



Veranda Resort

Public Company Limited

Management Discussion & Analysis

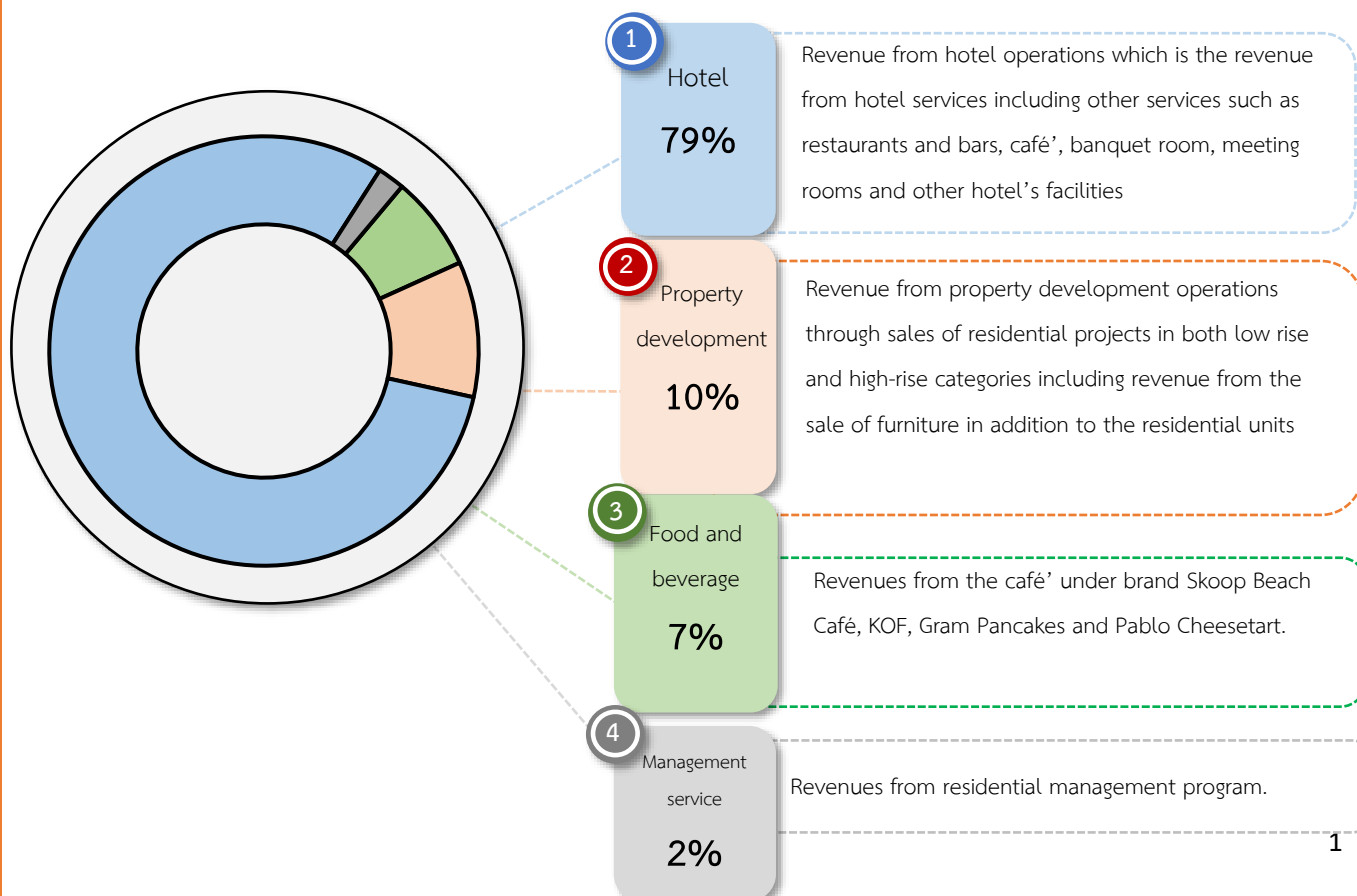
Q1/2023



Revenue Structure

In Q1/2023, The company generated total revenue of 383 THB mm with the main proportion came from revenue from hotel operations, 79% 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 31 March 2023.

Revenues	Q1/2023	%	Q1/2022	%	YoY
Revenue from hotel operations	302	79%	150	49%	101%
Revenue from property development operations	39	10%	109	36%	-64%
Revenue from sales of food and beverage	25	7%	28	9%	-9%
Revenue from management service	8	2%	4	1%	114%
Other income	9	2%	16	5%	-42%
Total revenue	383	100%	307	100%	25%



For three-month period ended 31 March 2023, the Company's revenue has increased 76 THB mm or representing an increased rate of 25% compare to the same quarter of the previous year, mainly due to an increase in revenue from hotel operations which cause by significant increase in the number of foreign tourists.

Revenues and gross profit from hotel operations

		For the three-month period ended 31 March		
		2023	2022	YoY
The number of operating hotels	Hotel	6	6	
The number of rooms	Room	675	675	
Occupancy rate	%	66%	33%	+33%
Average daily room rate	Baht/Room/Night	4,310	4,102	+5%
REVPAR	Baht/Room/Night	2,840	1,341	+116%
Revenues from hotel operations				
Room revenues	THB mm	174	86	+103%
Food and beverage revenues	THB mm	87	43	+101%
Revenues from other service	THB mm	41	21	+94%
Total revenues from hotel operations	THB mm	302	150	+101%

For three-month period ended 31 March 2023, the Company's revenue has increased 152 THB mm or representing an increased rate of 101% compare to the same quarter of the previous year, mainly due to growth in occupancy rate and average room rate which result of the increasing number of foreign tourists traveling to Thailand.

