



## Management's Discussion and Analysis

For the period ended 31 December 2021

Bangkok Airways Public Company Limited and Its Subsidiaries



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#### Executive Summary

The overall global aviation industry in 2021 has improved compare to the previous year despite disruption caused by the Omicron variant of COVID-19 during high season. For the overall industry, Worldwide Revenue Passenger Kilometers (RPK) increased by 79.5 percent. Europe region experiences the highest growth rate at 177.5 percent, followed by Middle East and North America respectively. Meanwhile, Asia Pacific had the highest dropout rate at 4.6 percent. For supply side, Available Seat Kilometers (ASK) increased by 45.5 percent worldwide in 2021. Europe shows the highest growth rate at 120.3 percent, followed by Middle East, Latin America respectively while Asia Pacific had the highest dropout rate at 5.1 percent. Moreover, the overall passenger load factor (PLF) was 72.3 percent, increased 13.7 percentage from the same period of the previous year. (Source: International Air Transportation Association: IATA)

For Thailand's tourism, foreign tourist figures increased after the opening of tourism sandbox scheme in July 2021 and re-opening of the country on 1 November 2021, but overall tourism growth remained low as the outbreak situation both in Thailand and aboard remained uncertain. Also, international travel restrictions in many countries remained in place. In addition, tourists are concerned about the spread of the Omicron variant. As a consequence, in 2021, a number international visitor arrivals were only 427,869 people or decreased by 93.62% compared to the previous year. Whereas the number of international visitor arrivals in Q4/2021 were 342,024 people or increase by more than 100% compared to the previous year. (Source: Ministry of tourism and sport)

In year 2021, the Company critically affected from Corona virus (COVID-19) outbreak, especially the third wave starting in April 2021. Consequently, the Company temporarily suspended route operations in accordance with the announcement of The Civil Aviation Authority of Thailand (CAAT) during July – September 2021. Nevertheless, the government has announced tourism stimulus policy i.e., Phuket Sandbox, Samui Plus, and after all Thailand's reopening project in November 2021. The Company has supported the projects by operating special flight operations called 'Sealed Route' and focusing more on some potential domestic routes; Bangkok-Samui, Bangkok-Phuket, Bangkok-Sukhothai and Bangkok-Lampang. For international flight operations, the Company resumed Samui-Singapore and Bangkok-Phnom Penh, resulting in number of passenger reached 0.5 million passengers, decreased by 71.5 percent comparing to year 2020, with the load factor of 58.6 percent.

The total revenue year 2021 reported at 5,668.5 million baht, decreased by 44.5 percent from the same period last year. That was mainly resulted from a declining of passenger revenue from airline business by 78.7 percent, airport business decreased by 75.7 percent. Also, the revenue from airport-related

businesses dropped by 20.1 percent. The Company reported net loss from termination of lease agreement amounted 5,437.7 million baht. As a result, net loss for the period was 8,599.8 million baht of which loss attributable to the equity holders of the Company was 8,549.9 million baht. Loss per share for the period was 4.15 baht. Nevertheless, lessening of net loss from termination of lease agreement, the loss from operation was 2,532.5 million baht, declining by 22.2 percent compared with the same period of last year.

#### Notable Events Year 2021

- The Company started route operations i.e., Bangkok-Samui, Bangkok-Phuket, Bangkok-Chiang Mai, Bangkok-Sukhothai, Bangkok-Lampang, Bangkok-Trat, Bangkok-Krabi, Had Yai-Phuket, Samui-Phuket, U-Tapao-Phuket and U-Tapao-Samui. In order to support Thailand's opening project: Samui Plus and Phuket Sandbox, the company started to operate Sealed Routes; Bangkok-Samui, Samui-Phuket and Samui-Singapore. In addition, the Company started to operate an international route, Bangkok-Phnom Penh in the fourth quarter.
- The Company returned two Airbus A319 aircraft upon the expiry of the operating lease contract in the third and fourth quarters respectively. As a result, the Company had total of 37 aircraft at the end of 2021.
- In the third quarter, the company paid 18,050.0 million baht for the termination of lease agreement with the Samui Airport Property Fund. As a consequence, Samui Airport Property Fund was terminated and delisted from the Stock Exchange of Thailand on 30 July, 2021.
- The Company reclassified long-term loan and finance lease liabilities amounted of 17,366.0 million baht as current liabilities. This was a result from the Company has not received waiver letter from financial institutions due to non-compliance to financial conditions under ATR72-600 aircraft financial lease agreement of 9 aircraft.
- The U-Tapao International Aviation Co., Ltd. (UTA) submitted the completed Master Plan to the Civil Aviation Authority of Thailand (CAAT) for consideration and approval. The international design architect (IDA) was selected to design the new passenger terminal for this project. The selected IDA has extensive experience in large scale airport terminal design works in the second quarter.



