



BOUND&BEYOND

Bound and Beyond Public Company Limited
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Ref. BEYOND/BKK-BS-013/2023

23 February 2023

Re: Management Discussion and Analysis (MD&A) for the Year Ended 31 December 2022

To: President of The Stock Exchange of Thailand

Fellow Shareholders and Investors

MANAGEMENT'S OUTLOOK ON OPERATIONS

Throughout the year 2022, Thailand welcomed foreign tourists 11 million visitors, which exceeded the Tourism Authority of Thailand's (TAT) expectation. Foreign tourist arrivals to Thailand increased continuously every month. Especially in December 2022, foreign tourists reached the highest number of the year at 2.2 million visitors per month. While domestic tourists remained the main group that was key important for the recovery of Thailand tourism industry in 2022. Throughout the past year, there were 223 million trips of domestic tourists. For the year 2023, TAT expects Thai tourism to continue to recover. The target of foreign tourist arrivals is set at 25-30 million visitors, or about 60% recovery compared to pre-COVID 2019 level. TAT also expects that the domestic tourism market will continue to grow from the previous year.

For the year 2022, the Company entered the full-scale hospitality business, and generated revenue from hotel operations of THB 2,135mn, which exceeded the target level by 19% and grew 283% compared with full-year revenue from the previous year. This significant growth was due to the strong competitiveness of both hotels; the Four Seasons Hotel Bangkok at Chao Phraya River, and the Capella Hotel Bangkok, which were well received by both Thai and foreign customers. The Company made great efforts in developing an effective marketing strategy and improving our luxury suite of services to promote our hotels among Thai and foreign tourists, amid the continuous good recovery of the Thai tourism industry in the past year.

While the Company's quarterly performance has consistently grown every quarter. Especially in the fourth quarter of 2022, the Company generated the highest revenue from hotel operations of the year, amounting to THB 836mn, a 59% increase from THB 526mn in the previous quarter. This growth exceeded the Company's expectations. The revenue contribution from hotel operations consists of 52% from food and beverage revenue, 43% from room revenue, and 5% from other revenue. Room revenue still achieved the highest growth rate at 63% from the previous quarter and 353% from the same quarter last year. The growth was supported by the improvement from both occupancy rate and average room rate, which were the highest statistics of the year. Meanwhile, food and beverage revenue grew by 58% from the previous quarter and 119% from the same quarter last year due to a significant increase in number of banquets and events.

For the year 2023, the company expects continuous growth in revenue from hotel business compared to the previous year. The company's operational results are expected to be driven by the resumption to full operation of the two hotels and the growth of international tourist, especially the return of Chinese tourists who are the main source market of Thailand. This will reaffirm the demand for travel by tourists around the world, which always exists, and Thailand remains a leading global tourist destination.

KEY BUSINESS UPDATES IN FY2022

1. On 25 March 2022, the Company issued and offered debentures No. 1/2022 with a total issued amount of THB 894.7mn, divided into the first tranche of debentures with a maturity of 2 years, valued at THB 576.8mn, and the second tranche of debentures with a maturity of 3 years, valued at THB 317.9mn.



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- 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 Company has achieved the corporate governance score at an "Excellent" level of recognitions (5 stars) under the Corporate Governance Report of Thai Listed Companies (CGR) undertaken by Thai Institute of Directors Association (IOD) and received a perfect score of 100 in the evaluation of the quality of the annual general meeting of shareholders for 2022 by the Thai Investors Association.
- The Four Seasons Hotel Bangkok at Chao Phraya River and the Capella Bangkok Hotel have received awards for "Best Hotels in the World" and "Best Hotels in Southeast Asia" respectively for the year 2022 from the Condé Nast Traveller Readers' Choice Awards 2022.
- The "Yu Ting Yuan" restaurant at the Four Seasons Hotel Bangkok at Chao Phraya River and the "Côte by Mauro Colagreco" restaurant at the Capella Bangkok Hotel have received the "One Michelin Star" award from the Michelin Guide Thailand 2023 for the second consecutive year (announced in November 2022).
- BKK Social Club at the Four Seasons Hotel Bangkok has won the Best Bar award, ranked 14th in the world and 10th in Asia, which is considered the best bar in Thailand, from the announcement of the "World and Asia's 50 Best Bars 2022". In addition, BKK Social Club also received the Michter's Art of Hospitality Award, which is an award given to bars with exceptional service and unique characteristics.

