



BOUND&BEYOND

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Ref. BEYOND/BKK-BS-074/2024

9 August 2024

Re: Management Discussion and Analysis (MD&A) for the Second Quarter of 2024 Ended 30 June 2024  
To: President of The Stock Exchange of Thailand  
Fellow Shareholders and Investors

#### **MANAGEMENT PERSPECTIVE IN 2Q24**

In the second quarter of 2024, Thai tourism continued to recover well compared to the previous year. One of the key factors driving this recovery was the continuous support measures from the Thai government, such as visa exemptions for tourists from 93 countries and the return of Chinese tourists, who are one of the main tourist groups gradually recovering in line with economic conditions. This resulted in a steady increase in the number of foreign tourists visiting Thailand, with longer stays. The government also targeted new tourist markets such as Eastern Europe and South America by offering Visa on Arrival privileges. These measures not only helped increase the number of tourists during the low season but also promoted sustainable growth in Thailand's tourism economy. Related businesses, such as hotels, restaurants, and services, also benefited from this recovery. In 2Q24, Thailand welcomed 8.1 million international tourists, an increase of 26% compared to the same period last year. The top five tourist groups this quarter were from China, Malaysia, India, South Korea, and Laos. In the first six months of 2024, 17.5 million international tourists visited Thailand, a growth of 35% from the same period last year and 88% compared to the same period in 2019, the pre-COVID year. The domestic tourism market in Thailand also continued to recover well, with 100.1 million domestic tourists in the first half of 2024, an increase of 9.3%, supported by government efforts to stimulate domestic tourism alongside international markets.

For 2Q24, the Company generated revenue from its hotel operations from the two hotels, Four Seasons Hotel Bangkok at Chao Phraya River and Capella Bangkok, amounting to THB 762mn, a 25% increase compared to the same quarter of the previous year. This revenue consists of 52% from room revenue, 41% from food and beverage revenue, and 7% from other revenues. In this quarter, both the occupancy rate and the average room rate of the two hotels increased from 2Q23, resulting in a 20% growth in RevPAR compared to the same period in 2023. Food and Beverage revenue increased by 31% from 2Q23, mainly driven by banquets that received positive responses from customers. The growth in both room and food and beverage (F&B) services resulted from effective competitive strategies and improved management efficiency in both hotels, maintaining their leadership in the Ultra-Luxury hotel segment and adapting to the recovery of international clients and new markets according to the Thai tourism situation.

For the overall outlook for the year 2024, the Company targets hotel business revenue of THB 3,300mn, representing an 11% growth from 2023, with expectations of improved profit margins compared to last year. This growth is driven by several key external factors. A major contributor to this growth will be the potential of the Company's two hotels, which have continuously developed their quality and strengthened their competitive advantages. Additionally, the growth in Thailand's tourism, which remains a popular destination for international tourists, supports this positive outlook. In the first half of 2024, the Company's hotel business revenue amounted to THB 1,714mn, a 21% increase compared to the same period last year. This performance has already exceeded the revenue target, driven by growth in both room and food and beverage (F&B) services.

**KEY DEVELOPMENT AND ACHIEVEMENT IN 2Q24:**

1. Capella Bangkok Hotel received the top award in the Best City Hotels category at the Luxury Awards Asia Pacific 2024, organized by Travel+Leisure Luxury Southeast Asia magazine.
2. Four Seasons Hotel Bangkok at Chao Phraya River received the 6th place award in the Best City Hotels category and the 1st place award in the Best Hotel Pools in Thailand category at the Luxury Awards Asia Pacific 2023, also organized by Travel+Leisure Luxury Southeast Asia magazine. Additionally, BKK Social Club maintained its position as the number one bar in Thailand and was ranked 7th among the best bars in Asia.

**2Q24 PERFORMANCE**

Unit: THB mn	2Q23	2Q24	Change	% YoY
Revenues from hotel operations	610.00	761.63	151.63	24.9%
Gain from sales of investment properties and equipment	317.47	-	(317.47)	-100.0%
Other income	0.02	1.72	1.70	8,500.0%
<b>Total revenues</b>	<b>927.49</b>	<b>763.35</b>	<b>(164.14)</b>	<b>-17.7%</b>
Cost of hotel operations	(434.82)	(490.75)	(55.93)	12.9%
Selling expenses	(67.39)	(78.67)	(11.28)	16.7%
Administrative expenses	(130.29)	(168.64)	(38.35)	29.43%
<b>Total expenses</b>	<b>(632.50)</b>	<b>(738.06)</b>	<b>(105.56)</b>	<b>16.7%</b>
<b>Operating profit</b>	<b>294.99</b>	<b>25.29</b>	<b>(269.70)</b>	<b>-91.4%</b>
Finance cost	(106.79)	(96.24)	10.55	-9.9%
Income tax expense	14.48	(2.47)	(16.95)	-117.1%
Others <sup>1</sup>	2.26	1.45	(0.81)	-35.8%
<b>Net profit (loss) for the period</b>	<b>204.94</b>	<b>(71.97)</b>	<b>(276.91)</b>	<b>-135.1%</b>
<b>Earnings (loss) per share (THB)</b>	<b>0.71</b>	<b>(0.25)</b>	<b>(0.96)</b>	<b>-135.0%</b>
<b>EBITDA</b>	<b>373.56</b>	<b>105.54</b>	<b>(268.02)</b>	<b>-71.7%</b>

<sup>1</sup>Others consist of finance income, and loss for the period from discontinued operation.

