



## Management's Discussion and Analysis

For the period ended 30 June 2022

Bangkok Airways Public Company Limited and Its Subsidiaries



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#### Executive Summary

The overall global aviation industry has improved despite disruption caused by the crisis of Russia-Ukraine war, the spread of Omicron and global inflation crisis. Worldwide Revenue Passenger Kilometers (RPK) increased by 82.9 percent. Europe region experiences the highest growth rate at 217.0 percent, followed by Middle East and Latin America respectively. Meanwhile, Asia Pacific had a little growth rate at 3.5 percent. For supply side, Available Seat Kilometers (ASK) increased by 52.3 percent worldwide. Europe shows the highest growth rate at 140.0 percent, followed by Middle East, Latin America respectively. Whereas, Asia Pacific had a little growth rate at 0.5 percent. Moreover, the overall passenger load factor (PLF) in the first - half year compared with the same time of last year was 74.6 percent (Source: International Air Transportation Association: IATA)

The tourism in Thailand of Q2/2022 has a significant growth with a cumulative number of tourists totaling 1,582,221 people, or a growth of 7,703 percent. This is a result of the easing travel restriction and controlling the spread of the COVID-19. Although overall tourism has recovered, the global economy still faces inflation from the Russia and Ukraine war and closely monitors the Monkeypox epidemic. (Source: Ministry of Tourism and Sport)

For the second quarter of year 2022, the Company gradually increased and arranged flight frequency to match with higher travel demand due to relaxed travel restriction and quarantine measures since the beginning of year 2022. The major operating routes aimed to serve traveling stimulation such as Bangkok to Samui, Bangkok to Chiang Mai, Bangkok to Phuket, Samui-Phuket and Bangkok-Phnom Penh.

For the second quarter of year 2022, the Company carried 0.5 million passengers, grew by 469.1 percent, while load factor showed 78.5 percent, increased by 20.7 percentage point from last year. In the six-month period of year 2022, the Company reported 0.9 million passengers and 10,817 operating flights, higher by 269.4 percent and 169.8 percent respectively comparing to the last year. The overall load factor was 71.6 percent, growing by 13.1 percentage point from year 2021.

For the six-month period of year 2022, the Company reported loss from operation at 1,266.5 million baht, improved by 77.0 million baht or 5.7 percent from year 2021. The increment was from a rise of total revenue at 1,381.0 million baht, grew by 49.3 percent from last year. The accretion of total revenue was from the growth of airline passenger revenue by 387.2 percent, airport business revenue by 315.1 percent and airport-related business revenue by 46.0 percent respectively. While the total expenses increased by 1,660.1 million baht, or 41.8 percent, mainly from the increasing amount of fuel expenses. The Company reported net loss for the period at 1,878.5 million baht of which loss attributable to the equity holders of the Company was 1,867.5 million baht. Loss per share for the period was 0.89 baht.

### Notable Events in 2Q 2022

- The Company adjusted route operation and flight frequency to match with travel demand as shown in table below:

Route	Flight Frequency (Weekly)		
	April	May	June
Bangkok-Chiang Mai	18	16	16
Bangkok-Phuket	26	22	21
Bangkok-Krabi	7	7	7
Bangkok-Lampang	14	14	14
Bangkok-Trat	7	7	7
Bangkok-Sukhothai	8	7	7
Bangkok-Samui	109	89	90
Had Yai-Phuket	7	7	7
Phuket - Samui	19	18	19
Phuket - U-Tapao	4	3	4
Samui - U-Tapao	4	3	4
Bangkok - Phnom Penh	14	21	21
Samui - Singapore	3	4	4

Moreover, the company launched "self-service check-in kiosks" for domestic passengers in May 2022 at three airports which are Suvarnabhumi, Samui and Krabi, in order to better facilitate our customers.

- The Company signs a Memorandum of Understanding (MOU) on Academic Cooperation in Aircraft Maintenance Training with the Civil Aviation Training Center (CATC). The main objectives are to jointly develop programs that train high-quality aircraft technician personnel who are able to meet the needs and requirements of the aircraft maintenance industry. This collaboration will serve to elevate the standards of basic aircraft training in Thailand
- The Company organizes the running event of its "Boutique Series 2022" in order to promote tourism and sport in Thailand. The first running event was "Samui Half-Marathon" which was organized to promote tourism on Koh Samui Suratthani province. The remaining tournaments are scheduled in Lampang, Trat and Phang-Nga provinces in the third quarter of 2022. The last running event will take place in Sukhothai province in the last quarter of this year
- Bangkok REIT Management Company Limited, a subsidiary of Bangkok Airways Holding Company Limited, as a REIT manager submitted an application for an offer for sale of trust unit of BA Airport Leasehold Real Estate Investment Trust (BAREIT) to The Office of the Securities and Exchange of Commission (SEC)