Gross profit from hotel operations

	Unit	For the three-month period ended March 31		
		2023	2022	YoY
Revenues from hotel operations	THB mm	302	150	+101%
Cost from hotel operations	THB mm	136	85	+59%
Gross profit from hotel operations	THB mm	166	65	+156%
Gross profit margin from hotel operations	%	55%	43%	+12%
Gross profit from hotel operations after depreciation	THB mm	121	19	+522%

For three-month period ended 31 March 2023, the Company's gross profit has increased by 101 THB mm or representing increase rate of 156% compare to the same quarter of the previous year, mainly due to significant increase in RevPAR.

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

Hotel Operations	Unit	For the three-month period ended 31 March		
		2023	2022	YoY
EBITDA	THB mm	94	25	+285%
EBITDA Margin	%	31%	16%	+15%

For three-month period ended 31 March 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) 94 THB mm, increased by 69 THB mm or representing increase rate of 285% compare to the same quarter of the previous year with EBITDA Margin at 31%.

Revenue and gross profit from property development operations

Residential project	Project value	Transfer status		
		For the three-month period ended 31 March		
		2023	2022	YoY
Veranda Residence Hua-Hin	2,417	39	89	-56%
Veranda Residence Pattaya	1,899	0	12	-100%
Veranda High Residence Chiang Mai	198	0	8	-100%
Total	4,514	39	109	-64%

For three-month period ended 31 March 2023, the Company's revenue from property development operations decreased by 70 THB mm or representing decrease rate of 64% compare to the same quarter of the previous year due to revenue from Veranda Residence Hua Hin project gradually decreased according to the progress of the transfer of ownership.

Gross profit from property development operations

	Unit	For the three-month period ended 31 March		
		2023	2022	YoY
Revenues from property development operations	THB mm	39	109	-64%
Cost from property development operations	THB mm	32	81	-60%
Gross profit from property development operations	THB mm	7	28	-75%
Gross profit margin from property development operations	%	17%	26%	-9%

For three-month period ended 31 March 2023, the Company's gross profit from property development operations decreased by 22 THB mm or representing decrease rate of 75% compare to the same quarter of the previous year due to decrease in revenue with gross profit margin at 17%

Selling expenses and administrative expenses

	For the three-month period ended 31 March		
	2023	2022	YoY
	THB mm	THB mm	%
Selling expenses	46	33	+39%
Selling expenses to total revenue (%)	12%	11%	+1%
Administrative expenses	58	46	+26%
Administrative expenses to total revenue (%)	15%	15%	-

For three-month period ended 31 March 2023, the Company's selling expenses increased by 13 THB mm or representing increase rate of 39% and the Company's administrative expenses increased by 12 or representing increase rate of 26% compare to the same quarter of the previous year due to increase in total revenue.

Earnings before interest tax depreciation and amortization (EBITDA)

	Unit	For the three-month period ended 31 March		
		2023	2022	YoY
EBITDA	THB mm	93	46	+101%
EBITDA margin	%	24%	15%	+9%

For three-month period ended 31 March 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 47 THB or representing an increased rate of 101% compare to the same quarter of the previous year due to significant increase in revenue from hotel operations.

Depreciation and amortization

For three-month period ended 31 March 2023, the Company's depreciation and amortization is 57 THB which at the same level as the same quarter of the previous year.

Financial expenses

For three-month period ended 31 March 2023, the Company's financial expenses is 24 THB mm increased by 7 THB mm or representing an increased rate of 43% compare to the same quarter of the previous year due to interest expenses from debentures for future business expansion and higher MLR according to the Bank of Thailand's financial policy.

Net profit

	Unit	For the three-month period ended 31 March		
		2023	2022	YoY
Net profit	THB mm	7	(21)	N/A
Net profit Margin	%	2%	-7%	N/A

For three-month period ended 31 March 2023, the Company's net profit is 7 due to increased in EBITDA from hotel operations.

Financial Statement

	unit	31 March 2023	31 Dec 2022	Change %
Total assets	THB mm	4,657	4,741	-2%
Total liabilities	THB mm	2,719	2,810	-3%
Total equity	THB mm	1,938	1,931	+1%
D/E	times	1.40	1.45	
IBD/E	times	1.20	1.24	

As 31 March 2023, the Company has total assets of 4,657 THB mm, decrease from 31 December 2022 by 84 THB mm or 2%, mainly due to

- Cash and cash equivalents decreased by repayment of loans from financial institutions as scheduled.
- Property development for sale decreased by the transfer of ownership of a residential units in the Veranda Residence Hua Hin project.

As 31 March 2023, the Company has total liabilities 2,719 THB mm, decrease from 31 December 2022 by 91 THB mm or 3%, mainly due to decreased in long-term loans from financial institutions cause by repayment of the loan as scheduled.

As 31 March 2023, the Company has total equity 1,938 THB mm, increase from 31 December 2022 by 7 THB mm by net profit in Q1/2023.

As 31 March 2023, the Company D/E ratio is 1.40 times and the IBD/E ratio is 1.20 times which slightly lower compare to the previous ending year.