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Bangkok Airways is a full serviced airline providing premium service to passengers. Company owns and operates 3 airports which are Samui Airport, Trat Airport and Sukhothai Airport. In addition to airline and airport businesses, it operates airport related businesses which include passenger and ramp services, catering services and international cargo.

Consolidated financial statement of the Company consists of Separate Financial Statement and Financial Statements of the 14 subsidiaries that include: 1) Bangkok Air Catering Company Limited 2) Worldwide Flight Services Bangkok Air Ground Handling Company Limited 3) Bangkok Airways Ground Service Company Limited 4) Bangkok Airways Holding Company Limited 5) SA Services Company Limited 6) BFS Cargo DMK Company Limited 7) BAC Gourmet House Company Limited 8) Bangkok Air Catering Phuket Company Limited 9) Gourmet Primo Company Limited 10) Bangkok Air Catering Samui Company Limited and 11) Bangkok Air Catering Chiang Mai Company Limited 12) More Than Free Company Limited 13) Bangkok Air Aviation Training Center Co., Ltd. 14) Bangkok Air Catering Don Mueang Co., Ltd

## Airline Operating Data

	Unit	January-December	
		2021	2020
Number of scheduled passengers carried	Thousand	536.3	1,884.6
Number of flights flown	Flights	8,694	24,901
Available Seat Kilometers (ASK)	Million Seat –Kilometers	535.3	2,014.7
Revenue Passenger Kilometers (RPK)	Million Passenger – Kilometers	313.8	1,268.1
Passenger Load Factor	Percentage	58.6	62.9
Aircraft utilization <sup>(1)</sup>	Block Hour per Day per Aircraft	3.8	4.6
Number of aircraft at period end	Aircraft	37	39
Passenger Yield <sup>(2)</sup>	Baht per Passenger – Kilometer	3.62	4.38
Revenue ASK (RASK)	Baht per Available Seat - Kilometer	3.93	3.05
Cost per ASK (CASK)		10.96	4.84
RASK – CASK		(7.03)	(1.79)

### Remarks

(1) Calculate from operating aircraft only

(2) Scheduled passenger revenues including fuel surcharge and insurance surcharge, but excluding excess baggage divided by RPKs.



## Operating performance summary for the period ended December 31, 2021

Unit: million baht

	January-December			
	2021	2020	Variance	
			Amount	%
Total revenue	5,668.5	10,216.3	(4,547.8)	(44.5)
Total expenses	8,145.1	14,914.2	(6,769.2)	(45.4)
Operating profit (loss) for the period <sup>(1)</sup>	(2,532.5)	(3,254.0)	721.5	22.2
Net profit (loss) for the period	(8,599.8)	(5,327.8)	(3,272.0)	(61.4)
Profit (loss) attributable to equity holders of the Company	(8,549.9)	(5,283.2)	(3,266.7)	(61.8)
EBIT <sup>(2)</sup>	(3,636.6)	(3,556.4)	(80.3)	(2.3)
EBITDA <sup>(2)</sup>	(1,294.4)	(713.8)	(580.5)	(81.3)
EBIT Ratio (%)	(101.5)	(44.8)	(56.8)	
EBITDA Ratio (%)	(36.1)	(9.0)	(27.2)	

### Remarks

- (1) Excluding gain(loss) from exchange rate, gain(loss) from derivative transaction and net loss of the lease agreement termination on Samui Airport Property Fund
- (2) EBIT, EBIT margins, EBITDA, EBITDA margins are not standard measures, nor measurements of financial performance or liquidity, under TFRS, and should not be considered alternatives to net profit (loss) or any other performance measure or as an alternative to cash flow from operating activities. Since there are various calculation methods, its presentation may not be comparable to similarly titled measures used by other companies.

