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Subject: Management Discussion and Analysis of business operation and financial statements

To: President,
The Stock Exchange of Thailand

Airports of Thailand Public Company Limited and its subsidiaries

Management discussion and analysis of business operation and the financial statements
for the year ended September 30th, 2022

Overall performance and significant events

Regarding the overall air traffic volume of Airports of Thailand Public Company Limited (AOT) from October 2021 to September 2022, the number of flights and passengers increased compared to that of the prior year's corresponding period because the Coronavirus Disease 2019 (COVID-19) pandemic situation around the world, including Thailand, is recovering and not severe compared to the prior year's corresponding period. In addition, the government's policy of opening the country to revitalize the economy. Moreover, the effective public health management across all sectors has a positive impact on the business of the tourism sector.

On September 23rd, 2022, the Centre for the Administration of the Situation due to the Outbreak of the Communicable Disease Coronavirus 2019 cancelled the declaration of an emergency situation in all areas of the Kingdom, effective from September 30th, 2022 onwards. This is due to a fall in the number of COVID-19 patients with severe symptoms, the fatality rate of the global COVID-19 pandemic situation, as well as a decline in the spread and the severity of the disease. In addition, the number of vaccines against COVID-19 in the country is sufficient to meet the demand and a wide-range of people have been vaccinated. As a result, people have increased immunity to diseases. The Ministry of Public Health announced the termination of the COVID-19 as a dangerous communicable disease but it designated as a communicable disease under surveillance from October 1st, 2022 onwards.

Although the COVID-19 pandemic situation will begin to unravel and tend to be better than that of the prior year's corresponding period, AOT remained imposing measures to help airlines and concessionaires under its responsibility, who are the important supply chain of the airport and airlines industry, to enable them to maintain and continue their operation. AOT's Board of Director's meeting on November 25th, 2021 approved measures to support the business of airlines and concessionaires by extending the period of assistance measures from March 31st, 2022 to March 31st, 2023 and extending the concession period for concessionaires operating commercial activities at six airports under AOT's responsibility for another year from the expiration date of the existing concession period. In addition, AOT postponed the collection of payment for using the Boarding Facilitation Charge system for airlines at Chiang Mai International Airport, Hat Yai International Airport and Mae Fah Luang Chiang Rai International Airport from June 15th, 2022 to November 30th, 2022, and Don Mueang International Airport from November 1st, 2022 to November 30th, 2022. The payment will be made in January 2023 in accordance with AOT's Board of Directors' resolution on April 27th, 2022. Moreover, on August 24th, 2022, AOT's Board of Directors approved an incentive scheme for airlines operating at six airports under AOT's responsibility for international and domestic scheduled flights that are new routes for passenger flights only from November 1st, 2022 – October 31st, 2025 by giving a discount on landing charges, parking charges and boarding bridge charges for 95% in the first year and 75% in the second and third years. However, the extension and postponement mentioned above must be in accordance with the terms and conditions prescribed by AOT who reserves the right to change, amend, or cancel the conditions as appropriate, depending on the COVID-19 situation.

The air traffic volume for the year ended September 30th, 2022 at the six airports under AOT's responsibility increased by 60.84% or 394,469 flights compared to that of the corresponding period of the prior year, comprising 137,497 international flights and 256,972 domestic flights. The total number of passengers increased by 133.35% or 46.69 million passengers compared to that of the corresponding period of the prior year, comprising 13.90 million international passengers and 32.79 million domestic passengers.

1. Analysis of operations

1.1 Operating results for the year ended September 30th, 2022

Unit: Million Baht

	2022	2021	Increase (decrease)	% YoY
Revenues from sales or services	16,560.02	7,085.60	9,474.42	133.71
<i>Aeronautical revenue</i>	7,290.05	2,328.69	4,961.36	213.05
<i>Portion</i>	44%	33%		
<i>Non-aeronautical revenue</i>	9,269.97	4,756.91	4,513.06	94.87
<i>Portion</i>	56%	67%		
Other income	1,331.84	458.37	873.47	190.56
Total revenues	17,891.86	7,543.97	10,347.89	137.17
<u>Less</u> Total expenses	28,825.53	25,115.91	3,709.62	14.77
Operating loss	(10,933.67)	(17,571.94)	6,638.27	37.78
<u>Less</u> Share of loss from investment in associate	0.18	0.09	0.09	100.00
<u>Less</u> Finance cost	2,929.80	2,973.00	(43.20)	(1.45)
Loss before income tax	(13,863.65)	(20,545.03)	6,681.38	32.52
<u>Add</u> Income tax revenues	2,887.59	4,173.17	(1,285.58)	(30.81)
Net loss for the year	(10,976.06)	(16,371.86)	5,395.80	32.96
Loss attributable to:				
Equity holders of the Company	(11,087.86)	(16,322.01)	5,234.15	32.07
Non-controlling interests of the subsidiaries	111.80	(49.85)	161.65	324.27
Loss per share (Baht)	(0.78)	(1.14)	0.36	31.58

