



BEYOND/BKK-BS-048/2022

10 August 2022

Re: Management Discussion and Analysis (MD&A) for the Second Quarter of 2022 Ended 30 June 2022  
To: President of The Stock Exchange of Thailand  
Fellow Shareholders and Investors

**MANAGEMENT'S OUTLOOK**

The number of international tourists entering Thailand has increased substantially since the Thai government approved the termination of the Test & Go program on 1 May 2022 and fully terminated the Thailand Pass registration scheme for both Thais and foreigners on 1 July 2022. The country saw a total of 3,150,330 international arrivals from 1 January 2022 to 31 July 2022, of which around 1,800,000 entered the country between June and July 2022. The highest number of tourists arriving was from Malaysia, followed by India, Singapore, the United Kingdom, and the United States. This rising number of foreign visitors signals a positive outlook for Thailand's tourism industry. This year, the Tourism Authority of Thailand (TAT) targets a total of 10 million international arrivals, and a total of 20 million in the following year.

In the second quarter of 2022, the Company reported a significant increase of THB 117mn in the Company's revenue from hotel operations from THB 328mn in the first quarter of 2022 to THB 445mn. The revenue from hotel operations comprised of 63% from food and beverage (F&B) revenue, 32% from room revenue, and 5% from other revenue. F&B revenue, which is generated from hotel restaurants and catering services, continues to increase this quarter, and it is expected that this trend will continue in the second half of this year, especially during the festival season in the fourth quarter. Room revenue also grew significantly by 70% compared to the previous quarter, driven by an increase in both room rates and occupancy rates, as shown in the table below.

The Company believes that if there is no outbreak of new severe variant of a coronavirus, traveling between countries becomes more convenient, and there are fewer strict restrictions on re-entry from the country of origin, especially from Asian countries like China which was the largest source market for Thailand during the pre-pandemic period, the number of international tourists will grow rapidly in the second half of this year. Likewise, the Company expects a surge recovery for the Company's hotel operating results in 2022.

**The hotel's performance has steadily improved since the fourth quarter of 2021**

	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	% QoQ
No. of keys	400	400	400	400	400	400	-
Average Occupancy Rate (%)	6%	5%	6%	18%	16%	26%	+10pp
ADR (THB)	9,199	10,223	9,375	12,220	14,060	14,866	+806
RevPar (THB)	522	493	594	2,163	2,305	3,890	+1,586
Total hotel revenue (THB mn)	139	69	60	288	328	445	+117

-----The Company's investment-----

**KEY BUSINESS UPDATES IN THE SECOND QUARTER OF 2022**

On 25 July 2022, the Company completed its 100% investment in Urban Resort Hotel Company Limited ("URH") and Waterfront Hotel Company Limited ("WFH"), which owns the Four Seasons Hotel Bangkok at the Chao Phraya River and Capella Bangkok Hotel, respectively. The total investment value is THB 5,500mn. The progresses of the Company's investment in URH and WFH were as follows: The Company made an initial investment of 51.0% in URH and WFH on 11 November 2021. Subsequently, on 27 December 2021, the Company invested an additional 25.0% in both companies, and on 12 April 2022, the Company invested an additional 12.0%. On 25 July 2022, the Company acquired the remaining 12.0% of outstanding shares. As a result, since 25 July 2022, the Company has owned a total of 100.0% of the paid-up capital in both URH and WFH as per the investment plan approved by the Company's shareholders.

