



Veranda Resort

Public Company Limited

Management Discussion & Analysis

2023

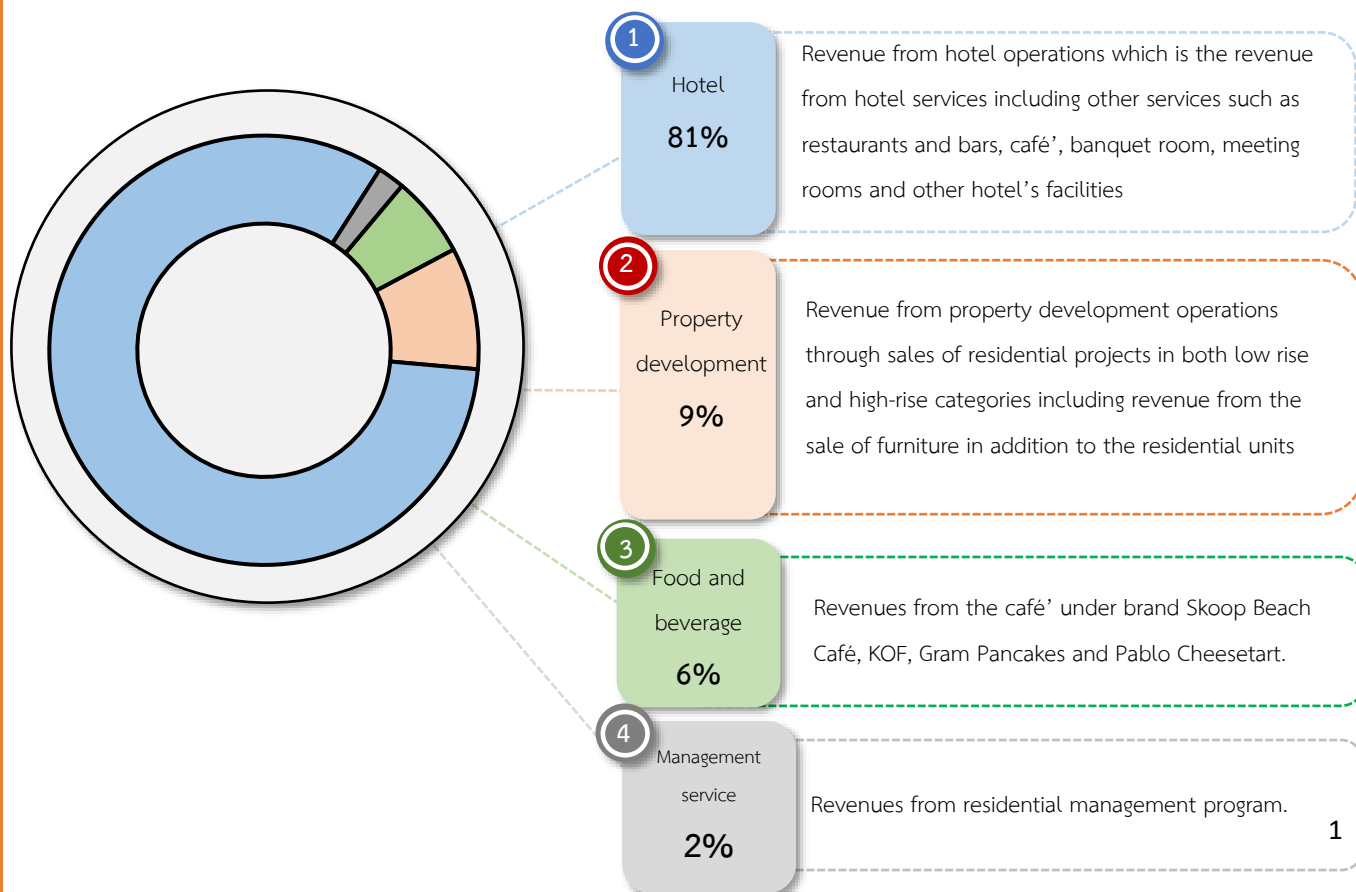


Revenue Structure

In 2023, The company generated total revenue of 1,402 THB mm with the main proportion came from revenue from hotel operations, 81% of total revenue, and revenue from property development operations accounted for 9% of total revenue. The following table shows the total revenue structure by business type for the three-month period ended 31 December 2023.