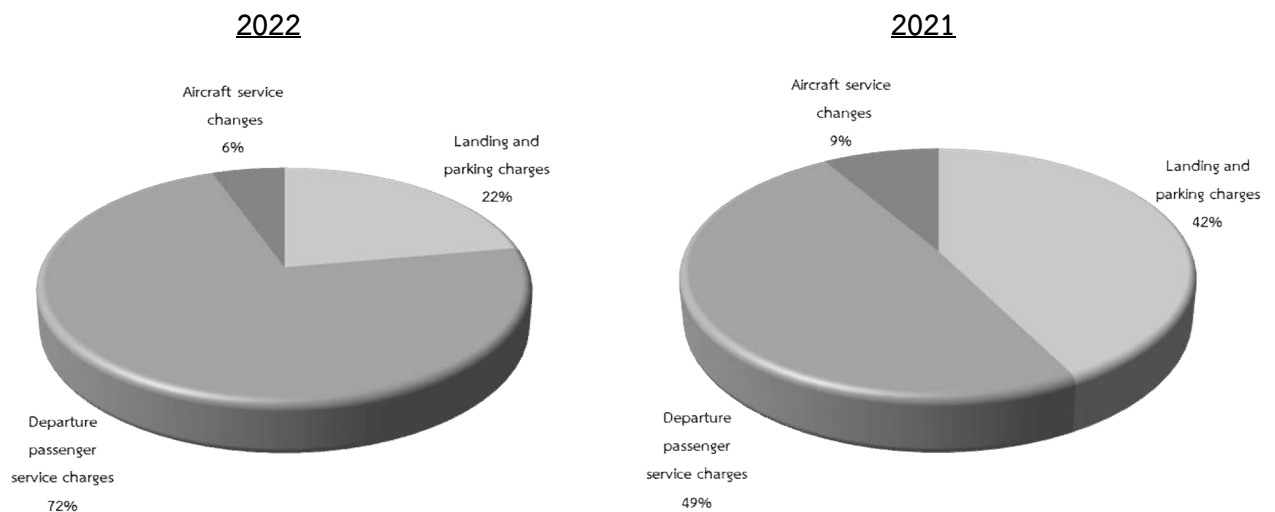
For the year ended September 30th, 2022, AOT incurred net loss of Baht 11,087.86 million. Operating results increased from those of the prior year's corresponding period with a net loss of Baht 16,322.01 million. Revenues from sales or services increased by Baht 9,474.42 million or 133.71% as a result of an increase in aeronautical revenue of Baht 4,961.36 million or 213.05% and non-aeronautical revenue of Baht 4,513.06 million or 94.87% because of a rise in the number of flights and passengers. Other income increased by Baht 873.47 million or 190.56%. Total expenses increased by Baht 3,709.62 million or 14.77% mainly due to an increase in other expenses, loss on

derivatives, employee benefit expenses, utilities expenses, repairs and maintenance, state property rental and outsourcing expenses, while loss on impairment of assets decreased. In addition, finance cost decreased by Baht 43.20 million or 1.45% and income tax revenues decreased by Baht 1,285.58 million or 30.81%.

1.2 Aeronautical Revenue

Unit: Million Baht

	2022	2021	Increase (decrease)	%YoY
Landing and parking charges	1,619.24	987.04	632.20	64.05
Departure passenger service charges	5,267.48	1,140.89	4,126.59	361.70
Aircraft service charges	403.33	200.76	202.57	100.90
Total	7,290.05	2,328.69	4,961.36	213.05



A proportion of aeronautical revenue in each type in FY 2022 differed significantly from that of the corresponding period of the prior year. The majority of aeronautical revenue arose from departure passenger service charges.

