



BOUND&BEYOND

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Ref. BEYOND/BKK-BS-056/2023

8 August 2023

Re: Management Discussion and Analysis (MD&A) the Second Quarter of 2023 Ended 30 June 2023

To: President of The Stock Exchange of Thailand

Fellow Shareholders and Investors

MANAGEMENT'S OUTLOOK ON OPERATIONS

Thailand's tourism industry has continued to show consistent improvement in second quarter of year 2023, compared to the same period of the previous year. The number of international tourists entering Thailand reached 6.4 million, representing a remarkable growth of 307% from second quarter of the previous year. The top three countries contributing to this increase were Malaysia, China, and India, which have historically been the primary tourist groups for Thailand even before the COVID-19 pandemic in 2019. This recovery indicates the resilience of Thailand's tourism industry, as it has once again become a popular destination for international travelers. The tourism situation in Thailand during this quarter followed the usual low season pattern, similar to the period before the COVID-19 pandemic in 2019. European and American tourists decreased their visits, while Asian tourists, especially from China, continued to increase due to the country's progressive reopening since the beginning of the year. In the first six months of 2023, Thailand welcomed approximately 13 million international tourists, which is over 5 times more than the same period in 2022 and accounts for 63% of the number of tourists during the same period before the COVID-19 pandemic in 2019. These figures align with the target set by the Tourism Authority of Thailand (TAT) for the year 2023, which aims to attract 25-30 million foreign tourists, with 5 million of them being Chinese tourists, accounting for about 45% of the year 2019 figures.

In the second quarter of 2023, the company generated revenue from hotel operations at both properties, which are Four Seasons Hotel Bangkok on the Chao Phraya River and Capella Bangkok. The total revenue amounted to THB 610mn, showing a growth of 37% compared to the second quarter of the previous year. The hotel revenue distribution for this period consists of room revenue accounting for 54%, food and beverage revenue for 39%, and other revenue contributing 7%. During this quarter, both hotels witnessed an increase in the average occupancy rate and average room rate compared to the second quarter of 2022, leading to a remarkable 133% growth in revenue per room compared to the same period last year.

In the first half of 2023, the company's revenue from the hotel business amounted to THB 1,422mn, surpassing the set target by 12% and showing an impressive 84% increase compared to the same period in the previous year. This growth was attributed to the strong performance in both room revenue and food and beverage revenue, including banquet services. The main customer groups at both hotels are from China, South Korea, the United States, Hong Kong, and Thailand. These customer groups have been consistently popular since the beginning of the year. The continuous positive feedback from international customers is a result of the company's well-defined competitive strategies and distinctive service offerings. This is evident through the numerous global hotel awards received and the hotels' prominent rankings among Thailand's top-rated establishments.

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 supported by several key factors, including the potential of both hotels owned by the company. These hotels have been consistently focused on developing and enhancing their quality and strengths to maintain their leadership position among Ultra-Luxury hotels. Additionally, the continuous growth of Thailand's tourism industry as a popular destination for international travelers also contributes to the positive outlook for the company's revenue. Considering these factors and the overall positive outlook for the tourism industry, the company



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believes it has the capability to achieve better profit margins than the previous year and realize its revenue target for the year 2023.

KEY BUSINESS UPDATES IN 2Q23

1. The Company successfully executed the sale of land located in Rayong province, covering an area of 52 rai. This sale was part of the Company's Asset Monetization strategy, which involves selling assets from its previous business operations. The transaction was completed in May 2023 and the company realized a profit of THB 317.47 mn from the sale of the property. This profit contributed positively to the company's financial performance during the second quarter of the year 2023.
2. Capella Bangkok has received the following prestigious awards:
 - Received a fifth-ranked score from the "Best Hotels in the World" and ranked as the no.1 of "Best Hotel in Thailand" by "La Liste," an authoritative French hotel and restaurant rating guide.
 - Awarded in the 2nd place in the categories of "Best City Hotels" and "Best Hotel Spa" and ranked as the 1st place in the "Best Hotel General Managers" category by the Luxury Awards Asia Pacific 2023, organized by Travel+Leisure Luxury Southeast Asia magazine.
 - Awarded in the "5-Star Tier" for both the hotel and spa categories from the Forbes Travel Guide Star Award Winners 2023. It is also one of the three hotels in Thailand to receive this prestigious award.
3. Four Seasons Hotel Bangkok at Chao Phraya River has received the following awards:
 - Ranked as the 6th "Best Hotel in Thailand" by "La Liste," an authoritative French hotel and restaurant rating guide.
 - Awarded in the 5th place in the "Best City Hotels" category and the 9th place in the "Best Hotel Spa" category by the Luxury Awards Asia Pacific 2023, organized by Travel+Leisure Luxury Southeast Asia magazine.
 - BKK Social Club, a famous bar of the hotel, has been ranked by Asia's 50 Best Bars as the 3rd "Best Bar in Asia" and continues to hold the top spot as the best bar in Thailand for consecutive years.