Revenues	2023	%	2022	%	YoY	Q4/23	%	Q4/22	%	YoY
Revenue from hotel operations	1,130	81	955	70	+18%	308	82	324	80	-5%
Revenue from property development operations	123	9	222	16	-45%	35	9	33	8	+7%
Revenue from sales of food and beverage	86	6	116	9	-26%	16	4	29	7	-46%
Revenue from management service	32	2	28	2	+14%	9	3	9	2	-
Other income	31	2	45	3	-29%	8	2	10	2	-28%
Total revenue	1,402	100	1,366	100	3%	376	100	405	100	-7%

* The rate of change calculations in this document are based on the unit digits.



For 2023, The company has total revenue increased by 36 THB mm or representing an increased rate of 3% compared to last year, mainly due to increase in revenue from hotel operations by recovery from tourism industry which number of foreign tourists traveling to Thailand continue to increase.

For three-month period ended 31 December 2023 the Company's revenue has decreased 29 THB mm or representing a decreased rate of 7% from same quarter last year due to decrease in revenue from sales of food and beverage 13 THB mm or representing a decreased rate of 46% mainly due to closure of Gram Pancakes and Pablo Cheesetart branches following the decision to cease operations in order to stop losses from this sector.

Revenues and gross profit from hotel operations

	Unit	For the year ended			For the three-month period ended		
		December 31			December 31		
		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	%	62	51	+11%	62	65	-3%
Average daily room rate	Baht/Room/Night	4,261	4,246	+1%	4,490	4,555	-1%
REVPAR	Baht/Room/Night	2,632	2,185	+20%	2,785	2,940	-5%
Revenues from hotel operations							
Room revenues	THB mm	647	549	+18%	175	185	-6%
Food and beverage revenues	THB mm	329	279	+18%	92	96	-3%
Revenues from other service	THB mm	154	127	+21%	41	43	-4%
Total revenues from hotel operations	THB mm	1,130	955	+18%	308	324	-5%

For 2023, revenues from hotel business increase 175 THB mm or representing an increased rate of 18% compared to last year mainly due to increase in the occupancy rate and average room rate following the recovery of the tourism industry

For the three-month period ended 31 December 2023, revenues from hotel business have a decrease 16 THB mm or representing a decreased rate of 5% compared to the same quarter last year due to decrease in the occupancy rate and average room rate as the number of tourists slowdown at the beginning of the quarter but recovered in December.

Gross profit from hotel operations

	Unit	For the year ended December 31			For the three-month period ended December 31		
		2023	2022	YoY	2023	2022	YoY
		Revenues from hotel operations	THB mm	1,130	955	+18%	308
Cost from hotel operations	THB mm	541	461	+17%	143	145	-1%
Gross profit from hotel operations	THB mm	589	494	+19%	165	179	-8%
Gross profit margin from hotel operations	%	52	52	-	54	55	-1%
Gross profit from hotel operations after depreciation	THB mm	406	315	+29%	119	132	-11%

For 2023, gross profit from hotel operations increased by 95 THB mm or representing increase rate of 19% compare to last year mainly due to an increase in hotel revenue, generated gross margin at 52%.

For the three-month period ended 31 December 2023, gross profit from hotel operations decreased by 14 THB mm or representing decrease rate of 8% compared to the same quarter last year, generated gross margin at 54%.