**2Q24 PERFORMANCE ANALYSIS**

In 2Q24, the Company reported **total revenues** of THB 763.35mn, a decrease of THB 164.14mn or 17.7% from 2Q23, primarily due to the recognition of an extra revenue from sales of investment properties and equipment of THB 317.47mn in 2Q23. However, revenue from hotel operations in 2Q24 increased by 24.9% from 2Q23, driven by the continued growth of international tourists.

In 2Q24, the Company's **total expenses** of THB 738.06mn, an increase of THB 105.56mn or 16.7% from 2Q23. Part of this increase in total expenses was due to the Company recording one-time extra expenses amounting to THB 33.80mn, which were included in administrative expenses as noted in the financial statements.

In 2Q24, the Company incurred a **finance cost** of THB 96.24mn, decreased by THB 10.55mn or 9.9% from the same period of the last year, due to repayment of debentures due for redemption, partial repayment of loans and decrease in interest rate of loans under the hotel business.

Consequently, the Company posted a **net loss for the period** of THB 71.97mn, while the Company's loss per share stood at THB 0.25. However, the Company reported earnings before interest, taxes, depreciation, and amortization (EBITDA) of THB 105.54mn in 2Q24.



**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024**

ASSETS	31 December 2023		30 June 2024		Change	% change
	THB mn	THB mn	THB mn	% of assets		
Cash and cash equivalents	1,387.65	10.2%	506.73	3.9%	(880.92)	-63.5%
Trade and other receivables	99.22	0.7%	88.79	0.7%	(10.43)	-10.5%
Inventories	53.35	0.4%	55.59	0.4%	2.24	4.2%
Other current assets	292.78	2.2%	305.99	2.4%	13.21	4.5%
<b>Total current assets</b>	<b>1,833.00</b>	<b>13.5%</b>	<b>957.10</b>	<b>7.4%</b>	<b>(875.90)</b>	<b>-47.8%</b>
Restricted bank deposits	314.89	2.3%	581.87	4.5%	266.98	84.8%
Investment properties	30.10	0.2%	30.10	0.2%	-	-
Property, plant, and equipment	3,143.74	23.1%	3,107.06	24.1%	(36.68)	-1.2%
Right-of-use assets	8,090.38	59.4%	8,034.94	62.4%	(55.44)	-0.7%
Deferred tax assets	70.21	0.5%	49.09	0.4%	(21.12)	-30.1%
Other non-current assets <sup>2</sup>	133.09	1.0%	126.30	1.0%	(6.79)	-5.1%
<b>Total non-current assets</b>	<b>11,782.41</b>	<b>86.5%</b>	<b>11,929.36</b>	<b>92.6%</b>	<b>146.95</b>	<b>1.2%</b>
<b>Total assets</b>	<b>13,615.41</b>	<b>100.0%</b>	<b>12,886.46</b>	<b>100.0%</b>	<b>(728.95)</b>	<b>-5.4%</b>

<sup>2</sup> Other non-current assets consist of intangible assets and other non-current assets.

**Total assets** of the Company as at 30 June 2024 stood at THB 12,886.46mn, a decrease of THB 728.95mn or 5.4% from total assets as at 31 December 2023. The decrease was primarily attributed to a decrease in cash and cash equivalents of THB 880.92mn which mainly came from repayment of debenture of THB 576.80mn in March 2024, partial repayment of loans and interest in accordance with the terms of the agreement during the period of THB 236.01mn offset by increased in restricted bank deposits of THB 266.98mn.

