



BEYOND/BKK-BS-064/2022

11 November 2022

Re: Management Discussion and Analysis (MD&A) for the Third Quarter of 2022 Ended 30 September 2022

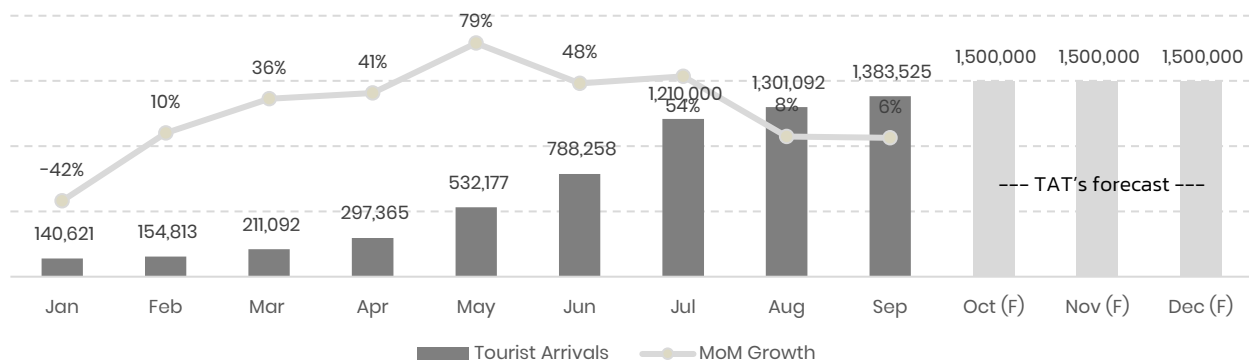
To: President of The Stock Exchange of Thailand

Fellow Shareholders and Investors

**MANAGEMENT’S OUTLOOK**

Thailand welcomed over 6 million foreign visitors during the first nine months of 2022, the majority of them came from Malaysia, followed by India, Laos, Singapore, and Cambodia. In October 2022, the number of foreign visitors entering the country had increased significantly, with a daily average of more than 50,000 foreign visitors, indicating the strong likelihood of achieving the 10 million foreign visitor target set by the Tourism Authority of Thailand (TAT). TAT expects to see 1.5 million foreign visitors per month enter the country in the last 3 months of 2022.

**International Tourist arrivals to Thailand in 2022**



Source: Tourism Authority of Thailand (TAT)

In the third quarter of 2022, the Company reports a continuous increase in revenue with a total hotel revenue of THB 526mn, a growth of 18.3% YoY from THB 445mn in the previous quarter. The revenue from hotel operations comprised of 52% from food and beverage (F&B) revenue, 42% from room revenue, and 6% from other revenue. The growth in the third quarter was primarily driven by an increase in room revenue, which was supported by a higher number of foreign visitors entering the country and strong local customers which continue to support the Company’s businesses. In addition, the average daily room rate is also well maintained.

**Strong RevPar on a back of increased occupancy rate and average room rate**

	3Q21	4Q21	1Q22	2Q22	3Q22	% QoQ
No. of keys	400	400	400	400	400	-
Average Occupancy Rate (%)	6%	18%	16%	26%	38%	+12pp
ADR (THB)	9,375	12,220	14,060	14,866	15,742	+876
RevPar (THB)	594	2,163	2,305	3,890	6,020	+2,130
Total hotel revenue (THB mn)	60	288	328	445	526	+81

The Company expects to see the highest revenue growth in the fourth quarter of 2022 since the fourth quarter of every year is Thailand’s high season for traveling with the highest number of foreign visitors and various holidays which local people enjoys eating out and traveling such as the Loy Krathong, Christmas and New Year festival. Moreover, the fourth quarter of 2022 will also be benefited from the pent-up demand due to a long city lockdown. This gives the Company a good opportunity to welcome more Thai and foreign customers.

**3Q22 PERFORMANCE**

Unit: THB mn	3Q21	3Q22	Change	% YoY
Revenues from hotel operations	-	526.40	526.40	N.A.
Gain from sales property and equipment	-	10.81	10.81	N.A.
Gain from disposal of investment in subsidiaries	277.07	-	(277.07)	-100.0%
Other revenue <sup>1</sup>	6.47	3.44	(3.03)	-46.8%
<b>Total revenues</b>	<b>283.54</b>	<b>540.65</b>	<b>257.11</b>	<b>90.7%</b>
Cost of hotel operations	-	(395.69)	395.69	N.A.
Selling expenses	-	(53.51)	53.51	N.A.
Administrative expenses	(54.09)	(138.71)	84.62	156.4%
Other expenses <sup>2</sup>	(2.65)	(2.16)	(0.49)	-18.5%
<b>Total expenses</b>	<b>(56.74)</b>	<b>(590.07)</b>	<b>533.33</b>	<b>940.0%</b>
Operating profit (loss)	226.80	(49.42)	(276.22)	-121.8%
Finance cost	(13.18)	(97.59)	84.41	640.4%
Others <sup>3</sup>	20.75	1.70	(19.05)	-91.8%
<b>Net profit (loss)</b>	<b>234.37</b>	<b>(145.31)</b>	<b>(379.68)</b>	<b>-162.0%</b>
<b>Earnings (loss) per share (THB)</b>	<b>0.99</b>	<b>(0.05)</b>	<b>(1.04)</b>	<b>-105.1%</b>
<b>EBITDA</b>	<b>233.31</b>	<b>27.39</b>	<b>(205.92)</b>	<b>-88.3%</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

