



Veranda Resort

Public Company Limited

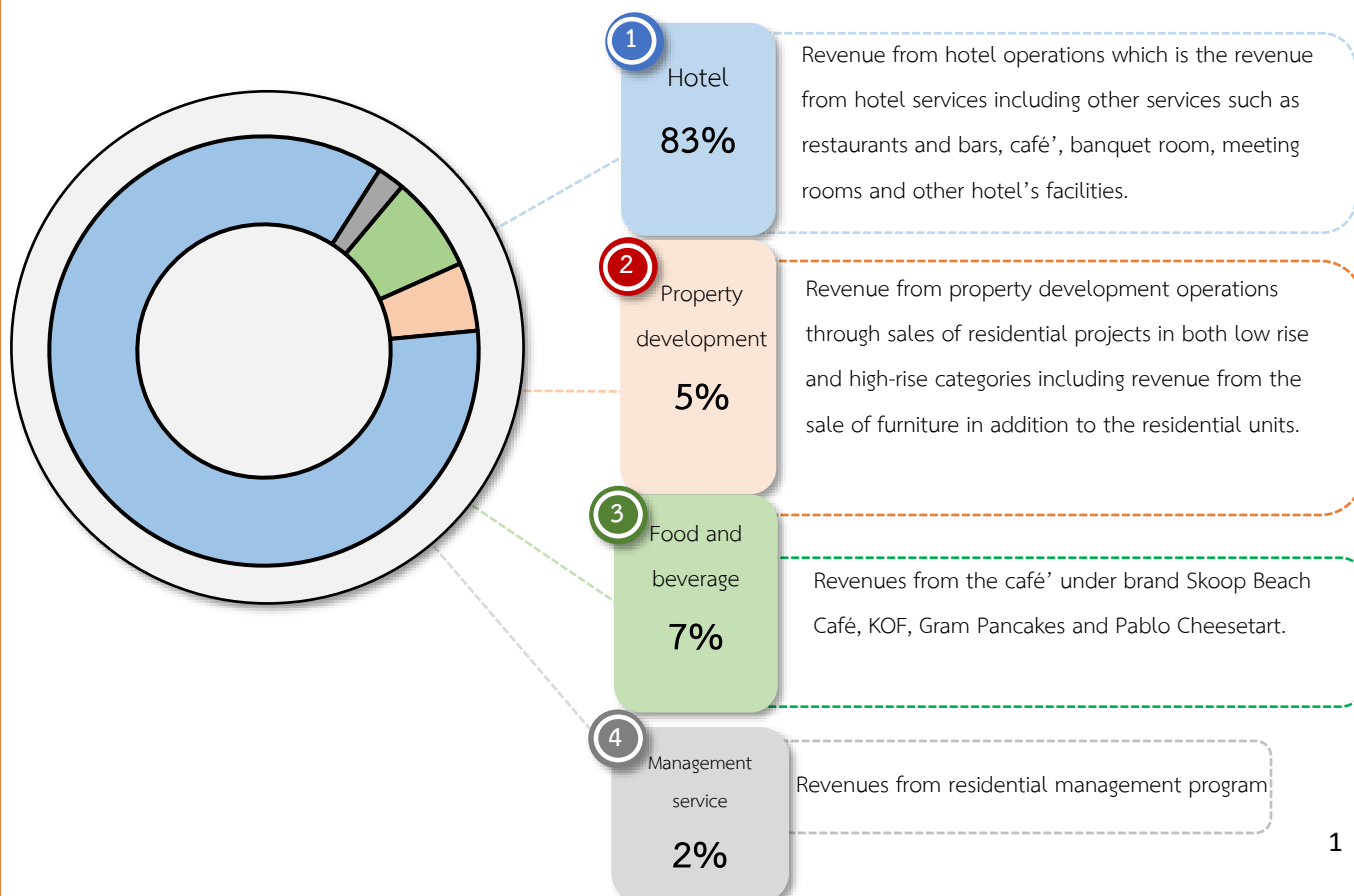
Management Discussion & Analysis

Q2/2023

Revenue structure

In Q2/2023, The company generated total revenue of 315 THB mm with the main proportion came from revenue from hotel operations, 83% of total revenue, and revenue from property development operations accounted for 5% of total revenue. The following table shows the total revenue structure by business type for the three-month period and six-month ended 30 June 2023.