For year 2021, the Company reported the loss before interest and tax, depreciation, amortization (EBITDA) was 1,294.4 million baht and operating loss at 2,532.5 million baht, improved by 22.2 percent from the same period of year 2020.

The Company reported net loss for the period was 8,599.8 million baht which mainly contributed from net loss on lease agreement termination of Samui Airport Property Fund amounted to 5,434.7 million baht. The loss per share of the Company was 4.15 baht and net loss attributable to the equity holders during the period was 8,549.9 million baht.

### Revenues

Total revenue for year 2021 was 5,668.5 million baht, decreased by 44.5 percent comparing to the previous year. That was mainly from a declining of passenger revenue from airline business by 78.7 percent, together with airport business decreasing by 75.7 percent. The downturn resulted from the third wave of the COVID-19 pandemic in Thailand starting in April 2021, which the Company temporarily suspended flights during July until September of year 2021.



Even though the government launched tourism sandbox scheme in July 2021 and Thailand's re-opening project in November 2021, the passenger flown in the fourth quarter of this year decreased by 23.5 percent comparing to previous last year. In year 2021, the Company carried 0.5 million passengers, lowered by 71.5 percent. The passenger load factor reported at 58.6 per cent and the average fare of 2,118.5 baht per sector, dropped by 28.2 percent compared to year 2020.

The sales and services revenue from airport-related business was 1,476.9 million baht, decreasing by 20.1 percent compared to the same period last year. The declining revenue was mainly from Bangkok Air Catering with the lower revenue at 189.2 million baht, and the lower amount at 99.5 million baht from Worldwide Flight Services Bangkok Air Ground Handling. The amounts dropped by 62.5 percent and 8.7 percent, respectively. Nevertheless, the Company had dividend income mainly from BDMS amounted to 826.8 million baht and 529.4 million baht gain from derivatives transaction gain during the period.

#### Share of Profit from Investments in Associates

The Company reported share of profit from associated companies for year 2021 at 453.2 million baht, mainly from the share of profit from WFS-PG Cargo Company which reported at 453.1 million baht or increased by 28.7 percent compared with last year. An increasing revenue was from higher cargo terminal utilization and tariff adjustment during period. The Company reported share of profit from Samui Airport Property Fund at 73.3 million baht, declined by 65.0 percent and share of loss from U-Tapao International Aviation at 73.3 million baht.

#### Expenses

For year 2021, total expenses declared 8,145.1 million baht, dropped by 45.4 percent from same period last year.

Cost of sales and services reported at 6,115.3 million baht, dropped by 43.7 percent compared to the last year. That was mainly comprised of wages and salary, aircraft maintenance, and fuel which accounted for 14.4 percent, 9.9 percent, and 3.9 percent of total expenses respectively.

Total selling and distribution expenses was 281.6 million baht, dropped by 44.2 percent from year 2020. The decreasing amount was mainly from usage of reservation system, advertising and expenses related to selling and marketing campaign.

The administrative expenses of the Company for year 2021 was 1,269.3 million baht, decreasing by 32.5 percent compared to year 2020. The significant reduction of administrative expenses was from the lower of personnel cost and system usages. This period, the company reported unrealized loss from exchange rate amounted 473.5 million baht.

Financial cost for year 2021 reported at 1,264.8 million baht, grew by 13.2 percent from last year. The major amount of financial costs were interest expenses and fees paid to financial institutions.

In May 2021, the Company proposed to terminate the long-term lease agreement relating to Samui Airport Property Fund (SPF) by paying a compensation amounted to 18,050.0 million baht. In July 2021, the Fund was dissolved and delisted from the Stock Exchange of Thailand. Consequently, the Company reported loss from lease termination at 7,490.9 million baht and received share of profit from SPF at 2,056.2 million baht. As a result, the Company reported net loss from lease termination of SPF at 5,434.7 million baht.

### Assets

As of 31 December 2021, the Company and its subsidiaries have total assets amounted of 48,939.1 million baht, decreased by 1,662.5 million baht from 31 December 2020.