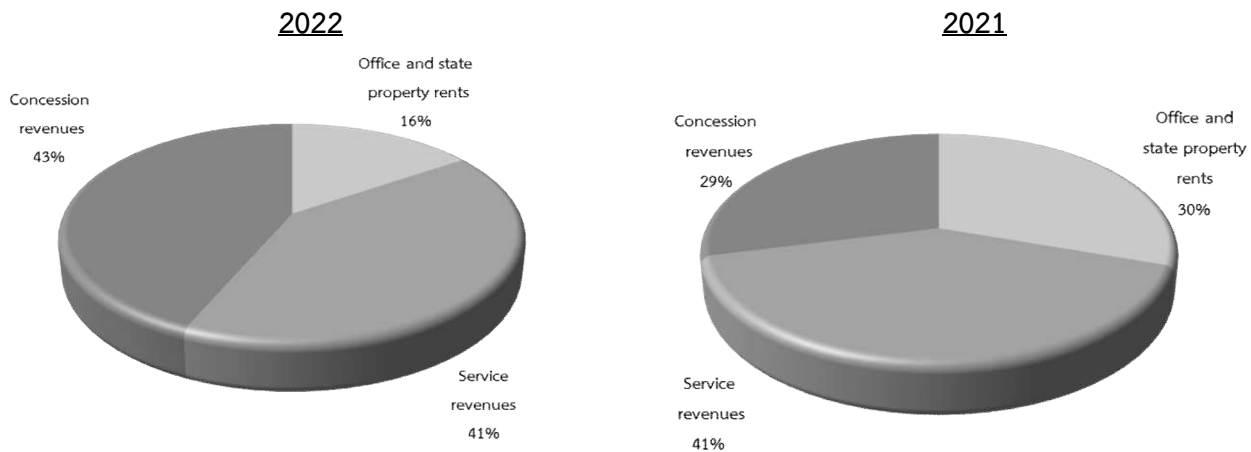
For the year ended September 30th, 2022, aeronautical revenue of Baht 7,290.05 million increased by Baht 4,961.36 million or 213.05% compared to that of the corresponding period of the prior year because departure passenger service charges increased by Baht 4,126.59 million or 361.70% due to a 133.35% increase in the total number of passengers in the six airports. Moreover, landing and parking charges increased by Baht 632.20 million or 64.05% because of a flight increase of 60.84%. The primary reason for the revenue improvement is the recovery of the tourism sector as a result of the government's measure to reopen the country. The measure aims to revive the

economy, which was impacted by positive factors of the COVID-19 pandemic situation that tends to be better and less severe compared to the prior year's corresponding period.

1.3 Non-Aeronautical Revenue

Unit: Million Baht

	2022	2021	Increase (decrease)	%YoY
Office and state property rents	1,438.13	1,436.52	1.61	0.11
Service revenues	3,800.58	1,946.31	1,854.27	95.27
Concession revenues	4,031.26	1,374.08	2,657.18	193.38
Total	9,269.97	4,756.91	4,513.06	94.87



A proportion of some types of non-aeronautical revenue in FY 2022 differed significantly from that of the corresponding period of the prior year. The majority of non-aeronautical revenue came from concession revenues and service revenues.

For the year ended September 30th, 2022, non-aeronautical revenue of Baht 9,269.97 million increased by Baht 4,513.06 million or 94.87% compared to that of the corresponding period of the prior year due to an increase in concession revenues of Baht 2,657.18 million or 193.38% in line with an increase in the number of passengers and service recipients in the airports. Service revenues increased by Baht 1,854.27 million or 95.27% mainly due to an increase in ground aviation service, advance passenger processing service fees, and boarding facilitation charges, in line with the rise in the total number of passengers and flights.

1.4 Other income

Unit: Million Baht

	2022	2021	Increase (decrease)	%YoY
Gain (loss) on foreign exchange	897.00	(173.69)	1,070.69	616.44
Interest income	47.32	233.25	(185.93)	(79.71)
Gain on sales of assets	2.35	1.93	0.42	21.76
Discount on state property rental	119.63	-	119.63	100.00
Other income	265.54	396.88	(131.34)	(33.09)
Total	1,331.84	458.37	873.47	190.56

Other income for the year ended September 30th, 2022 of Baht 1,331.84 million increased by Baht 873.47 million or 190.56% compared to that of the corresponding period of the prior year mainly due to an increase in gain on foreign exchange of Baht 1,070.69 million resulting from the foreign currency translation of long-term loans in Japanese Yen. Discount on state property rental increased by Baht 119.63 million because the Treasury Department reduced the state property rental in 2021 for AOT due to COVID-19 pandemic. Therefore, the state property rental for the revenue sharing method of Suvarnabhumi Airport was reduced. Interest income decreased by Baht 185.93 million because of a decrease in fixed deposits. Other income decreased by Baht 131.34 million mainly due to a decrease in revenue from fines.