## Management's Discussion and Analysis

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 15 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 15) Bangkok REIT Management Co., Ltd

## Airline Operating Data

	Unit	April-June		January-June	
		2022	2021	2022	2021
Number of scheduled passengers carried	Thousand	535.1	94.0	908.3	245.9
Number of flights flown	Flights	5,780	1,548	10,817	4,012
Available Seat Kilometers (ASK)	Million Seat – Kilometers	393.9	94.4	730.8	250.2
Revenue Passenger Kilometers (RPK)	Million Passenger – Kilometers	309.2	54.6	523.0	146.2
Passenger Load Factor	Percentage	78.5	57.9	71.6	58.4
Seats	Thousand	678.8	161.7	1,254.6	417.9
Aircraft utilization <sup>(1)</sup>	Hour per day per Aircraft	5.4	4.0	5.0	3.7
Number of aircraft at period end	Aircraft	37	39	37	39
Passenger Yield <sup>(2)</sup>	Baht per Passenger – Kilometer	4.89	3.69	4.66	3.33
Revenue ASK (RASK)		4.54	3.55	4.03	4.36
Cost per ASK (CASK)	Baht per ASK	6.12	14.69	6.00	11.25
RASK – CASK		(1.59)	(11.14)	(1.97)	(6.89)

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 June 30, 2022

Unit: million baht

	April-June				January-June			
	2022	2021	Variance		2022	2021	Variance	
			Amount	%			Amount	%
Total revenue	2,520.3	1,442.9	1,077.4	74.7	4,181.2	2,800.2	1,381.0	49.3
Total expenses	3,180.2	1,936.6	1,243.6	64.2	5,630.5	3,970.4	1,660.1	41.8
Operating profit (loss) for the period <sup>(1)</sup>	(439.9)	(586.7)	146.8	25.0	1,266.5	1343.6	77.0	5.7
Net profit (loss) for the period	(853.0)	(697.9)	(155.1)	(22.2)	(1,878.5)	(1,454.4)	(424.2)	(29.2)
Profit (loss) attributable to equity holders of the Company	(847.5)	(686.0)	(161.5)	(23.5)	(1,867.5)	(1,431.6)	(435.9)	(30.5)
EBIT <sup>(2)</sup>	(543.0)	(1,002.1)	459.1	45.8	(1,265.7)	(1,609.0)	343.2	21.3
EBITDA <sup>(2)</sup>	78.6	(410.8)	489.4	119.1	(16.4)	(405.0)	388.6	95.9
EBIT Ratio (%)	(23.5)	(146.2)	122.7		(31.9)	(89.9)	57.9	
EBITDA Ratio (%)	3.4	(60.0)	63.3		(0.4)	(22.6)	22.2	

Remarks

- (1) Excluding gain(loss) from exchange rate, gain(loss) from derivative transaction
- (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.

The total revenue of the Company for the second quarter of year 2022 was 2,520.3 million baht, increased by 74.7 percent while total expenses increased from 1,936.6 million baht to 3,180.2 million baht or grew by 64.2 percent. Consequently, the company reported operating loss at 439.9 million baht or improved by 25.0 percent or 146.8 million baht compared with the same period of last year. The Company reported the earnings before interest and tax, depreciation, amortization (EBITDA) at 78.6 million baht, improved by 119.1 percent compared with year 2021.

For total revenue for the six-month period of year 2021 and year 2022 were 2,800.2 million baht and 4,181.2 million baht respectively, increased by 49.3 percent. Total expenses increased by 41.8 percent from 3,970.4 million baht to 5,630.5 million baht. The earnings before interest and tax, depreciation, amortization



(EBITDA) equaled to loss 405.0 million baht and loss 16.4 million baht, improved by 95.9 percent compared with last year. The Company reported net loss and net loss attributable to the equity holders during the period at 1,878.5 million baht and 1,867.5 million baht respectively. Loss per share for was 0.89 baht.