Unit: million baht

	As at December 31, 2021	As at December 31, 2020	Variance
<i>Current assets</i>			
Cash & cash equivalents	2,125.9	2,181.1	(55.2)
Trade and other receivables	372.6	400.7	(28.1)
Inventory	438.5	476.6	(38.1)
Other current assets	168.7	198.4	(29.7)
<b>Total current assets</b>	<b>3,105.7</b>	<b>3,256.8</b>	<b>(151.1)</b>
<i>Non-current assets</i>			
Investments in associates	2,226.3	4,881.2	(2,654.9)
Other non-current financial assets	25,965.0	23,424.1	2,540.9
Property, plant and equipment	8,927.2	9,776.8	(849.6)
Right-of-use assets	6,966.4	7,762.5	(796.1)
Deposits	491.5	529.0	(37.5)
Other non-current assets	1,256.9	971.1	285.8
<b>Total Non-current assets</b>	<b>45,833.4</b>	<b>47,344.7</b>	<b>(1,511.4)</b>
<b>Total assets</b>	<b>48,939.1</b>	<b>50,601.5</b>	<b>(1,662.5)</b>

### Current assets

Total current assets of the Company as of 31 December 2021 was 3,105.7 million baht, decreased from 31 December 2020 by 151.1 million baht. This was mainly from a lower of Cash and cash equivalents by 55.2 million baht, mainly resulted from cash paid for operating activities, lease liabilities, and long-term loans. The Company received dividend from investment in associate, investment in equity instruments and cash from capital distribution of investment in SPF during the period.

### Non-current assets

Total non-current assets of the Company were 45,833.4 million baht, decreased from year 2020 by 1,511.4 million baht. This was mainly resulted from dissolution of SPF by 2,654.9 million baht. In addition, the amount of Property, Plant and Equipment and Right-of-use assets declined by 849.6 million baht and 796.1 million baht respectively.

Nevertheless, that was offset by an increasing of other non-current financial assets by 2,540.9 million baht mostly due to the mark to market of long-term investments in marketable securities during the period.

### Liabilities

As of 31 December 2021, the Company and its subsidiaries have liabilities amounted of 35,777.2 million baht. An increase of 4,781.3 million baht from 31 December 2020 was as follows:

Unit: million baht

	As at December 31, 2021	As at December 31, 2020	Variance
<b><i>Current liabilities</i></b>			
Short-term loan	917.0	1,105.0	(188.0)
Trade and other payables	967.4	1,119.0	(151.6)
Current portion of long-term loans	15,617.0	916.9	14,700.1
Current portion of long-term loan from related party	1,000.0	-	1,000.0
Current portion of lease liabilities	3,229.5	4,240.7	(1,011.2)
Unearned revenue	375.8	571.6	(195.8)
Other current liabilities	1,696.8	2,724.2	(1,027.4)
<b><i>Total current liabilities</i></b>	<b><i>23,803.5</i></b>	<b><i>10,677.4</i></b>	<b><i>13,126.1</i></b>
<b><i>Non-Current liabilities</i></b>			
Long-term loans– net current of portion	4,540.1	2,046.4	2,493.7
Long-term loans- related party	-	1,000.0	(1,000.0)
Lease liabilities - net of current portion	2,128.6	2,359.1	(230.5)
Long-term loans from related party – net of current portion	-	9,623.0	(9,623.0)
Employee benefits	853.6	798.5	55.1
Deferred tax liabilities	4,311.0	3,955.6	355.4
Other non-current financial liabilities	128.3	522.3	(394.0)
Other non-current liabilities	12.1	13.6	(1.5)
<b><i>Total non-current liabilities</i></b>	<b><i>11,973.7</i></b>	<b><i>20,318.5</i></b>	<b><i>(8,344.8)</i></b>
<b><i>Total liabilities</i></b>	<b><i>35,777.2</i></b>	<b><i>30,995.9</i></b>	<b><i>4,781.3</i></b>



### Current liabilities

Total current liabilities amounting to 23,803.5 million baht, increased from 31 December 2020 by 13,126.1 million baht. The increment of current liabilities was mainly from current portion of long-term loans amounting to 14,700.1 million baht. The Company has not received waiver letter from financial institutions due to non-compliance to financial conditions under aircraft financial lease agreement of 9-ATR72-600 and long-term loan agreement. As a results, the Company reclassified long-term loan amounting of 15,002.0 million baht and finance lease liabilities amounting of 2,364.0 million baht to current portion of long-term loans and current portion of lease liabilities in current liabilities.