**2Q23 PERFORMANCE**

Unit: THB mn	2Q22	2Q23	Change	% YoY
Revenues from hotel operations	444.89	610.00	165.11	37.1%
Revenue from sales and services	3.36	3.92	0.56	16.7%
Gain from sales of investment properties and equipment	0.79	317.47	316.68	40,086.1%
Other income	2.13	0.01	(2.12)	-99.5%
Total revenues	451.17	931.40	480.23	106.4%
Cost of hotel operations	(355.22)	(434.82)	79.60	22.4%
Cost of sales and services	(2.48)	(3.20)	0.72	29.0%
Selling expenses	(50.24)	(67.39)	17.15	34.1%
Administrative expenses	(115.92)	(131.14)	15.22	13.1%
Total expenses	(523.86)	(636.55)	112.69	21.5%
Operating profit (loss)	(72.69)	294.85	367.54	505.6%
Finance income	1.37	2.45	1.08	78.8%
Finance cost	(123.10)	(106.84)	(16.26)	-13.2%
Income tax revenue	11.27	14.48	3.21	28.5%
Net profit (loss)	(183.15)	204.94	388.09	211.9%
Earnings (loss) per share (THB)	(0.63)	0.71	1.34	212.7%
EBITDA	4.27	373.62	369.35	8,649.9%

2Q23 PERFORMANCE ANALYSIS

In 2Q23, the Company reported **total revenues** of THB 931.40mn, a significant increase of THB 480.23mn or 106.4% from 2Q22, primarily due to the recognition of revenues from hotel operations of THB 610.0mn from the steady growth of international tourist. Moreover, the Company recognized gain from sales of investment properties and equipment of THB 317.47mn due to the sale of land to strengthen capital for future investments.

The Company's **total expenses** for 2Q23 were THB 636.55mn, an increase of THB 112.69mn or 21.5% from the same period last year, consist of cost of hotel operations of THB 434.82mn, selling expenses of THB 67.39mn and administrative expenses of THB 131.14mn which increase in line with revenue.

In 2Q23, the Company incurred a **finance cost** of THB 106.84mn, decreasing by THB 16.26mn or 13.2% 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 204.94mn, reversing the loss from 2Q22, while the Company's earnings per share stood at THB 0.71. Moreover, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 373.62mn in this quarter.



FINANCIAL POSITION AS AT 30 JUNE 2023

ASSETS	31 December 2022		30 June 2023		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Cash and cash equivalents	701.00	5.3%	1,215.22	9.0%	514.22	73.4%
Trade and other receivables	107.82	0.8%	55.79	0.4%	(52.03)	-48.3%
Inventories	44.96	0.3%	49.81	0.4%	4.85	10.8%
Other current financial assets	59.93	0.4%	48.79	0.4%	(11.14)	-18.6%
Other current assets	372.82	2.8%	303.37	2.2%	(69.45)	-18.6%
Total current assets	1,286.53	9.6%	1,672.98	12.4%	386.45	30.0%
Restricted bank deposits	260.36	2.0%	291.67	2.2%	31.31	12.0%
Property, plant, and equipment	3,220.57	24.1%	3,151.93	23.4%	(68.64)	-2.1%
Right-of-use assets	8,210.83	61.5%	8,150.72	60.5%	(60.11)	-0.7%
Intangible assets	43.51	0.3%	47.40	0.4%	3.89	8.9%
Deferred tax assets	75.37	0.6%	82.23	0.6%	6.86	9.1%
Other non-current assets ¹	248.46	1.9%	75.42	0.5%	(173.04)	-69.6%
Total non-current assets	12,059.10	90.4%	11,799.37	87.6%	(259.73)	-2.2%
Total assets	13,345.63	100.0%	13,472.35	100.0%	126.72	0.9%