### Revenues

Total revenue for the second quarter of year 2022 was 2,520.3 million baht, increased by 74.7 percent comparing to the previous year. That was mainly from the escalation of passenger revenue from airline business by 642.2 percent or 1,354.6 million baht. The improvement resulted from the relaxed travel restriction and quarantine measures. For the second quarter of year 2022, the Company carried 0.5 million passengers, increased by 469.1 percent compared with year 2021. The passenger load factor reported at 78.5 percent and the average fare of 2,827.6 baht per sector, improved by 31.8 percent compared to year 2021.

The sales and services revenue from airport-related business was 529.5 million baht, increasing by 50.4 percent compared to the same period last year. An increasing revenue was mainly from Bangkok Air Catering and Worldwide Flight Services Bangkok Air Ground Handling with the higher revenue at 79.4 million baht and 50.4 million baht or improved by 423.2 percent and 20.3 percent respectively. For this quarter, the Company reported other revenues at 159.3 million baht, improved by 41.2 percent from an increasing of ticket fee and excess baggage revenue which totally amounted to 47.0 million baht.

For the six-month period of year 2022, total revenues were 4,181.2 million baht which accounted for passenger revenue from airline business 59.7 percent, revenue from airport-related business 24.7 percent and revenue from airport business 2.0 percent of total revenue respectively. Passenger revenue from airline business increased 1,984.0 million baht or grew by 387.2 percent compared with year 2021. The improvement was resulted from an increasing of both domestic and international flight operations comparing with the first half of last year. Since mid of April 2021, the Company had lowered down frequency of domestic flights due to the third wave of COVID-19 pandemic in Thailand. Consequently, for the six-month period of 2022, the Company carried 0.9 million passengers and operated 10,817 flights. While available seat kilometers increased by 192.0 percent, resulting in the load factor reported at 71.6 percent. The average fare was 2,680.5 baht per sector, grew by 35.2 percent from last year.

The sales and services revenue from airport-related business was 1,033.5 million baht, increasing by 46.0 percent compared to the same period last year. An increasing revenue was mainly from Bangkok Air Catering with the higher revenue at 151.4 million baht, and the higher amount at 88.4 million baht from Worldwide Flight Services Bangkok Air Ground Handling from flight resumptions of airlines during the period.

For this period, the Company reported dividend from BDMS amounted to 206.7 million baht, dropped by 63.6 percent compared with year 2021.

### Share of Profit from Investments in Associates

The Company reported share of profit from associated companies for the second quarter and six-month period of year 2022 at 103.6 million baht and 207.4 million baht, dropped by 32.4 percent and 32.1 percent respectively compared with last year. That was mainly from the termination of lease agreement with the Samui Airport Property Fund.

For six-month period of year 2022, the Company had share of profit from WFS-PG Cargo Company at 223.3 million baht, decreased by 3.6 percent. A decreasing revenue was from lower tonnage usage by 8.6 percent during the period. Nevertheless, a higher tariff was implemented since beginning of year 2022. The Company reported share of loss from U-Tapao International Aviation at 15.9 million baht.

### Expenses

*For the second quarter year 2022*, total expenses were 3,180.2 million baht, increased by 64.2 percent from same period last year.

- Cost of sales and services reported at 2,470.5 million baht, grew by 68.8 percent compared to the last year. An increasing amount was mainly from cost related to number of passenger and flight of airline business. That comprised of wages and salary 329.8 million baht, aircraft maintenance 367.5 million baht, and fuel 449.4 million baht. The amount accounted for 10.4 percent, 11.6 percent, and 14.1 percent of total expenses respectively.
- Total selling and distribution expenses was 179.5 million baht, grew by 187.3 percent from year 2021. An incremental amount was mainly from increasing of 96.8 million baht from usage of reservation system as a consequence of a higher passengers during the period.
- The administrative expenses were 308.7 million baht, dropped by 0.8 percent compared to year 2021. The significant decreasing amount was professional fee and depreciation expenses.

*For the six-month period of year 2022*, total expenses were 5,630.5 million baht, increased by 41.8 percent from same period last year.

- Cost of sales and services were 4,511.8 million baht, climbing by 51.3 percent compared to the last year. The increasing amount was mainly from rising fuel expense at 585.3 million baht or increasing by 488.7 percent due to higher average fuel market price and consumption. When comparing with the previous year, aircraft maintenance expenses increased by an amount of 263.8 million baht or 68.3 percent, and passenger service expenses increased by 236.5 million baht or 234.8 percent.
- Total selling and distribution expenses was 318.0 million baht, increased 199.8 million baht from year 2021. The increasing amount was mainly from usage of reservation system, advertising and expenses related to selling and marketing campaign.
- The administrative expenses were 616.0 million baht, increased by 2.1 percent compared to year 2021. The significant decreasing amount was information technology services, rental and utilities.

