



BOUND&BEYOND

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8 November 2023

Re: Management Discussion and Analysis (MD&A) the Third Quarter of 2023 Ended 30 September 2023  
To: President of The Stock Exchange of Thailand  
Fellow Shareholders and Investors

### **MANAGEMENT'S OUTLOOK ON OPERATIONS**

Since the beginning of 2023, the atmosphere of tourism in Thailand has consistently improved compared to the previous year, due to the recovery of international tourists from all countries. Although typically 2<sup>nd</sup> and 3<sup>rd</sup> quarters are low seasons for both the Thai and foreign tourist markets, the number of international tourists who traveled to Thailand in 3Q23 reached the highest record of 7.1 million tourist arrivals, a 96% growth or nearly double the number from the same period of the previous year. The group of Asian tourists remains the most prominent and consistent group with remarkable growth, particularly the Chinese tourists, who have consistently expanded since the beginning of last year. The top 5 international tourists in this quarter include Malaysia, China, India, South Korea, and Vietnam. For the first 9 months of 2023, Thailand had approximately 20 million inbound tourists, marking a 250% increase from the same period in 2022, and accounting for 68% of the number of tourists from the same period in 2019.

For the third quarter of 2023, the Company's revenue from hotel operations from both of hotels, Four Seasons Hotel Bangkok on the Chao Phraya River and Capella Bangkok, amounted to 673 million baht, marking a 28% growth from 3Q22. The revenue composition includes room revenue at 47%, food and beverage revenue at 45%, and other revenue at 8%. Both room and food and beverage revenues grew from the same period last year due to the continuous recovery of the Thai tourism industry. In 3Q23, both of the Company's hotels experienced an increase in occupancy rates and average room rates compared to 3Q22. This led to a 45% growth in Revenue per Available Room (RevPAR) compared to the same period in 2022. The rise in food and beverage revenue was due to an increase in banquet events from the third quarter of 2022. The main customer groups for the two hotels were from China, South Korea, the United States, Hong Kong, and Thailand. Over the past nine months, the Company's hotel business revenue amounted to THB 2,095mn, surpassing the set goal by 7% and rising by 61% from the same period the previous year.

For the overall outlook of the year 2023, the Company is confident in achieving the revenue target of THB 2,800mn, which represents an approximate growth of 31% from 2022. This will be facilitated by factors supporting the high-season tourism during the remaining period of this year. Both of the Company's hotels are ready to offer services at the Ultra-Luxury standard and have implemented marketing strategies in all aspects, including room, F&B outlets, and Banquet & event hosting. The approach aims to gear up for the significant year-end festive season. Additionally, the support from the Thai government in providing visa waivers to major groups of international tourists, such as China and India, is expected to further stimulate and invigorate the tourism situation in Thailand.

### **KEY BUSINESS UPDATES IN 3Q23**

- The Company divested an investment in a subsidiary, which was an asset from its previous business. This divestment was executed as part of the Asset Monetization strategy, resulting in a recognized gain from the sale of THB 7.09mn and receiving compensation in cash valued at THB 14.47mn.
- Awards and Recognitions:
  1. The Company has been rated "Excellent (5-star rating)" from the Corporate Governance of Listed Companies survey by the Thai Institute of Directors (IOD) and supported by the Stock Exchange of



Thailand (SET) for the year 2023 which is the second consecutive year.

2. The Company received the "Contribution to Thailand's Hospitality Industry" award from the Thailand's Favorite Restaurants 2023-2024 announcement by KOKTAIL magazine, a leading food and lifestyle magazine in Thailand.
3. Awards received by For Seasons Hotel Bangkok at Chao Phraya River;
  - Ranked 3<sup>rd</sup> among the best hotels globally and ranked 1<sup>st</sup> in Asia and Thailand by The World's 50 Best Hotels 2023.
  - "BKK Social Club"; which is bar at the hotel was awarded the 13<sup>th</sup> best bar globally (up from 14<sup>th</sup> in the previous year) and ranked 1<sup>st</sup> in Asia by The World's 50 Best Bars 2023.
  - "Riva del Fiume" Italian restaurant and "Yu Ting Yuan" Chinese restaurant were selected as one of the 30 restaurants from "Thailand's Favorite Restaurants 2023-2024". Additionally, Executive Chef "Andrea Accordi" received the "Exceptional Culinary Contribution" award from KOKTAIL magazine, a leading food and lifestyle magazine in Thailand.
4. Awards received by Capella Bangkok;
  - Ranked 11<sup>th</sup> among the best hotels globally and received the "Best New Hotel Award" from The World's 50 Best Hotels 2023.
  - "Cote by Mauro Colagreco" was selected as one of the 30 restaurants awarded "Thailand's Favorite Restaurants 2023-2024" by KOKTAIL magazine, a leading food and lifestyle magazine in Thailand.