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

Hotel Operations	Unit	For the year ended December 31			For the three-month period ended December 31		
		2023	2022	YoY	2023	2022	YoY
		EBITDA	THB mm	313	271	16%	89
EBITDA Margin	%	28%	28%	-	29%	33%	-4

For 2023, Earnings before interest tax depreciation and amortization (EBITDA) increased by 42 THB mm representing increase rate of 16% compared to last year due to increase of hotel revenues, generate EBITDA Margin at 28%

For the three-month period ended 31 December 2023, EBITDA decreased by 18 THB mm or representing decrease rate of 17% compared to the same quarter last year due to the decreased in hotel revenues and increased in Selling expenses such as commissions and employee-related expenses to support future business growth, generate EBITDA Margin at 29%

Revenue and gross profit from property development operations

Residential project	Project value	Transfer value					
		For the year ended			For three-month ended		
		December 31			December 31		
		2023	2022	YoY	2023	2022	YoY
Veranda Residence Hua-Hin	2,417	108	202	-46%	28	33	-16%
Veranda Residence Pattaya	1,899	8	12	-42%	-	-	-
Veranda High Residence Chiang Mai	198	7	8	-5%	7	-	+100%
Total	4,514	123	222	-45%	35	33	+7%

For 2023, the Company's revenue from property development operations decreased by 99 THB mm or representing a decreased rate of 45% compare to last year due to Veranda Residence Hua Hin project gradually decreased the transfer of ownership.

For three-month period ended 31 December 2023, the Company's revenue from property development operations increased by 2 THB mm or representing an increased rate of 7% compare to the same quarter last year due to transfer of ownership of the Veranda High Residence Chiang Mai.

Gross profit from property development operations

	Unit	For the year ended			For the three-month		
		December 31			period ended December 31		
		2023	2022	YoY	2023	2022	YoY
Revenues from property development operations	THB mm	123	222	-45%	35	33	+7%
Cost from property development operations	THB mm	99	169	-42%	29	29	-
Gross profit from property development operations	THB mm	24	53	-53%	6	4	+55%
Gross profit margin from property development operations	%	20	24	-4%	18	13	+5%

For 2023, the Company's Gross profit from property development operations decreased by 29 THB mm or representing a decreased rate of 53% compared to last year due to decreased in revenue, Generate gross profit margin at 20%.

For three-month period ended 31 December 2023, the Company Gross profit from property development operations increased by 2 THB mm or representing an increased rate of 55% compared to the same quarter last year according to the increase in revenues from property development operations, Generate gross profit margin at 18%.

Selling expenses and administrative expenses

	For the year ended December 31			For the three-month period ended December 31		
	2023	2022	YoY	2023	2022	YoY
Selling expenses	172	157	+9%	45	47	-4%
Selling expenses to total revenue (%)	12	12	-	12	12	-
Administrative expenses	337	210	+60%	170	62	+175%
Administrative expenses to total revenue (%)	24	15	+9%	45	15	+30%

For 2023, the Company's selling expenses increased by 15 THB mm or representing an increased rate of 9% compared to last year mainly due to increased expenses in line with revenue from hotel operation and administrative expenses increased by 127 THB mm or mm or representing an increased rate of 60% compared to same quarter last year mainly due to one-time and non-cash impairment in the food and beverage business.

For three-month period ended 31 December 2023, the Company's selling expenses decreased by 2 THB mm or representing a decreased rate of 4% compared to same quarter last year mainly due to decreased in revenue from hotel operation while administrative expenses increased by 108 THB mm or mm or representing an increased rate of 175% compared to same quarter last year mainly due to one-time and non-cash impairment in the food and beverage business.

One-time expense (Non-Cash)

	For the year ended December 31	For the three-month period ended December 31
One-time and non-cash impairment of food and beverage business assets	96	95
Other one-time and non-cash impairment	26	22
Total one-time and non-cash expenses	122	117

For 2023, the Company has one-time and non-cash expenses total 122 THB mm, divided into one-time and non-cash impairment of food and beverage business assets 96 THB mm, mainly from asset impairment in PDS Holding Company Limited, the Company decided to cease operating “GRAM Pancakes” and “PABLO Cheese tart” and has other one-time and non-cash impairment 26 million baht, mainly from impairment of assets in the Verso Hotel and write-off tax-related assets.