- Financial cost reported at 584.4 million baht, declined by 16.5 percent from year 2021. That was mainly resulted from a lower amount of 516.1 million baht as a consequence of termination of the long-term lease agreement. The Company had interest expenses paid to financial institutions totally amounted to 496.7 million baht.

### Assets

As of 30 June 2022, the Company and its subsidiaries have total assets amounted of 50,144.2 million baht, increased by 1,205.1 million baht from 31 December 2021.

Unit: million baht

	As at June 30, 2022	As at December 31, 2021	Variance
<i>Current assets</i>			
Cash & cash equivalents	1,745.3	2,125.9	(380.6)
Trade and other receivables	602.2	372.6	229.6
Inventory	435.2	438.5	(3.3)
Other current assets	228.6	168.7	59.9
<b>Total current assets</b>	<b>3,011.4</b>	<b>3,105.7</b>	<b>(94.3)</b>
<i>Non-current assets</i>			
Investments in associates	2,286.7	2,226.3	60.4
Other non-current financial assets	28,292.5	25,965.0	2,327.5
Property, plant and equipment	8,625.8	8,927.2	(301.4)
Right-of-use assets	6,115.4	6,966.4	(851.0)
Deposits	526.0	491.5	34.5
Other non-current assets	1,286.5	1,256.9	29.6
<b>Total Non-current assets</b>	<b>47,132.8</b>	<b>45,833.4</b>	<b>1,299.4</b>
<b>Total assets</b>	<b>50,144.2</b>	<b>48,939.1</b>	<b>1,205.1</b>

### Current assets

Total current assets of the Company as of 30 June 2022 was 3,011.4 million baht, decreased from 31 December 2021 by 94.3 million baht. This was mainly from a lower of cash and cash equivalents by 380.6 million baht, mainly resulted from cash paid for lease liabilities, financial cost, repayment of loan from related party and repayment of long-term loan. Nevertheless, it was offset from dividend received from investment in associate and equity instruments and cash received from short-term loan during the period.

During the period, trade and other receivables increased by 229.6 million baht as a consequence of higher of advance booking during the period.



### Non-current assets

Total non-current assets of the Company were 47,132.8 million baht, increased from year 2021 by 1,299.4 million baht. That was mainly from an increasing amount of other non-current financial assets by 2,327.5 million baht from mark to market of long-term investments in marketable securities during the period.

Nevertheless, the amount of Property, Plant and Equipment and Right-of-use assets declined by 301.4 million baht and 851.0 million baht respectively.

### Liabilities

As of 30 June 2022, the Company and its subsidiaries have liabilities amounted of 36,606.5 million baht. An increase of 829.3 million baht from 31 December 2021 was as follows:

Unit: million baht

	As at June 30, 2022	As at December 31, 2021	Variance
<i>Current liabilities</i>			
Short-term loan	1,849.3	917.0	932.3
Trade and other payables	1,085.9	967.4	118.5
Current portion of long-term loans	645.5	15,617.0	(14,971.5)
Current portion of long-term loan from related party	268.8	1,000.0	(731.3)
Current portion of lease liabilities	1,875.9	3,229.5	(1,353.6)
Unearned revenue	1,056.3	375.8	680.5
Other current liabilities	1,895.1	1,696.8	198.3
<b>Total current liabilities</b>	<b>8,676.8</b>	<b>23,803.5</b>	<b>(15,126.7)</b>
<i>Non-Current liabilities</i>			
Long-term loans– net current of portion	19,421.8	4,540.1	14,881.7
Lease liabilities - net of current portion	2,736.6	2,128.6	608.0
Employee benefits	905.7	853.6	52.1
Deferred tax liabilities	4,788.3	4,311.0	477.3
Other non-current financial liabilities	0.9	128.3	(127.4)
Other non-current liabilities	76.4	12.1	64.3
<b>Total non-current liabilities</b>	<b>27,929.7</b>	<b>11,973.7</b>	<b>15,956.0</b>
<b>Total liabilities</b>	<b>36,606.5</b>	<b>35,777.2</b>	<b>829.3</b>

### Current liabilities

Total current liabilities amounting to 8,676.8 million baht, decreased from 31 December 2021 by 15,126.7 million baht. That was resulted from the Company reclassified current portion of long-term loan and lease liabilities as represented in audited financial statement year 2021 to net of current portion of long-term loan and lease liabilities in non-current liabilities. That was resulted from the Company received waiver letter from financial institutions due to non-compliance to financial conditions under aircraft financial lease agreement of 8-ATR72-600 and long-term loan agreement.