LIABILITIES AND SHAREHOLDERS' EQUITY	31 December 2023		30 June 2024		Change	% change
	THB mn	% of assets	THB mn	% of assets		
Short-term loans from financial institution	987.67	7.3%	885.15	6.9%	(102.52)	-10.4%
Trade and other payables	488.72	3.6%	473.35	3.7%	(15.37)	-3.1%
Share subscription payable	140.25	1.0%	140.25	1.1%	-	-
Current portion of long-term loans	97.50	0.7%	97.50	0.8%	-	-
Current portion of debenture	575.89	4.2%	316.76	2.5%	(259.13)	-45.0%
Other current liabilities <sup>3</sup>	197.77	1.5%	212.35	1.5%	14.58	7.4%
<b>Total current liabilities</b>	<b>2,487.80</b>	<b>18.3%</b>	<b>2,125.36</b>	<b>16.5%</b>	<b>(362.44)</b>	<b>-14.6%</b>
Long-term loans from financial institution – net <sup>4</sup>	1,852.85	13.6%	1,804.10	13.9%	(48.75)	-2.6%
Long-term loans from related parties	2,000.00	14.7%	2,000.00	15.5%	-	-
Long-term debenture – net <sup>4</sup>	315.99	2.3%	-	0.0%	(315.99)	-100.0%
Lease liabilities – net <sup>4</sup>	368.89	2.7%	367.63	2.9%	(1.26)	-0.3%
Deferred tax liabilities	244.45	1.8%	242.65	1.9%	(1.80)	-0.7%
Provision for long-term employee benefits	45.02	0.3%	50.76	0.4%	5.74	12.7%
<b>Total non-current liabilities</b>	<b>4,827.20</b>	<b>35.4%</b>	<b>4,465.14</b>	<b>34.6%</b>	<b>(362.06)</b>	<b>-7.5%</b>
<b>Total liabilities</b>	<b>7,315.00</b>	<b>53.7%</b>	<b>6,590.50</b>	<b>51.1%</b>	<b>(724.50)</b>	<b>-9.9%</b>
<b>Total shareholders' equity</b>	<b>6,300.41</b>	<b>46.3%</b>	<b>6,295.96</b>	<b>48.9%</b>	<b>(4.45)</b>	<b>-0.1%</b>
<b>Total liabilities and shareholders' equity</b>	<b>13,615.41</b>	<b>100.0%</b>	<b>12,886.46</b>	<b>100.0%</b>	<b>(728.95)</b>	<b>-5.4%</b>

<sup>3</sup> Other current liabilities consist of deposits and advance received from customers, current portion of lease liabilities, and other current liabilities.

<sup>4</sup> Net of current portion

**Total liabilities** of the Company as at 30 June 2024 were THB 6,590.50mn, consisting of total current liabilities of THB 2,125.36mn, equivalent to 32.25% of total liabilities, and non-current liabilities of THB 4,465.14mn, equivalent to 67.75% of total liabilities. Total liabilities decreased by THB 724.50mn or 9.9% from total liabilities as at 31 December 2023 mainly due to repayment debenture and loans from financial institution.

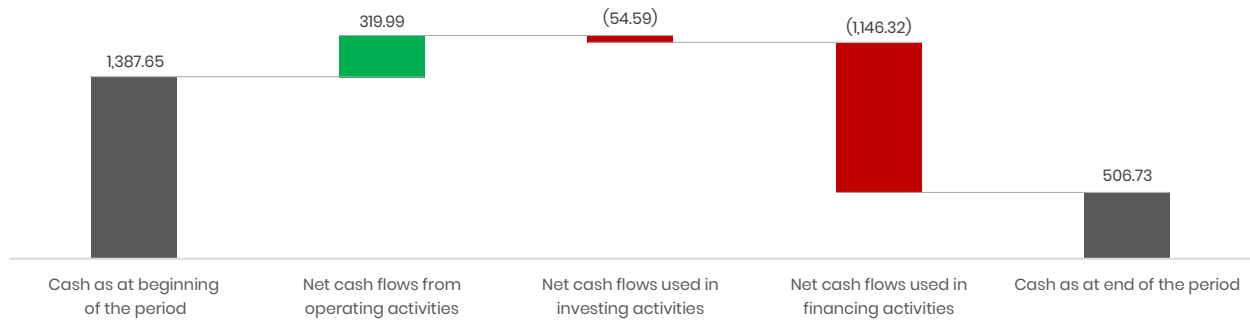


**Total shareholders' equity** stood at THB 6,295.96mn as at 30 June 2024, decreased by THB 4.45mn or 0.1% from 31 December 2023 mainly due to net loss for the period.

As at 30 June 2024, the Company had total interest-bearing liabilities at THB 5,103.51mn and the interest-bearing liabilities to equity ratio was 0.81 times<sup>5</sup>. The Company's debt-to-equity ratio was 1.05 time.

**Consolidated Financial Statements**

Unit: MB



As at 30 June 2024, the Company's **cash and cash equivalents** stood at THB 506.73mn, decreased by 63.5% or THB 880.92mn from 31 December 2023. The Company reported **net cash flows from operating activities** of THB 319.99mn. The Company's **net cash flows used in investing activities** was THB 54.59mn, mainly from acquisition of equipment, assets under constructions and intangible asset. **Net cash flows used in financing activities** were THB 1,146.32mn, mainly due to repayment of debenture of THB 576.80mn in March 2024, partial repayment of loans and interest in accordance with the terms of the agreement under the hotel business during the period of THB 236.01mn, increased in restricted bank deposits of THB 266.98mn and partial payment of principal of lease liabilities of THB 16.54mn.

Sincerely yours,

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<sup>5</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, and long-term loans from related party.