**2Q22 PERFORMANCE**

Unit: THB mn	2Q21	2Q22	Change	% YoY
Revenues from hotel operations	-	444.89	444.89	N.A.
Gain from sales equipment	-	0.79	0.79	N.A.
Other revenue <sup>1</sup>	28.20	5.49	(22.71)	-80.5%
<b>Total revenues</b>	<b>28.20</b>	<b>451.17</b>	<b>422.97</b>	<b>1,499.9%</b>
Cost of hotel operations	-	(355.22)	355.22	N.A.
Selling expenses	-	(50.24)	50.24	N.A.
Administrative expenses	(41.63)	(115.92)	74.29	178.5%
Other expenses <sup>2</sup>	(3.29)	(2.48)	(0.81)	-24.6%
<b>Total expenses</b>	<b>(44.92)</b>	<b>(523.86)</b>	<b>478.94</b>	<b>1,066.2%</b>
Operating loss	(16.72)	(72.69)	55.97	334.7%
Finance cost	(12.99)	(123.10)	110.11	847.7%
Others <sup>3</sup>	7.35	12.64	5.29	72.0%
<b>Net loss</b>	<b>(22.36)</b>	<b>(183.15)</b>	<b>160.79</b>	<b>719.1%</b>
<b>Loss per share (THB)</b>	<b>(0.10)</b>	<b>(0.63)</b>	<b>0.53</b>	<b>530.0%</b>
<b>EBITDA</b>	<b>(9.28)</b>	<b>4.27</b>	<b>13.55</b>	<b>146.0%</b>

<sup>1</sup> Other revenue includes revenue from sales and services (management of Padaeng industrial estate), dividend income, gain on investment and other income.

<sup>2</sup> Other expenses include cost of sales and services (management of Padaeng industrial estate)

<sup>3</sup> Others include share of loss from investments in joint ventures, finance income, income tax revenue and profit for the period from discontinued operation

**2Q22 PERFORMANCE ANALYSIS**

The Company has consolidated the financial statements of Urban Resort Hotel Company Limited (“URH”) and Waterfront Hotel Company Limited (“WFH”) into the Company’s consolidated financial statement on 11 November 2021 onwards after the completion of 51.0% investment. The Company considered consolidating financial statements of two companies by assuming that the Company had 100% holding since the beginning of the consolidation because the Company has full control and was in process of acquiring the remaining shares of both companies. The consolidation enables the Company to recognise revenues, costs, and expenses associated with hotel operations of the two hotels since the fourth quarter of 2021.

In 2Q22, the Company reported **total revenues** of THB 451.17mn, a significant increase of THB 422.97mn or 1,499.9% from 2Q 2021, primarily due to the recognition of revenues from hotel operations of THB 444.89mn after the consolidation of financial statements mentioned above.

The Company’s **total expenses** for 2Q22 were THB 523.86mn, an increase of THB 478.94mn or 1,066.2% from the same period last year, mainly due to the recognition of costs and expenses associated to hotel operations, which include cost of hotel operations of THB 355.22mn, selling expenses of THB 50.24mn, and an increase in administrative expenses of THB 74.29mn which are also associated with hotel operations.

In 2Q22, the Company incurred a **finance cost** of THB 123.10mn, increasing by THB 110.11mn or 847.7% from the same period last year, due to loans under the hotel business of THB 5,000mn. Moreover, the Company issued debentures of THB 894.70mn on 25 March 2022 for additional investment in URH and WFH. During the first 6 months of 2022, the Company recorded partial of finance cost that were not paid in cash of THB 98.57mn according to accounting standard.

Consequently, the Company posted **net loss for the period** of THB 183.15mn, while the Company’s net loss per share stood at THB 0.63. However, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 4.27mn in this quarter.