Revenues	Q2/2566	%	Q2/2565	%	YoY	6m2566	6m2565	YoY
Revenue from hotel operations	261	83%	225	70%	+16%	563	376	+50%
Revenue from property development operations	15	5%	49	15%	-69%	54	158	-66%
Revenue from sales of food and beverage	22	7%	30	9%	-26%	48	58	-18%
Revenue from management service	8	2%	9	3%	-11%	15	12	+27%
Other income	9	3%	11	3%	-16%	18	27	-33%
Total revenue	315	100%	324	100%	-2%	698	631	+11%



For three-month period ended 30 June 2023, the Company's revenue decreased by 9 THB mm or representing an increased rate of 2% compare to the same quarter of the previous year, mainly due to a decrease in revenue from property development which cause by progress of the transfer of ownership.

For six-month period ended 30 June 2023, the Company's revenue increased by 67 THB mm or representing an increased rate of 1% compare to the same period of the previous year, mainly due to an increase in revenue from hotel operation which cause by the recovery of the tourism industry with the number of foreign tourists coming to Thailand has continued to increase.

Revenues and gross profit from hotel operations

	Unit	For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2023	2022	YoY
The number of operating hotels	Hotel	6	6		6	6	
The number of rooms	Room	675	675		675	675	
Occupancy rate	%	60%	51%	+9%	63%	42%	+21%
Average daily room rate	Baht/Room/Night	4,187	4,136	+1%	4,252	4,123	+3%
REVPAR	Baht/Room/Night	2,527	2,112	+20%	2,684	1,729	+55%
Revenues from hotel operations							
Room revenues	THB mm	153	132	+16%	327	217	+50%
Food and beverage revenues	THB mm	72	64	+12%	159	108	+48%
Revenues from other service	THB mm	37	29	+28%	77	51	+51%
Total revenues from hotel operations	THB mm	261	225	+16%	563	376	+50%

For three-month period ended 30 June 2023, the Company's revenue increased by 36 THB mm or representing an increased rate of 16% compare to the same quarter of the previous year, mainly due to growth in occupancy rate and average room rate which result from increasing number of foreign tourists traveling to Thailand.

For six-month period ended 30 June 2023, the Company's revenue increased by 187 THB mm or representing an increased rate of 50% compare to the same quarter of the previous year,

Gross profit from hotel operations

	Unit	For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2022	2023	YoY
Revenues from hotel operations	THB mm	261	225	+16%	563	376	+50%
Cost from hotel operations	THB mm	130	109	+20%	267	195	+37%
Gross profit from hotel operations	THB mm	131	116	+13%	296	181	+64%
Gross profit margin from hotel operations	%	50	51	-1%	53	48	+10%
Gross profit from hotel operations after depreciation	THB mm	86	74	+16%	206	93	+122%

For three-month period ended 30 June 2023, the Company's gross profit increased by 15 THB mm or representing increase rate of 13% compare to the same quarter of the previous year while gross profit margin decreased by 1% mainly due to increase in utility expenses.

For six-month period ended 30 June 2023, the Company's gross profit increased 115 THB mm or representing increase rate of 64% compare to the same period of the previous year.

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

Hotel Operations	Unit	For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2022	2023	YoY
EBITDA	THB mm	69	65	+7%	164	89	+83%
อัตรา EBITDA	%	26	29	-3%	29	23	+6%

For three-month period ended 30 June 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) is 69 THB mm, increased by 4 THB mm or representing increase rate of 7% compare to the same quarter of the previous year with EBITDA Margin at 26%.

For six-month period ended 30 June 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) is 164 THB mm, increased by 75 THB mm or representing increase rate of 83% compare to the same period of the previous year with EBITDA Margin at 29%.

Revenue and gross profit from property development operations

โครงการอาคารชุดพักอาศัย	Project value	Transfer status					
		For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2022	2023	YoY
Veranda Residence Hua-Hin	2,417	15	49	-69%	54	138	-61%
Veranda Residence Pattaya	1,899	0	0	-	0	12	-100%
Veranda Residence Chiang Mai	198	0	0	-	0	8	-100%
Total	4,514	15	49	-69%	54	158	-66%

For three-month period ended 30 June 2023, the Company's revenue from property development operations decreased by 34 THB mm or representing decrease rate of 69% 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 which has accumulated 88% of the project value.

For six-month period ended 30 June 2023, the Company's revenue from property development operations decreased by 104 THB mm or representing decrease rate of 66% compare to the same period of the previous year.

