



BOUND&BEYOND

Bound and Beyond Public Company Limited
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15 May 2023

Re: Management Discussion and Analysis (MD&A) the First Quarter of 2023 Ended 31 March 2023

To: President of The Stock Exchange of Thailand

Fellow Shareholders and Investors

MANAGEMENT'S OUTLOOK ON OPERATIONS

The tourism situation in Thailand in the first quarter of 2023 has continued to recover from 2022. The number of foreign tourists who traveled to Thailand reached 6.5 million, an increase of over 900% from the first quarter of 2022 and 19% higher than the previous quarter. The main factor is the increase in international tourists from all countries, especially Chinese tourists, due to the opening of China's borders since January 2023, is a key factor supporting the recovery of Thailand's tourism industry in this quarter. As a result, in this quarter, the number of Chinese tourists increased by more than 300% from the fourth quarter of 2022 and ranked third among all tourists entering Thailand, accounting for 8% of the total, following Malaysia at 14% and Russia at 9%. Moreover, Bangkok remained the most popular city for foreign tourists, with the highest tourism receipts in the first three months of 2023. Meanwhile, the number of Thai tourists in the country during the first quarter of the year increased 49% from the same period in the previous year. This followed the high demand for travel during various festivals and long holidays, as well as the government's efforts to stimulate domestic tourism, such as the "Shop Dee Mee Kuen" project and "We Travel Together 5th phase" campaign. For the trend of recovery in the Thai tourism for both foreign tourists and Thai tourists in 2023, it is expected to continue to improve from last year. The target number of foreign tourists for this year is still set at 25-30 million people. In addition, the Tourism Authority of Thailand (TAT) predicts that at least 5 million Chinese tourists will travel to Thailand, and Thailand will remain a popular destination for Chinese tourists.

For the first quarter of 2023, the Company generated revenue from hotel operation: Four Seasons Hotel Bangkok at Chao Phraya River and Capella Bangkok in Bangkok, totaling THB 812mn, which is 23% higher than the target and a 148% growth compared to the same quarter of the previous year. The revenue composition consists of room revenue at 44%, food and beverage revenue at 41%, and other revenue at 15%.

Both hotels experienced a continuous increase in occupancy rates and average room rates since the fourth quarter of 2022, resulting in a 9% growth in room revenue compared to the previous quarter and a 374% growth compared to the same period last year. The growth can be attributed to the effective marketing strategies of the hotels, which placed great importance on targeting an increasing number of international tourists visiting Thailand consistently. As a result, the proportion of foreign customers in this quarter reached 88% of the total room nights, and it continued to increase compared to the previous quarter. The top five countries among the domestic customer group for both hotels were China, South Korea, the United States, Thailand, and Hong Kong.

Additionally, the food and beverage revenue grew by 62% compared to the same period of the previous year. This increase in revenue can be attributed to both the hotel's restaurants and various banquet events. In the same period last year, both hotels were still experiencing the impact of COVID-19, and as a result, F&B revenue had decreased by 13% from the fourth quarter of 2022, which is considered a normal trend as the fourth quarter is a season of festivals and celebrations.

For the year 2023, the Company has set a revenue target of THB 2,800mn, representing a growth of approximately 31% from 2022. The projected growth is primarily supported by the potential of both hotels, which have been continuously developing and enhancing their quality and strengths. This is done to maintain the leadership position of the Ultra-Luxury hotel group and being ready to take advantage of the ongoing recovery of international tourists and the Thai tourism industry.

**KEY BUSINESS UPDATES IN 1Q23**

1. The Company has been certified as a member of the Thai Private Sector Collective Action Against Corruption (CAC) for the third time since 2017. The Company is committed to being part of the Thai private sector's collective action in combating corruption.
2. The Company has implemented additional strategies for the year 2023 to drive sustainable growth and position as investor in and developer the hotel and service industry that focus on economic, environmental, social, and stakeholder dimensions. These measures are aimed at being prepared to adapt to the constantly changing global landscape. This includes managing and developing internal control systems, respecting local culture, conserving biodiversity, managing water and energy, reducing waste, and responsible procurement.
3. Côte by Mauro Colagreco, the restaurant at the Capella Bangkok hotel, has been selected as the 71st restaurant in Asia's 50 Best Restaurants 2023 list, which was announced in March 2023.