**FINANCIAL POSITION AS AT 30 June 2022**

ASSETS	31 December 2021		30 June 2022		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Cash and cash equivalents	777.10	5.5%	981.34	7.0%	204.24	26.3%
Assets held for sale	217.30	1.5%	-	-	(217.30)	-100.0%
Trade and other receivables	35.90	0.3%	41.15	0.3%	5.25	14.6%
Inventories	36.20	0.3%	33.10	0.2%	(3.10)	-8.6%
Other current financial assets	89.16	0.6%	59.51	0.5%	(29.65)	-33.3%
Other current assets	353.48	2.5%	257.62	1.9%	(95.86)	-27.1%
<b>Total current assets</b>	<b>1,509.14</b>	<b>10.7%</b>	<b>1,372.72</b>	<b>9.9%</b>	<b>(136.42)</b>	<b>-9.0%</b>
Restricted bank deposits	200.01	1.4%	260.08	1.9%	60.07	30.0%
Investment properties	184.56	1.3%	184.56	1.3%	-	-
Property, plant and equipment	3,851.98	27.3%	3,764.99	27.0%	(86.99)	-2.3%
Right-of-use assets	8,306.68	58.9%	8,271.17	59.4%	(35.51)	-0.4%
Other non-current assets	53.27	0.4%	66.56	0.5%	13.29	24.9%
<b>Total non-current assets</b>	<b>12,596.50</b>	<b>89.3%</b>	<b>12,547.36</b>	<b>90.1%</b>	<b>(49.14)</b>	<b>-0.4%</b>
<b>Total assets</b>	<b>14,105.64</b>	<b>100.0%</b>	<b>13,920.08</b>	<b>100.0%</b>	<b>(185.56)</b>	<b>-1.3%</b>

**Total assets** of the Company as at 30 June 2022 stood at THB 13,920.08mn, a decrease of THB 185.56mn or 1.3% from total assets as at 31 December 2021. The decrease was primarily attributed to a decrease in 1) assets held for sale of THB 217.30mn, which was related to the sales of the Company's head office building in 1Q22, 2) other current assets of THB 95.86mn, which was due to a reduction in prepaid expenses and VAT refundable, 3) property, plant and equipment of THB 86.99mn from depreciation over the period, and 4) right-of-use assets of THB 35.51mn from amortization over the period.

The decrease was offset by an increase in 1) cash and cash equivalents of THB 204.24mn and 2) restricted bank deposits of THB 60.07mn. During the first 6 months of 2022, the Company's key cash inflow transactions include 1) net cash received from the issuance of debentures of THB 882.09mn on 25 March 2022, 2) cash received from a maturity of a bill of exchange of THB 30mn, and 3) proceeds received from the sales of buildings and equipment of THB 216.58mn. On the other hand, the Company's key cash outflow transactions include 1) additional investment in URH and WFH of THB 660mn on April 2022, 2) interest paid during the period of THB 110.06mn, 3) operating expenses of THB 70.34mn, and 4) acquisition of assets of THB 23.96mn.

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2021		30 June 2022		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	985.17	7.0%	985.80	7.1%	0.63	0.1%
Trade and other payables	190.90	1.4%	180.21	1.3%	(10.69)	-5.6%
Share subscription payable	1,460.25	10.4%	800.25	5.7%	(660.00)	-45.2%
Current portion of lease liabilities	133.92	0.9%	140.75	1.0%	6.83	5.1%
Other current liabilities	256.26	1.8%	162.68	1.2%	(93.58)	-36.5%
<b>Total current liabilities</b>	<b>3,026.50</b>	<b>21.5%</b>	<b>2,269.69</b>	<b>16.3%</b>	<b>(756.81)</b>	<b>-25.0%</b>
Long-term loans from financial institution – net <sup>1</sup>	1,970.35	14.0%	1,971.60	14.2%	1.25	0.1%
Long-term loans from related parties – net <sup>1</sup>	2,000.00	14.2%	2,000.00	14.4%	-	-
Long-term debenture	-	-	883.57	6.3%	883.57	N.A.
Lease liabilities – net <sup>1</sup>	346.07	2.5%	364.27	2.6%	18.20	5.3%
Deferred tax liabilities	302.32	2.0%	242.99	1.7%	(59.33)	-19.6%
Other non-current liabilities	47.92	0.3%	38.14	0.3%	(9.78)	-20.4%
<b>Total non-current liabilities</b>	<b>4,666.66</b>	<b>33.0%</b>	<b>5,500.57</b>	<b>39.5%</b>	<b>833.91</b>	<b>17.9%</b>
<b>Total liabilities</b>	<b>7,693.16</b>	<b>54.5%</b>	<b>7,770.26</b>	<b>55.8%</b>	<b>77.10</b>	<b>1.0%</b>
<b>Total shareholders' equity</b>	<b>6,412.48</b>	<b>45.5%</b>	<b>6,149.82</b>	<b>44.2%</b>	<b>(262.66)</b>	<b>-4.1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,105.64</b>	<b>100.0%</b>	<b>13,920.08</b>	<b>100.0%</b>	<b>(185.56)</b>	<b>-1.3%</b>