Gross profit from property development operations

	Unit	For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2022	2023	YoY
Revenues from property development operations	THB mm	15	49	-69%	53	158	-66%
Cost from property development operations	THB mm	12	37	-67%	44	118	-62%
Gross profit from property development operations	THB mm	3	12	-76%	9	40	-77%
Gross profit margin from property development operations	%	18	24	-6%	17	25	-8%

For three-month period ended 30 June 2023, the Company's gross profit from property development operations is 3 THB mm, decreased by 9 THB mm or representing decrease rate of 76% compare to the same quarter of the previous year due to decrease in revenue with gross profit margin decreased by 6 compare to the same quarter of the previous year due to the selling price of transfer room is lower than the average of the project.

For six-month period ended 30 June 2023, the Company's gross profit from property development operations is 9 THB mm, decreased by 31 THB mm or representing decrease rate of 77% compare to the same period of the previous year due to decrease in revenue with gross profit margin 17%

Selling expenses and administrative expenses

	For the three-month period ended 30 June			For the six-month period ended 30 June		
	2023	2022	2023	2022	2023	2022
	THB mm	THB mm	%	THB mm	THB mm	%
Selling expenses	38	38	-	84	71	+19%
Selling expenses to total revenue (%)	12%	12%	-	12%	11%	+1%
Administrative expenses	53	50	+6%	111	96	+16%
Administrative expenses to total revenue (%)	17%	15%	+2%	16%	15%	+1%

For three-month period ended 30 June 2023, the Company's selling expenses is 38 THB which is same level of the previous year and administrative expenses increased by 3 THB mm or representing increase rate of 6% compare to the same quarter of the previous year due to increase in total revenue.

For six-month period ended 30 June 2023, the Company's selling expenses increased by 13 THB or representing increase rate of 19% compare to the same period of the previous year and administrative expenses increased by 15 THB mm or representing decrease rate of 16% compare to the same period of the previous year due to increase in total revenue.

One-time expenses

For three-month period ended 30 June 2023, the Company has one-time expense of 1.2 THB mm from write-off some assets from Veranda Collection Samui and expenses incurred in the property development business.



Earnings before interest tax depreciation and amortization (EBITDA)

ข้อมูล	Unit	For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2022	2023	YoY
EBITDA	THB mm	66	72	-8%	160	118	+36%
EBITDA margin	%	21%	22%	-1%	23%	19%	+4%

For three-month period ended 30 June 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) decreased by 6 THB or representing a decreased rate of 7% compare to the same quarter of the previous year due to decrease in revenue from property development and revenue from food and beverage restaurant.

For six-month period ended 30 June 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) increased by 42 THB or representing an increased rate of 36% compare to the same period of the previous year due to recovery in revenue from hotel operation.

Depreciation and amortization

For three-month period ended 30 June 2023, the Company's depreciation and amortization is 57 THB, increased by 2 THB mm compare to the same quarter of the previous year and for six-month period ended 30 June 2023, the Company's depreciation and amortization is 115 increased by 3 THB mm compare to the same period of the previous year mainly due to hotel renovation.

Financial expenses

For three-month period ended 30 June 2023, the Company's financial expenses is 25 THB mm increased by 8 THB mm or representing an increased rate of 45% compare to the same quarter of the previous year

For six-month period ended 30 June 2023, the Company's financial expenses is 50 THB mm increased by 15 THB mm or representing an increased rate of 44% compare to the same period 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(loss)

	Unit	For the three-month period ended 30 June			For the six-month period ended 30 June		
		2023	2022	YoY	2022	2023	2022
		Net profit(loss)	THB mm	-15	2	N/A	-8
Net profit(loss) Margin	%	-5%	1%	N/A	-1%	-3%	+2%

For three-month period ended 30 June 2023, the Company's net loss is 15 THB mm and for six-month period ended 30 June 2023, the Company's net loss is 8 THB due to decrease in revenue from property development and revenue from food and beverage restaurant.

Financial Statement

Total assets	THB mm	30 June 2023	31 Dec 2022	Change %
Total Assets	THB mm	4,621	4,741	-3%
Total liabilities	THB mm	2,698	2,810	-4%
Total equity	times	1,923	1,931	-1%
D/E	times	1.40	1.45	
IBD/E	THB mm	1.20	1.24	

As 30 June 2023, the Company has total assets of 4,621 THB mm, decrease from 31 December 2022 by 120 THB mm or 3%, 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 30 June 2023, the Company has total liabilities 2,698 THB mm, decrease from December 2022 by 112 THB mm or 4%, mainly due to decreased in long-term loans from financial institutions cause by repayment of the loan as scheduled.



As 30 June 2023, the Company has total equity 1,923 THB mm, increase from 31 December 2022 by 8 THB mm by net loss in 1st haft of 2023.

As 30 June 2023, the Company D/E ratio is 1.40 times and the IBD/E ratio is 1.20 times that lower than ended of last year.