Nevertheless, current portion of lease liabilities were decreased by 1,011.2 million baht, mainly from repayment of liabilities related to aircraft during the period.

### Non-current liabilities

The total of non-current liabilities of the Company were 11,973.7 million baht, decreasing by 8,344.8 million baht from 31 December 2020, largely due to long-term loans from related party – net of current portion amounting to 9,623.0 million baht. That was resulted from termination of lease agreements and any related agreements with Samui Airport Property Fund during the period.

Nevertheless, long-term loans– net current of portion increased by 2,493.7 million baht from long-term loan from financial institution during the period.

### Shareholders' Equity

Unit: million baht

	As at December 30, 2021	As at December 31, 2020	Variance
Paid up capital	2,100.0	2,100.0	-
Premium on ordinary shares and capital reserve for share-based payment transactions	9,319.6	9,319.5	0.1
Treasury stocks	(464.9)	(491.6)	26.7
Other components of shareholders' equity	16,377.0	14,264.4	2,112.6
Retained earnings (loss)	(13,922.3)	(5,389.9)	(8,532.4)
Others <sup>(1)</sup>	(247.5)	(196.9)	(50.6)
<b>Total shareholders' equity</b>	<b>13,161.9</b>	<b>19,605.5</b>	<b>(6,443.6)</b>

**Remark** (1) Comprised of discount on changes in shareholding in subsidiaries and non-controlling interests of the subsidiaries

As of 31 December 2021, total shareholders of the Company and its subsidiaries was 13,161.9 million baht, decreasing by 6,443.6 million baht. That amount was mainly from the mark to market of long-term investments in marketable securities and retained loss. An increasing retained loss by 8,532.4 million baht

was resulted from operation and termination of Samui Airport Property Fund lease agreement during the period. The Company reported retained loss at the amount of 13,922.3 million baht at the end of year 2021.

### Statement of Cash Flow

Unit: million baht

	As at 31 December	
	2021	2020
Net cash flows from operating activities	(2,173.8)	(4,268.5)
Net cash flows from investing activities	6,025.9	2,419.2
Net cash flows used in financing activities	(3,907.3)	(1,242.7)
<b><i>Cash and cash equivalents at end of period</i></b>	<b><i>2,125.9</i></b>	<b><i>2,181.1</i></b>

#### Cash flows from operating activities

As of 31 December 2021, the loss of the Company and its subsidiaries before changes in operating assets and liabilities is 1,666.9 million baht while the amount of net cash flows used in operating activities was 1,886.9 million baht.

#### Cash flows from investing activities

As of 31 December 2021, net cash flows from investing activities of the Company and its subsidiaries were 6,025.9 million baht which mainly from dividend received from investments in associates - the Fund and investment in equity instruments, together with cash received from capital distribution of investment in associate.

#### Cash flows from financing activities

As of 31 December 2021, the Company and its subsidiaries had cash flow used in financing activities at the amount of 3,907.3 million baht, mainly for payment of long-term loan, lease liabilities and finance cost which all amounting to 2,934.9 million baht. The Company reported cash received from long-term loan for the payment of lease termination of Samui Airport Property Fund during the period.

### Summary Consolidated Financial and Ratio

		As at 31 December	
		2021	2020
Liquidity Ratio	Current Ratio (Time)	0.1	0.3
	Quick Ratio (Time)	1.2	2.4
	Collection Period (Day)	44.7	43.8
	Stock Turnover Period (Day)	26.9	16.4
	Payment Period (Day)	36.0	43.9
Profitability Ratio	Gross Profit Margin (%)	(125.1)	(41.6)
	Operating Profit Margin (%)	(133.9)	(46.4)
	EBITDA Margin (%)	(36.1)	(9.0)
	Net profit Margin (%)	(151.7)	(52.2)
	Return on Equity (%)	(52.5)	(21.5)
Efficiency Ratio	Return on Assets (%)	(17.3)	(9.5)
	Return on Fixed Assets (%)	(66.9)	(19.6)
	Asset Turnover (Time)	0.1	0.2
Leverage Ratio	Debt to Equity (Time)	2.7	1.6
	Interest Coverage Ratio (Time)	(1.0)	(0.6)