**3Q22 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. Currently, the Company holds 100% in URH and WFH.

In 3Q22, the Company reported **total revenues** of THB 540.65mn, a significant increase of THB 257.11mn or 90.7% from 3Q21, primarily due to the recognition of revenues from hotel operations of THB 526.40mn after the consolidation of financial statements mentioned above. In addition, the Company recognised a gain from sales land of THB 9.7mn.

The Company's **total expenses** for 3Q22 were THB 590.07mn, an increase of THB 533.33mn or 940.0% 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 395.69mn, selling expenses of THB 53.51mn, and an increase in administrative expenses of THB 84.62mn.

In 3Q22, the Company incurred a **finance cost** of THB 97.59mn, increasing by THB 84.41mn or 640.4% 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.

Consequently, the Company posted **a net loss for the period** of THB 145.31mn, while the Company's net loss per share stood at THB 0.05. However, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 27.39mn in this quarter.



**FINANCIAL POSITION AS AT 30 SEPTEMBER 2022**

ASSETS	31 December 2021		30 September 2022		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Cash and cash equivalents	777.10	5.5%	766.08	5.8%	(11.02)	-1.4%
Assets held for sale	217.30	1.5%	-	0.0%	(217.30)	-100.0%
Trade and other receivables	35.90	0.3%	60.33	0.5%	24.43	68.1%
Inventories	36.20	0.3%	45.69	0.4%	9.49	26.2%
Other current financial assets	89.16	0.6%	58.86	0.5%	(30.30)	-34.0%
Other current assets	353.48	2.5%	299.82	2.2%	(53.66)	-15.2%
<b>Total current assets</b>	<b>1,509.14</b>	<b>10.7%</b>	<b>1,230.78</b>	<b>9.4%</b>	<b>(278.36)</b>	<b>-18.4%</b>
Restricted bank deposits	200.01	1.4%	260.08	2.0%	60.07	30.0%
Investment properties	184.56	1.3%	184.56	1.4%	-	-
Property, plant and equipment	3,851.98	27.3%	3,069.73	23.5%	(782.25)	-20.3%
Right-of-use assets	8,306.68	58.9%	8,241.02	63.2%	(65.66)	-0.8%
Other non-current assets	53.27	0.4%	66.23	0.5%	12.96	24.3%
<b>Total non-current assets</b>	<b>12,596.50</b>	<b>89.3%</b>	<b>11,821.62</b>	<b>90.6%</b>	<b>(774.88)</b>	<b>-6.2%</b>
<b>Total assets</b>	<b>14,105.64</b>	<b>100.0%</b>	<b>13,052.40</b>	<b>100.0%</b>	<b>(1,053.24)</b>	<b>-7.5%</b>

**Total assets** of the Company as at 30 September 2022 stood at THB 13,052.40mn, a decrease of THB 1,053.24mn or 7.5% 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 53.66mn, which was due to a reduction in prepaid expenses 3) property, plant and equipment of THB 782.25mn from disposal of land of THB 620.93mn and depreciation over the period, and 4) right-of-use assets of THB 65.66mn from amortization over the period.

The decrease was offset by an increase in restricted bank deposits of THB 60mn. During the first 9 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 property, plant and equipment of THB 850.82mn. On the other hand, the Company's key cash outflow transactions include 1) additional investment in URH and WFH of THB 1,320mn which was fully investments on July 2022, 2) interest paid during the period of THB 173.06mn, 3) payment of lease liabilities of THB 159.17mn 4) operating expenses of THB 90.78mn, and 5) acquisition of assets of THB 30.92mn.