FY2022 PERFORMANCE

Unit: THB mn	FY2021	FY2022	Change	% YoY
Revenues from hotel operations	206.89	2,135.26	1,928.37	932.1%
Revenue from sales and services	14.79	13.06	(1.73)	-11.7%
Gain from bargain purchase	689.35	-	(689.35)	-100.0%
Gain from disposal of investments in subsidiaries	406.96	-	(406.96)	-100.0%
Gain from sales of property, plant, and equipment	-	98.77	98.77	NA.
Gain on investments	19.47	0.02	(19.45)	-99.9%
Other income (excluded from the list above)	24.90	37.52	12.62	50.68%
Total revenues	1,362.36	2,284.63	922.27	67.7%
Cost of hotel operations	(197.93)	(1,597.44)	(1,399.51)	707.1%
Cost of sales and services	(11.46)	(9.71)	1.75	-15.3%
Selling expenses	(36.86)	(232.70)	(195.84)	531.3%
Administrative expenses	(205.25)	(482.96)	(277.71)	135.3%
Total expenses	(451.50)	(2,322.81)	(1,871.31)	414.5%
Operating profit (loss)	910.86	(38.18)	(949.04)	-104.2%
Share of loss from investments in joint ventures	(0.01)	(0.01)	-	-
Finance income	12.47	5.62	(6.85)	-54.9%
Finance cost	(77.64)	(404.27)	(326.63)	420.7%
Income tax revenue	5.92	94.89	88.97	1,502.9%
Profit for the year from discontinued operation	26.13	-	(26.13)	-100.0%
Net profit (loss) for the year	877.73	(341.95)	(1,219.68)	-139.0%
Earnings (loss) per share (THB)	3.51	(1.18)	(4.69)	-133.6%
EBITDA	1,008.26	269.99	(738.27)	-73.2%

**FY2022 PERFORMANCE ANALYSIS VS FY2021**

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 recognize revenues, costs, and expenses associated with hotel operations of the two hotels since the fourth quarter of 2021. Currently, the Company already holds 100% in URH and WFH.

In FY2022, the Company reported **total revenues** of THB 2,284.63mn, a significant increase of THB 922.27mn or 67.7% from FY2021, primarily due to the recognition of full-year revenues from hotel operations of THB 2,135.26mn after the consolidation of financial statements mentioned above. In addition, the Company recognized a gain from sales property, plant, and equipment of THB 98.77mn.

The Company’s **total expenses** were THB 2,322.81mn, an increase of THB 1,871.31mn or 414.5% from FY2021, mainly due to the full-year recognition of costs and expenses associated to hotel operations, which include an increase of cost of hotel operations of THB 1,399.51mn, selling expenses of THB 195.84mn, and an increase in administrative expenses of THB 277.71mn.

In FY2022, the Company incurred a **finance cost** of THB 404.27mn, increasing by THB 326.63mn or 420.7% from FY2021, 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.

The Company’s **income tax revenue** was THB 94.89mn, an increase of THB 88.97mn from FY2021, mainly due to the recognition of deferred tax assets from unused tax losses. The Company believes future taxable profits may be sufficient to allow utilization.

Consequently, the Company posted **a net loss for the year** of THB 341.95mn, while the Company’s net loss per share stood at THB 1.18. However, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 269.99mn in this year.

FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	31 December 2021		31 December 2022		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Cash and cash equivalents	777.10	5.5%	701.00	5.3%	(76.10)	-9.8%
Trade and other receivables	35.90	0.3%	107.82	0.8%	71.92	200.3%
Inventories	36.20	0.3%	44.96	0.3%	8.76	24.2%
Other current financial assets	89.16	0.6%	59.93	0.4%	(29.23)	-32.8%
Other current assets	570.78	4.0%	372.82	2.8%	(197.96)	-34.7%
Total current assets	1,509.14	10.7%	1,286.53	9.6%	(222.61)	-14.8%
Restricted bank deposits	200.01	1.4%	260.36	2.0%	60.35	30.2%
Investment properties	184.56	1.3%	220.49	1.7%	35.93	19.5%
Property, plant, and equipment	3,851.98	27.3%	3,220.57	24.1%	(631.41)	-16.4%
Right-of-use assets	8,306.68	58.9%	8,210.83	61.5%	(95.85)	-1.2%
Intangible assets	48.45	0.3%	43.51	0.3%	(4.94)	-10.2%
Deferred tax assets	-	-	75.37	0.6%	75.37	N.A.
Other non-current assets	4.82	0.1%	27.97	0.2%	23.15	480.3%
Total non-current assets	12,596.50	89.3%	12,059.10	90.4%	(537.40)	-4.3%
Total assets	14,105.64	100.0%	13,345.63	100.0%	(760.01)	-5.4%



Total assets of the Company as at 31 December 2022 stood at THB 13,345.63mn, a decrease of THB 760.01mn or 5.4% from total assets as at 31 December 2021. The decrease was primarily attributed to a decrease in 1) assets held for sale, which was related to the sales of the Company's head office building in 1Q22, 2) property, plant, and equipment from disposal of property, plant and equipment and depreciation over the year, and 3) right-of-use assets from amortization over the year.

The decrease was offset by an increase in restricted bank deposits of THB 60.35mn. During the year 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, 3) proceeds received from the sales of property, plant and equipment, and 4) cash received from operating. On the other hand, the Company's key cash outflow transactions include 1) additional investment of 24% in URH and WFH of THB 1,320mn which was fully investments on July 2022, 2) interest paid during the year, 3) payment of lease liabilities, and 4) acquisition of assets.