For the three-month period ending December 31, 2023, the Company has one-time and non-cash expenses total 117 THB mm, divided into One-time and non-cash impairment of food and beverage business assets 95 THB mm, mainly from asset impairment in PDS Holding Company Limited, and has other one-time and non-cash impairment 22 million baht.

Earnings before interest tax depreciation and amortization (EBITDA)

	Unit	For the year ended December 31			For the three-month period ended December 31		
		2023	2022	YoY	2023	2022	YoY
EBITDA	THB mm	195	298	-35%	-24	103	N/A
EBITDA Margin	%	14	22	-8%	-6	25	-31%
Normalized EBITDA	THB mm	311	298	+4%	86	103	-16%
Normalized EBITDA Margin	%	22	22	-	23	25	-2%

For 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) decreased by 103 THB mm or representing a decreased rate of 35% compared to last year mainly due to impairment in the food and beverage business, however normalized EBITDA increased by 12 THB mm or representing an increased rate of 4% compared to last year.

For three-month period ended 31 December 2023, the Company's earnings before interest tax depreciation and amortization (EBITDA) decreased by 127 THB mm and normalized EBITDA decreased by 17 THB mm or representing a decreased rate of 16% compared to same quarter last year mainly due to a decrease in gross profit from hotel operations and food and beverage businesses.

Depreciation and amortization

For 2023, the Company's depreciation and amortization 229 THB mm increased by 2 THB mm or representing an increased rate of 1% compared to last year.

For three-month period ended 31 December 2023, the Company's depreciation and amortization 57 THB mm decreased by 1 THB mm or representing an increased rate of 2% compared to same quarter last year.

Financial expenses

For 2023, the Company's financial expenses 101 THB mm increased by 30 THB mm compared to last year and for three-month period ended 31 December 2023, the Company's financial expenses increased by 6 THB mm compared to the same quarter last year due to interest expenses on debentures and increased MLR Interest rates according to the Bank of Thailand's monetary policy.

Net profit

	Unit	For the year ended			For the three-month period ended		
		December 31			December 31		
		2023	2022	YoY	2023	2022	YoY
Net profit (loss)	THB mm	(141)	1	N/A	(113)	19	N/A
Net profit Margin	%	N/A	0.1%	N/A	N/A	5%	N/A

For 2023, the Company's net loss is 141 THB mm. For three-month period ended 31 December 2023, the Company's net loss is 113 THB mm due to impairment in the food and beverage business.

Financial Statement

	Unit	December 31, 2023	December 31, 2022	Change
Total assets	THB mm	4,803	4,757	+1%
Total liabilities	THB mm	3,015	2,826	+7%
Total equity	THB mm	1,788	1,931	-7%
Interest bearing debt	THB mm	2,485	2,399	+4%
D/E	times	1.69	1.46	
IBD/E	times	1.39	1.24	

As 31 December 2023, the Company had total assets of 4,803 THB mm, decrease from 31 December 2022 by 46 THB mm or 1% mainly due to the increase in assets of the Veranda Resort Phuket project following the progress of the project's construction.

As 31 December 2023, the Company had total liabilities 3,015 THB mm, increase from 31 December 2022 by 189 THB mm or 7%, mainly due to Increase in account payables and long-term loans from the construction of the Veranda Resort Phuket project and the Veranda Pool Villa Hua Hin-Cha-am project.



As 31 December 2023, the Company had total equity 1,788 THB mm, decrease from 31 December 2022 by 143 THB mm by net loss in 2023 .

As 31 December 2023, the Company D/E ratio is 1.69 times and the IBD/E ratio is 1.39 times increased compared to the last year due to decrease in equity from a net loss in 2023 which still below financial covenant of debentures and commercial banks.