In addition, current portion of long-term loan from related party was decreased by 731.3 million baht, mainly from repayment loan from related party during the period.

### Non-current liabilities

The total of non-current liabilities of the Company were 27,929.7 million baht, increasing by 15,956.0 million baht from 31 December 2021. That was resulted from a reclassification of some items in current portion of long-term loan as shown in financial statement year 2021 to net of current portion of long-term loan in non-current liabilities.

Net of current portion of lease liabilities increased by 608.0 million baht, mainly due to reclassification of current portion of lease liabilities to net of current portion of lease liabilities. In addition, lease repayment was fulfilled during the period.

Deferred tax liabilities increased by 477.3 million baht from the changes in market value of available for sale investment in securities during the period.

### Shareholders' Equity

Unit: million baht

	As at June 30, 2022	As at December 31, 2021	Variance
Paid up capital	2,100.0	2,100.0	-
Premium on ordinary shares and capital reserve for share-based payment transactions	9,218.8	9,319.6	(100.8)
Treasury stocks	-	(464.9)	464.9
Other components of shareholders' equity	18,267.1	16,377.0	1,890.1
Retained earnings (loss)	(15,789.8)	(13,922.3)	(1,867.5)
Others <sup>(1)</sup>	(258.5)	(247.5)	(11.0)
<b>Total shareholders' equity</b>	<b>13,537.7</b>	<b>13,161.9</b>	<b>375.8</b>

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

As of 30 June 2022, total shareholders of the Company and its subsidiaries was 13,537.7 million baht, increasing by 375.8 million baht from the mark to market of long-term investments in marketable securities and retained loss during the period. The Company had lower premium on ordinary shares of 100.8 million baht due to sale of treasury stock during the period. The Company reported retained loss at the amount of 15,789.8 million baht.

### Statement of Cash Flow

Unit: million baht

	As at 30 June	
	2022	2021
Net cash flows from (used in) operating activities	371.4	(1,126.9)
Net cash flows from investing activities	279.3	826.9
Net cash flows used in financing activities	(1,031.3)	(627.9)
<b><i>Cash and cash equivalents at end of period</i></b>	<b>1,745.3</b>	<b>1,253.2</b>

#### Cash flows from operating activities

As of 31 March 2022, the loss of the Company and its subsidiaries before changes in operating assets and liabilities was 197.6 million baht while the amount of net cash flows from operating activities was 371.4 million baht.

#### Cash flows from investing activities

As of 30 June 2022, net cash flows from investing activities of the Company and its subsidiaries was 279.3 million baht which mainly from dividend received from investments in associates and dividend received from equity instruments amounted to 353.0 million baht. In a meantime, the Company had cash paid for property plant and equipment during the period.

#### Cash flows from financing activities

As of 30 June 2022, the Company and its subsidiaries had cash flow used in financing activities at the amount of 1,031.3 million baht, mainly for payment of lease liabilities, repayment loan to related party and cash paid for finance cost in total of 2,221.8 million baht. The Company reported cash received from short-term loan and sales of treasury stock total amounted to 1,296.5 million baht during the period.

## Summary Consolidated Financial and Ratio

		As at 30 June	
		2022	2021
Liquidity Ratio	Current Ratio (Time)	0.3	0.3
	Quick Ratio (Time)	3.5	3.3
	Collection Period (Day)	22.7	17.8
	Stock Turnover Period (Day)	17.4	14.0
	Payment Period (Day)	26.1	17.4
Profitability Ratio	Gross Profit Margin (%)	(24.3)	(139.7)
	Operating Profit Margin (%)	(34.9)	(129.4)
	EBITDA Margin (%)	(0.4)	(22.6)
	Net profit Margin (%)	(44.9)	(51.9)
	Return on Equity (%)	(28.1)	(29.2)
Efficiency Ratio	Return on Assets (%)	(7.6)	(11.5)
	Return on Fixed Assets (%)	(14.3)	(10.5)
	Asset Turnover (Time)	0.2	0.2
Leverage Ratio	Debt to Equity (Time)	2.7	1.5
	Interest Coverage Ratio (Time)	(0.03)	(0.6)