1Q23 PERFORMANCE

Unit: THB mn	1Q22	1Q23	Change	% YoY
Revenues from hotel operations	327.89	811.85	483.96	147.6%
Revenue from sales and services	3.33	3.41	0.08	2.4%
Gain from sales of plant and equipment	74.43	0.06	(74.37)	-99.9%
Other income	31.20	1.57	(29.63)	-95.0%
Total revenues	436.85	816.89	380.04	87.0%
Cost of hotel operations	(319.12)	(485.95)	166.83	52.3%
Cost of sales and services	(2.45)	(2.37)	(0.08)	-3.3%
Selling expenses	(44.81)	(73.59)	28.78	64.2%
Administrative expenses	(97.75)	(131.22)	33.47	34.2%
Total expenses	(464.13)	(693.13)	229.00	49.3%
Operating profit (loss)	(27.28)	123.76	151.04	553.7%
Share of loss from investments in joint ventures	(0.01)	(0.01)	-	-
Finance income	1.21	1.04	(0.17)	-14.0%
Finance cost	(83.47)	(101.76)	18.29	21.9%
Income tax (expense) revenue	6.88	(6.00)	(12.88)	-187.2%
Net profit (loss)	(102.67)	17.03	119.70	116.6%
Earnings (loss) per share (THB)	(0.36)	0.06	0.42	116.7%
EBITDA	49.12	200.80	151.68	308.8%

1Q23 PERFORMANCE ANALYSIS

In 1Q23, the Company reported **total revenues** of THB 816.89mn, a significant increase of THB 380.04mn or 87.0% from 1Q22, primarily due to the recognition of revenues from hotel operations of THB 811.85mn from the growth of international tourist offset with decreased gain from sales of plant and equipment of THB 74.37mn and other income of THB 29.63mn from business transformation in the same period of the previous year.

The Company's **total expenses** for 1Q23 were THB 693.13mn, an increase of THB 229.00mn or 49.3% from the same period last year, consist of cost of hotel operations of THB 485.95mn, selling expenses of THB 73.59mn and administrative expenses of THB 131.22mn which increase in line with revenue.

In 1Q23, the Company incurred a **finance cost** of THB 101.76mn, increasing by THB 18.29mn or 21.9% from the same period last year, due to loans under the hotel business and the Company's debentures.

Consequently, the Company posted a **net profit for the period** of THB 17.03mn, reversing the loss from 1Q22 and marking a consecutive net profit from the previous quarter, while the Company's earnings per share stood at THB 0.06. Moreover, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 200.80mn in this quarter.



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FINANCIAL POSITION AS AT 31 MARCH 2023

ASSETS	31 December 2022		31 March 2023		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Cash and cash equivalents	701.00	5.3%	709.70	5.3%	8.70	1.2%
Trade and other receivables	107.82	0.8%	79.57	0.6%	(28.25)	-26.2%
Inventories	44.96	0.3%	44.56	0.3%	(0.40)	-0.9%
Other current financial assets	59.93	0.4%	59.24	0.4%	(0.69)	-1.2%
Other current assets ¹	372.82	2.8%	580.25	4.5%	207.43	55.6%
Total current assets	1,286.53	9.6%	1,473.32	11.1%	186.79	14.5%
Restricted bank deposits	260.36	2.0%	280.36	2.1%	20.00	7.7%
Property, plant, and equipment	3,220.57	24.1%	3,179.19	23.9%	(41.38)	-1.3%
Right-of-use assets	8,210.83	61.5%	8,180.80	61.5%	(30.03)	-0.4%
Intangible assets	43.51	0.3%	48.65	0.4%	5.14	11.8%
Deferred tax assets	75.37	0.6%	68.56	0.5%	(6.81)	-9.0%
Other non-current assets ²	248.46	1.9%	64.08	0.5%	(184.38)	-74.2%
Total non-current assets	12,059.10	90.4%	11,821.64	88.9%	(237.46)	-2.0%
Total assets	13,345.63	100.0%	13,294.96	100.0%	(50.67)	-0.4%

¹ Other current assets consist of assets held for sale and other current assets.

² Other non-current assets consist of investments in joint ventures, investment properties and other non-current assets.

Total assets of the Company as at 31 March 2023 stood at THB 13,294.96mn, a decrease of THB 50.67mn or 0.4% from total assets as at 31 December 2022. The decrease was primarily attributed to a decrease in 1) trade and other receivables in accordance with revenue from hotel operations, 2) property, plant, and equipment and right-of-use assets from depreciation over the period. The Company has reclassified assets held for sale from other non-current assets as other current assets.