### 3Q23 PERFORMANCE

Unit: THB mn	3Q22	3Q23	Change	% YoY
Revenues from hotel operations	526.40	673.17	146.77	27.9%
Other revenue <sup>1</sup>	11.05	16.46	5.41	49.0%
<b>Total revenues</b>	<b>537.45</b>	<b>689.63</b>	<b>152.18</b>	<b>28.3%</b>
Cost of hotel operations	(395.69)	(464.78)	(69.09)	17.5%
Selling expenses	(53.51)	(65.46)	(11.95)	22.3%
Administrative expenses	(138.44)	(117.82)	20.62	-14.9%
<b>Total expenses</b>	<b>(587.64)</b>	<b>(648.06)</b>	<b>(60.42)</b>	<b>10.3%</b>
<b>Operating profit (loss)</b>	<b>(50.19)</b>	<b>41.57</b>	<b>91.76</b>	<b>-182.8%</b>
Finance cost	(97.59)	(109.14)	(11.55)	11.8%
Income tax revenue	0.82	4.83	4.01	489.0%
Others <sup>2</sup>	1.65	1.60	(0.05)	-3.0%
<b>Net loss for the period</b>	<b>(145.31)</b>	<b>(61.14)</b>	<b>84.17</b>	<b>-57.9%</b>
<b>Loss per share (THB)</b>	<b>(0.50)</b>	<b>(0.21)</b>	<b>0.29</b>	<b>-58.0%</b>
<b>EBITDA</b>	<b>27.18</b>	<b>119.87</b>	<b>92.69</b>	<b>341.0%</b>

<sup>1</sup>Other revenue consist of gain from disposal/liquidation of investment in subsidiaries, and other income.

<sup>2</sup>Others consist of share of loss from investments in joint ventures, finance income, and profit for the period from discontinued operation.

**3Q23 PERFORMANCE ANALYSIS**

In 3Q23, the Company reported **total revenues** of THB 689.63mn, a significant increase of THB 152.18mn or 28.3% from 3Q22, primarily due to the recognition of revenues from hotel operations of THB 673.17mn from the steady growth of international tourist.

The Company's **total expenses** for 3Q23 were THB 648.06mn, an increase of THB 60.42mn or 10.3% from the same period last year, consist of cost of hotel operations of THB 464.78mn, selling expenses of THB 65.46mn and administrative expenses of THB 117.82mn which increase in line with revenue.

In 3Q23, the Company incurred a **finance cost** of THB 109.14mn, increasing by THB 11.55mn or 11.8% from the same period last year, due to loans under the hotel business and the Company's debentures.

Consequently, the Company posted a **net loss for the three-month period ended 30 September 2023** of THB 61.14mn, while the Company's loss per share stood at THB 0.21. Moreover, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 119.87mn in this quarter.

**FINANCIAL POSITION AS AT 30 SEPTEMBER 2023**

ASSETS	31 December 2022		30 September 2023		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Cash and cash equivalents	701.00	5.3%	1,260.82	9.3%	559.82	79.9%
Trade and other receivables	107.82	0.8%	77.47	0.6%	(30.35)	-28.1%
Inventories	44.96	0.3%	55.21	0.4%	10.25	22.8%
Other current financial assets	59.93	0.4%	49.68	0.4%	(10.25)	-17.1%
Other current assets	372.82	2.8%	299.54	2.2%	(73.28)	-19.7%
<b>Total current assets</b>	<b>1,286.53</b>	<b>9.6%</b>	<b>1,742.72</b>	<b>12.9%</b>	<b>456.19</b>	<b>35.5%</b>
Restricted bank deposits	260.36	2.0%	294.67	2.2%	34.31	13.2%
Property, plant, and equipment	3,220.57	24.1%	3,133.93	23.2%	(86.64)	-2.7%
Right-of-use assets	8,210.83	61.5%	8,120.57	60.3%	(90.26)	-1.1%
Intangible assets	43.51	0.3%	46.12	0.3%	2.61	6.0%
Deferred tax assets	75.37	0.6%	86.25	0.6%	10.88	14.4%
Other non-current assets <sup>3</sup>	248.46	1.9%	73.21	0.5%	(175.25)	-70.5%
<b>Total non-current assets</b>	<b>12,059.10</b>	<b>90.4%</b>	<b>11,754.75</b>	<b>87.1%</b>	<b>(304.35)</b>	<b>-2.5%</b>
<b>Total assets</b>	<b>13,345.63</b>	<b>100.0%</b>	<b>13,497.47</b>	<b>100.0%</b>	<b>151.84</b>	<b>1.1%</b>

<sup>3</sup> Other non-current assets consist of investments in joint ventures, investment properties and other non-current assets.

**Total assets** of the Company as at 30 September 2023 stood at THB 13,497.47mn, an increase of THB 151.84mn or 1.1% from total assets as at 31 December 2022. The increase was primarily attributed to an increase in 1) cash and cash equivalents of THB 559.82mn which mainly came from proceeds from sales of investment properties offset by 2) decline in investment properties 3) trade and other receivables in accordance with revenue from hotel operations, 4) property, plant, and equipment and right-of-use assets from depreciation over the period.



LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2022		30 September 2023		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	986.42	7.4%	987.36	7.3%	0.94	0.1%
Trade and other payables	371.07	2.8%	376.97	2.8%	5.90	1.6%
Share subscription payable	140.25	1.1%	140.25	1.0%	-	0.0%
Current portion of long-term loans	22.50	0.2%	97.50	0.7%	75.00	333.3%
Current portion of debenture	-	-	574.89	4.3%	574.89	N.A.
Current portion of lease liabilities	4.09	0.0%	3.93	0.0%	(0.16)	-3.9%
Other current liabilities <sup>4</sup>	241.54	1.7%	197.35	1.5%	(44.19)	-18.3%
<b>Total current liabilities</b>	<b>1,765.87</b>	<b>13.2%</b>	<b>2,378.25</b>	<b>17.6%</b>	<b>612.38</b>	<b>34.7%</b>
Long-term loans from financial institution – net <sup>5</sup>	1,950.35	14.6%	1,877.22	14.0%	(73.13)	-3.7%
Long-term loans from related parties	2,000.00	15.0%	2,000.00	14.8%	-	0.0%
Long-term debenture – net <sup>5</sup>	886.35	6.7%	315.60	2.3%	(570.75)	-64.4%
Lease liabilities – net <sup>5</sup>	363.68	2.7%	364.62	2.7%	0.94	0.3%
Deferred tax liabilities	241.89	1.8%	239.46	1.8%	(2.43)	-1.0%
Provision for long-term employee benefits	34.79	0.3%	42.34	0.3%	7.55	21.7%
<b>Total non-current liabilities</b>	<b>5,477.06</b>	<b>41.1%</b>	<b>4,839.24</b>	<b>35.9%</b>	<b>(637.82)</b>	<b>-11.6%</b>
<b>Total liabilities</b>	<b>7,242.93</b>	<b>54.3%</b>	<b>7,217.49</b>	<b>53.5%</b>	<b>(25.44)</b>	<b>-0.4%</b>
<b>Total shareholders' equity</b>	<b>6,102.70</b>	<b>45.7%</b>	<b>6,279.98</b>	<b>46.5%</b>	<b>177.28</b>	<b>2.9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,345.63</b>	<b>100.0%</b>	<b>13,497.47</b>	<b>100.0%</b>	<b>151.84</b>	<b>1.1%</b>

<sup>4</sup> Other current liabilities consist of deposits and advance received from customers, and other current liabilities.

<sup>5</sup> Net of current portion

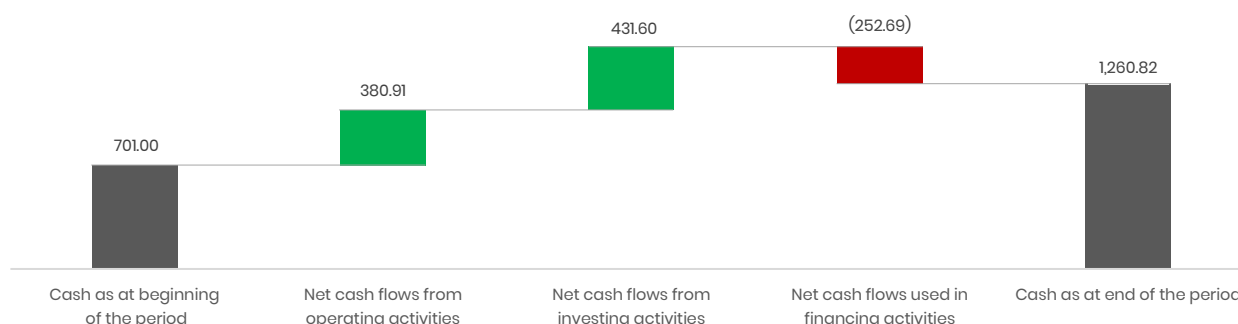
**Total liabilities** of the Company as at 30 September 2023 were THB 7,217.49mn, consisting of total current liabilities of THB 2,378.25mn, equivalent to 32.95% of total liabilities, and non-current liabilities of THB 4,839.24mn, equivalent to 67.05% of total liabilities. Total liabilities decreased by THB 25.44mn or 0.4% from total liabilities as at 31 December 2022 mainly due to other current liabilities.

**Total shareholders' equity** stood at THB 6,279.98mn as at 30 September 2023, increased by THB 177.28mn or 2.9% from 31 December 2022 mainly due to net profit during the period.

As at 30 September 2023, the Company had total interest-bearing liabilities at THB 5,852.57mn and the interest-bearing liabilities to equity ratio was at 0.93 times<sup>6</sup>. The Company's debt-to-equity ratio was 1.15 time.

### Consolidated Financial Statements

Unit: MB



As at 30 September 2023, the Company's **cash and cash equivalents** stood at THB 1,260.82mn, increased by 79.9% or THB 559.82mn from 31 December 2022. The Company reported **net cash flows from operating activities** of THB 380.91mn. The Company's **net cash flows from investing activities** was THB 431.60mn, mainly from proceeds from sales

<sup>6</sup> 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, net of current portion, long-term loans from related party and debentures, net of current portion.



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of investment properties – net of THB 483.46mn. **Net cash flows used in financing activities** were THB 252.69mn, mainly due to interest paid during the period of THB 214.45mn.

Sincerely yours,

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