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2021		31 December 2022		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	985.17	7.0%	986.42	7.4%	1.25	0.1%
Trade and other payables	190.90	1.4%	371.07	2.8%	180.17	94.4%
Share subscription payable	1,460.25	10.4%	140.25	1.1%	(1,320.00)	-90.4%
Current portion of long-term loans	-	-	22.50	0.2%	22.50	N.A.
Current portion of lease liabilities	133.92	0.9%	4.09	0.0%	(129.83)	-96.9%
Other current liabilities	256.26	1.8%	241.54	1.7%	(14.72)	-5.7%
Total current liabilities	3,026.50	21.5%	1,765.87	13.2%	(1,260.63)	-41.7%
Long-term loans from financial institution – net ¹	1,970.35	14.0%	1,950.35	14.6%	(20.00)	-1.0%
Long-term loans from related parties	2,000.00	14.2%	2,000.00	15.0%	-	-
Long-term debenture	-	-	886.35	6.7%	886.35	N.A.
Lease liabilities – net ¹	346.07	2.5%	363.68	2.7%	17.61	5.1%
Deferred tax liabilities	302.32	2.0%	241.89	1.8%	(60.43)	-20.0%
Other non-current liabilities	47.92	0.3%	34.79	0.3%	(13.13)	-27.4%
Total non-current liabilities	4,666.66	33.0%	5,477.06	41.1%	810.40	17.4%
Total liabilities	7,693.16	54.5%	7,242.93	54.3%	(450.23)	-5.9%
Total shareholders' equity	6,412.48	45.5%	6,102.70	45.7%	(309.78)	-4.8%
Total liabilities and shareholders' equity	14,105.64	100.0%	13,345.63	100.0%	(760.01)	-5.4%

¹net of current portion

Total liabilities of the Company as at 31 December 2022 were THB 7,242.93mn, consisting of total current liabilities of THB 1,765.87mn, equivalent to 24.38% of total liabilities, and non-current liabilities of THB 5,477.06mn, equivalent to 75.62% of total liabilities. Total liabilities decreased by THB 450.23mn or 5.9% 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 886.35mn (net amount after subtracting fees associated with issuing of debentures).

Total shareholders' equity stood at THB 6,102.70mn as at 31 December 2022, decreased by THB 309.78mn or 4.8% from 31 December 2021 mainly due to net loss during the year.

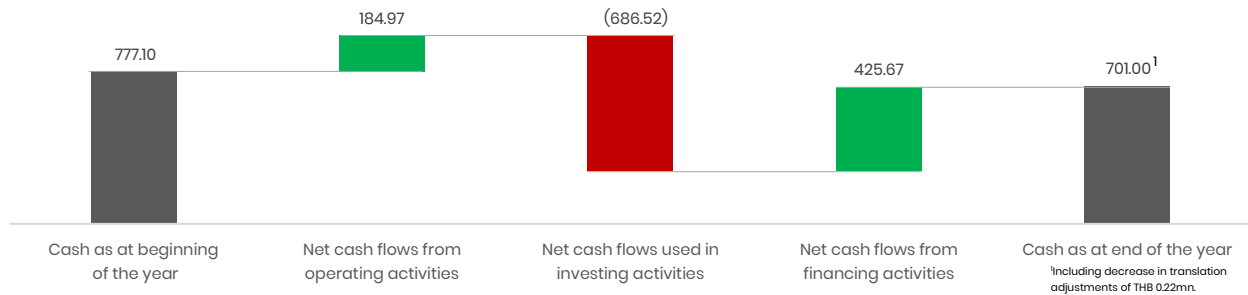
As at 31 December 2022, the Company had total interest-bearing liabilities at THB 5,845.62mn and the interest-bearing liabilities to equity ratio was at 0.96 times². The Company's debt-to-equity ratio was 1.19 time.

² The Company's interest-bearing liabilities includes short-term loans from financial institution, current portion of long-term loans, long-term loans from financial institution, long-term loans from related party and debentures.



LIQUIDITY AND CASH FLOW

Unit: THB mn



As at 31 December 2022, the Company's **cash and cash equivalents** stood at THB 701.00mn, decreased by 9.8% or THB 76.10mn from 31 December 2021. The Company reported **net cash flows from operating activities** of THB 184.97mn, mainly from adjustments to reconcile non-cash items. The Company's **net cash flows used in investing activities** was THB 686.52mn, mainly from cash paid for the additional 24% investment in URH and WFH of THB 1,320mn, and acquisition of assets of THB 274.56mn which was partially offset by proceeds from sales of property, plant and equipment of THB 874.93mn and the redemption of a bill of exchange of THB 30mn. **Net cash flows from financing activities** were THB 425.67mn, 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 160.54mn and interest paid during the year of THB 235.88mn.

Sincerely yours,

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