assets	THB mm	4,741	4,795	-1%
Total liabilities	THB mm	2,810	2,865	-2%
Total equity	THB mm	1,931	1,930	-
D/E	times	1.45	1.48	
IBD/E	times	1.24	1.25	

As 31 December 2022, the Company had total assets of 4,741 THB mm, decrease from 31 December 2021 by 54 THB mm or 1%, mainly due to reduce in properties development for sale by the transfer of ownership of the Veranda Residence Hua-hin project.

As 31 December 2022, the Company had total liabilities 2,810 THB mm, decrease from 31 December 2021 by 55 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 property development business.



As 31 December 2022, the Company had total equity 1,931 THB mm, increase from 31 December 2021 by 1 THB mm by net profit in 2022 .

As 31 December 2022, the Company D/E ratio is 1.45 times and the IBD/E ratio is 1.24 times which slightly lower compare to the previous ending year.