¹ 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 June 2023 stood at THB 13,472.35mn, an increase of THB 126.72mn or 0.9% from total assets as at 31 December 2022. The increase was primarily attributed to an increase in 1) cash and cash equivalents of THB 514.22mn 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 June 2023		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	986.42	7.4%	987.05	7.3%	0.63	0.1%
Trade and other payables	371.07	2.8%	334.00	2.5%	(37.07)	-10.0%
Share subscription payable	140.25	1.1%	140.25	1.0%	-	-
Current portion of long-term loans	22.50	0.2%	72.50	0.5%	50.00	222.2%
Current portion of debenture	-	-	573.89	4.3%	573.89	N.A.
Current portion of lease liabilities	4.09	0.0%	3.98	0.0%	(0.11)	-2.7%
Other current liabilities ²	241.54	1.7%	166.70	1.3%	(74.84)	-31.0%
Total current liabilities	1,765.87	13.2%	2,278.37	16.9%	512.5	29.0%
Long-term loans from financial institution – net ³	1,950.35	14.6%	1,901.60	14.1%	(48.75)	-2.5%
Long-term loans from related parties	2,000.00	15.0%	2,000.00	14.8%	-	-
Long-term debenture – net ³	886.35	6.7%	315.21	2.3%	(571.14)	-64.4%
Lease liabilities – net ³	363.68	2.7%	360.40	2.7%	(3.28)	-0.9%
Deferred tax liabilities	241.89	1.8%	240.27	1.8%	(1.62)	-0.7%
Provision for long-term employee benefits	34.79	0.3%	39.82	0.4%	5.03	14.5%
Total non-current liabilities	5,477.06	41.1%	4,857.30	36.1%	(619.76)	-11.3%
Total liabilities	7,242.93	54.3%	7,135.67	53.0%	(107.26)	-1.5%
Total shareholders' equity	6,102.70	45.7%	6,336.68	47.0%	233.98	3.8%
Total liabilities and shareholders' equity	13,345.63	100.0%	13,472.35	100.0%	126.72	0.9%

² Other current liabilities consist of deposits and advance received from customers, provision for restoration and rehabilitation expenses and other current liabilities.

³ Net of current portion

Total liabilities of the Company as at 30 June 2023 were THB 7,135.67mn, consisting of total current liabilities of THB 2,278.37mn, equivalent to 31.93% of total liabilities, and non-current liabilities of THB 4,857.30mn, equivalent to 68.07% of total liabilities. Total liabilities decreased by THB 107.26mn or 1.5% from total liabilities as at 31 December 2022 mainly due to trade and other payables in line with cost of hotel operations.

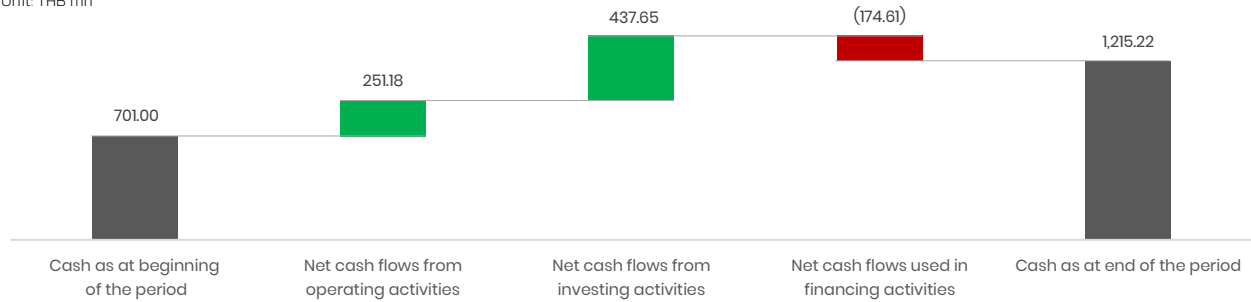


Total shareholders' equity stood at THB 6,336.68mn as at 30 June 2023, increased by THB 233.98mn or 3.8% from 31 December 2022 mainly due to net profit during the period.

As at 30 June 2023, the Company had total interest-bearing liabilities at THB 5,850.25mn and the interest-bearing liabilities to equity ratio was at 0.92 times⁴. The Company's debt-to-equity ratio was 1.13 time.

LIQUIDITY AND CASH FLOW

Unit: THB mn



As at 30 June 2023, the Company's **cash and cash equivalents** stood at THB 1,215.22mn, increased by 73.4% or THB 514.22mn from 31 December 2022. The Company reported **net cash flows from operating activities** of THB 251.18mn,. The Company's **net cash flows from investing activities** was THB 437.65mn, mainly from proceeds from sales of investment properties – net of THB 483.46mn. **Net cash flows used in financing activities** were THB 174.61mn, mainly due to interest paid during the period of THB 140.75mn.

Sincerely yours,

.....
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⁴ 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.