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2022		31 March 2023		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	986.42	7.4%	986.74	7.4%	0.32	0.0%
Trade and other payables	371.07	2.8%	324.92	2.4%	(46.15)	-12.4%
Share subscription payable	140.25	1.1%	140.25	1.1%	-	-
Current portion of long-term loans	22.50	0.2%	47.50	0.4%	25.00	111.1%
Current portion of debenture	-	-	572.90	4.3%	572.90	N.A.
Current portion of lease liabilities	4.09	0.0%	4.03	0.0%	(0.06)	-1.5%
Other current liabilities ³	241.54	1.7%	211.77	1.6%	(29.77)	-12.3%
Total current liabilities	1,765.87	13.2%	2,288.11	17.2%	522.24	29.6%
Long-term loans from financial institution – net ⁴	1,950.35	14.6%	1,925.97	14.5%	(24.38)	-1.3%
Long-term loans from related parties	2,000.00	15.0%	2,000.00	15.0%	-	-
Long-term debenture – net ⁴	886.35	6.7%	314.82	2.4%	(571.53)	-64.5%
Lease liabilities – net ⁴	363.68	2.7%	367.94	2.8%	4.26	1.2%
Deferred tax liabilities	241.89	1.8%	241.08	1.8%	(0.81)	-0.3%
Provision for long-term employee benefits	34.79	0.3%	37.31	0.3%	2.52	7.2%
Total non-current liabilities	5,477.06	41.1%	4,887.12	36.8%	(589.94)	-10.8%
Total liabilities	7,242.93	54.3%	7,175.23	54.0%	(67.70)	-0.9%
Total shareholders' equity	6,102.70	45.7%	6,119.73	46.0%	17.03	0.3%
Total liabilities and shareholders' equity	13,345.63	100.0%	13,294.96	100.0%	(50.67)	-0.4%

³ Other current liabilities consist of deposits and advance received from customers, provision for restoration and rehabilitation expenses and other current liabilities.

⁴ Net of current portion

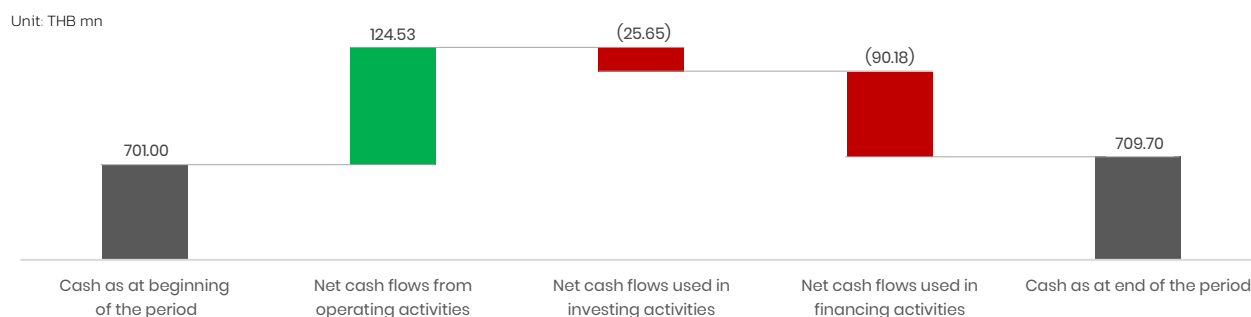
Total liabilities of the Company as at 31 March 2023 were THB 7,175.23mn, consisting of total current liabilities of THB 2,288.11mn, equivalent to 31.89% of total liabilities, and non-current liabilities of THB 4,887.12mn, equivalent to 68.11% of total liabilities. Total liabilities decreased by THB 67.70mn or 0.9% from total liabilities as at 31 December 2022 mainly due to trade and other payables in line with cost of hotel operations.



Total shareholders' equity stood at THB 6,119.73mn as at 31 March 2023, increased by THB 17.03mn or 0.3% from 31 December 2022 mainly due to net profit during the period.

As at 31 March 2023, the Company had total interest-bearing liabilities at THB 5,847.93mn and the interest-bearing liabilities to equity ratio was at 0.96 times⁵. The Company's debt-to-equity ratio was 1.17 time.

LIQUIDITY AND CASH FLOW



As at 31 March 2023, the Company's **cash and cash equivalents** stood at THB 709.70mn, increased by 1.2% or THB 8.70mn from 31 December 2022. The Company reported **net cash flows from operating activities** of THB 124.53mn,. The Company's **net cash flows used in investing activities** was THB 25.65mn, mainly from acquisition of assets of THB 28.14mn. **Net cash flows used in financing activities** were THB 90.18mn, mainly due to interest paid during the period of THB 68.81mn.

Sincerely yours,

.....
Mrs.Kamonwan Wipulakorn
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⁵ The Company's interest-bearing liabilities includes short-term loans from financial institution, current portion of long-term loans, current portion of debenture, long-term loans from financial institution, long-term loans from related party and debentures.