<sup>1</sup>net of current portion



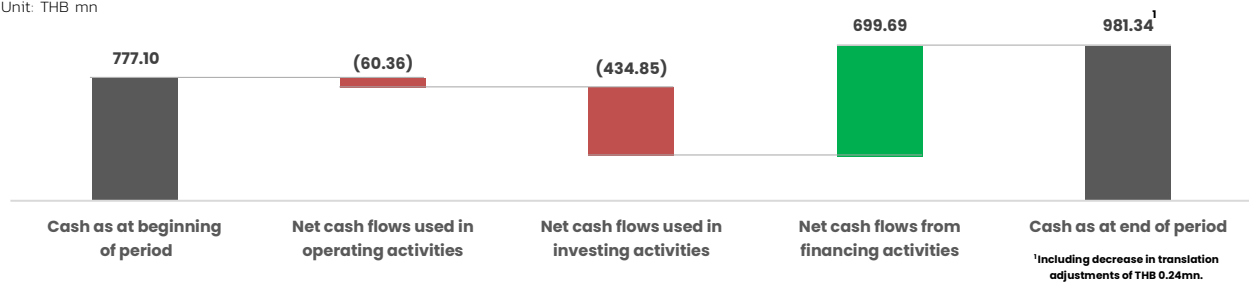
**Total liabilities** of the Company as at 30 June 2022 were THB 7,770.26mn, consisting of total current liabilities of THB 2,269.69mn, equivalent to 29.21% of total liabilities, and non-current liabilities of THB 5,500.57mn, equivalent to 70.79% of total liabilities. Total liabilities increased by THB 77.10mn or 1.0% from total liabilities as at 31 December 2021 mainly due to the issuance of debentures of THB 883.57mn (net amount after subtracting fees associated with issuing of debentures) for the additional investment in URH and WFH as per the Company's investment plans. The Company completed the additional investment of 12.0% on 12 April 2022 with a total investment value of THB 660mn.

**Total shareholders' equity** stood at THB 6,149.82mn as at 30 June 2022, decreased by THB 262.66mn or 4.1% from 31 December 2021 mainly due to net loss during the period.

As at 30 June 2022, the Company had total interest-bearing liabilities at THB 5,840.97mn and the interest-bearing liabilities to equity ratio was at 0.95 times<sup>1</sup>. The Company's debt-to-equity ratio was 1.26 times.

**LIQUIDITY AND CASH FLOW FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022**

Unit: THB mn



As at 30 June 2022, the Company's **cash and cash equivalents** stood at THB 981.34mn, increased by 26.3% or THB 204.24mn from 31 December 2021. The Company reported **net cash flows used in operating activities** of THB 60.36mn, mainly from adjustments to reconcile non-cash items. The Company's **net cash flows used in investing activities** was THB 434.85mn, mainly from cash paid for the additional 12% investment in URH and WFH of THB 660mn, which was partially offset by proceeds from sales of buildings and equipment of THB 216.58mn and the redemption of a bill of exchange of THB 30mn. **Net cash flows from financing activities** were THB 669.69mn, mainly due to the net cash received from the issuance of long-term debentures of THB 882.09mn, which was offset by higher restricted bank deposits of THB 60mn and interest paid during the period of THB 110.06mn.

Sincerely yours,

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<sup>1</sup> The Company's interest-bearing liabilities includes short-term loans from financial institution, long-term loans from financial institution, long-term loans from related party and debentures.