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2021		30 September 2022		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	985.17	7.0%	986.11	7.6%	0.94	0.1%
Trade and other payables	190.90	1.4%	257.51	2.0%	66.61	34.9%
Share subscription payable	1,460.25	10.4%	140.25	1.1%	(1,320.00)	-90.4%
Current portion of lease liabilities	133.92	0.9%	4.03	0.0%	(129.89)	-97.0%
Other current liabilities	256.26	1.8%	160.38	1.2%	(95.88)	-37.4%
<b>Total current liabilities</b>	<b>3,026.50</b>	<b>21.5%</b>	<b>1,548.28</b>	<b>11.9%</b>	<b>(1,478.22)</b>	<b>-48.8%</b>
Long-term loans from financial institution – net <sup>1</sup>	1,970.35	14.0%	1,972.22	15.1%	1.87	0.1%
Long-term loans from related parties – net <sup>1</sup>	2,000.00	14.2%	2,000.00	15.2%	-	-
Long-term debenture	-	-	884.96	6.8%	884.96	N.A.
Lease liabilities – net <sup>1</sup>	346.07	2.5%	359.64	2.8%	13.57	3.9%
Deferred tax liabilities	302.32	2.0%	242.18	1.9%	(60.14)	-19.9%
Other non-current liabilities	47.92	0.3%	40.56	0.3%	(7.36)	-15.4%
<b>Total non-current liabilities</b>	<b>4,666.66</b>	<b>33.0%</b>	<b>5,499.56</b>	<b>42.1%</b>	<b>832.90</b>	<b>17.8%</b>
<b>Total liabilities</b>	<b>7,693.16</b>	<b>54.5%</b>	<b>7,047.84</b>	<b>54.0%</b>	<b>(645.32)</b>	<b>-8.4%</b>
<b>Total shareholders' equity</b>	<b>6,412.48</b>	<b>45.5%</b>	<b>6,004.56</b>	<b>46.0%</b>	<b>(407.92)</b>	<b>-6.4%</b>
<b>Total liabilities and shareholders' equity</b>	<b>14,105.64</b>	<b>100.0%</b>	<b>13,052.40</b>	<b>100.0%</b>	<b>(1,053.24)</b>	<b>-7.5%</b>

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

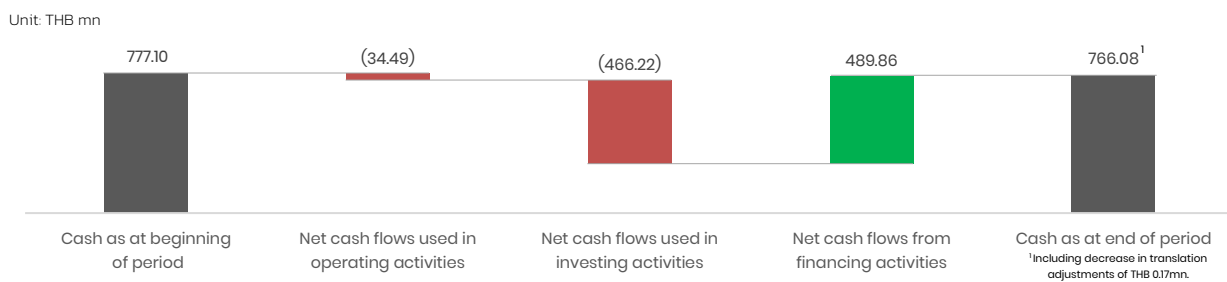


**Total liabilities** of the Company as at 30 September 2022 were THB 7,047.84mn, consisting of total current liabilities of THB 1,548.28mn, equivalent to 21.97% of total liabilities, and non-current liabilities of THB 5,499.56mn, equivalent to 78.03% of total liabilities. Total liabilities decreased by THB 645.32mn or 8.4% from total liabilities as at 31 December 2021 mainly due to the Company has additional investment of 24% with a total investment value of THB 1,320mn in URH and WFH as per the Company's investment plans which was offset by the issuance of debentures of THB 884.96mn (net amount after subtracting fees associated with issuing of debentures).

**Total shareholders' equity** stood at THB 6,004.56mn as at 30 September 2022, decreased by THB 407.92mn or 6.4% from 31 December 2021 mainly due to net loss during the period.

As at 30 September 2022, the Company had total interest-bearing liabilities at THB 5,843.30mn and the interest-bearing liabilities to equity ratio was at 0.97 times<sup>1</sup>. The Company's debt-to-equity ratio was 1.17 times.

**LIQUIDITY AND CASH FLOW FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2022**



As at 30 September 2022, the Company's **cash and cash equivalents** stood at THB 766.08mn, decreased by 1.4% or THB 11.02mn from 31 December 2021. The Company reported **net cash flows used in operating activities** of THB 34.49mn, mainly from adjustments to reconcile non-cash items. The Company's **net cash flows used in investing activities** was THB 466.22mn, mainly from cash paid for the additional 24% investment in URH and WFH of THB 1,320mn, and acquisition of assets of THB 30.92mn which was partially offset by proceeds from sales of property, plant and equipment of THB 850.82mn and the redemption of a bill of exchange of THB 30mn. **Net cash flows from financing activities** were THB 489.86mn, 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, payment of lease liabilities of THB 159.17mn and interest paid during the period of THB 173.06mn.

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.