1.5 Total expenses

Unit: Million Baht

	2022	2021	Increase (decrease)	%YoY
Employee benefit expenses	7,782.15	7,029.81	752.34	10.70
Utilities expenses	2,631.94	2,145.48	486.46	22.67
Outsourcing expenses	2,690.48	2,386.53	303.95	12.74
Repairs and maintenance	2,212.25	1,889.53	322.72	17.08
State property rental	559.01	239.25	319.76	133.65
Depreciation and amortisation expenses	8,931.76	9,027.38	(95.62)	(1.06)
Loss on impairment of assets	177.47	952.17	(774.70)	(81.36)
Loss (gain) on derivatives	641.01	(120.78)	761.79	630.73
Other expenses	3,199.46	1,566.54	1,632.92	104.24
Total	28,825.53	25,115.91	3,709.62	14.77

For the year ended September 30th, 2022, total expenses of Baht 28,825.53 million increased by Baht 3,709.62 million or 14.77% compared to those of the corresponding period of the prior year. The significant change was due to an increase in other expenses of Baht 1,632.92 million arising from provisions for litigation liabilities because the Central Administrative Court ordered AOT to make payment to the plaintiff in the dispute regarding the contract for management and transportation of logistics service in free zone area at Suvarnabhumi Airport. Moreover, loss on derivatives increased by Baht 761.79 million due to changes in fair value of derivatives. Employee benefit expenses increased by Baht 752.34 million mainly due to an increase in employment of subsidiaries, AOT Aviation Security Company Limited and AOT Ground Aviation Services Company Limited. Furthermore, there were increases in utilities expenses of Baht 486.46 million, repairs and maintenance of Baht 322.72 million, state property rental of Baht 319.76 million, and outsourcing expenses of Baht 303.95 million, but loss on impairment of assets decreased by Baht 774.70 million. This was because, in the year 2021, Mae Fah Luang Chiang Rai International Airport fully recognized an impairment loss of its assets. There were no significant changes in other categories of expenses compared to those of the corresponding period of the prior year.

2. Analysis of financial position

The financial position as at September 30th, 2022 of AOT is as follows:

	2022	2021	Increase (decrease)	% change
Total assets	183,812.92	195,085.76	(11,272.84)	(5.78)
Total liabilities	81,294.32	81,664.39	(370.07)	(0.45)
Total equity	102,518.60	113,421.37	(10,902.77)	(9.61)

Material changes in assets, liabilities and equity as at September 30th, 2022 compared to those as at September 30th, 2021 are as follows:

2.1 Analysis of assets

Total assets as at September 30th, 2022 of Baht 183,812.92 million decreased by Baht 11,272.84 million or 5.78% from September 30th, 2021 as detailed below.

2.1 Analysis of assets (cont'd)

Unit: Million Baht

	2022	2021	Increase (decrease)	% change
Current assets	8,476.21	21,498.93	(13,022.72)	(60.57)
Non-current trade accounts receivable	619.26	623.06	(3.80)	(0.61)
Other non-current financial assets	1,227.51	1,142.97	84.54	7.40
Investments	74.70	65.99	8.71	13.20
Property, plant and equipment and investment properties	124,452.80	121,100.52	3,352.28	2.77
Right-of-use assets	31,269.37	35,809.36	(4,539.99)	(12.68)
Deferred tax assets	11,313.34	8,412.98	2,900.36	34.47
Other non-current assets	6,379.73	6,431.95	(52.22)	(0.81)
Total assets	183,812.92	195,085.76	(11,272.84)	(5.78)

Current assets of Baht 8,476.21 million decreased by Baht 13,022.72 million or 60.57% due to a decline in other current financial assets of Baht 8,599.91 million mainly resulting from a decrease in fixed deposits used to support the business operations. Furthermore, cash and cash equivalents decreased by Baht 4,681.09 million. There were no significant changes in other categories of current assets (e.g., trade accounts receivable, other receivables, inventories and supplies, and other current assets) compared to those of the prior year.

Property, plant and equipment and investment properties totaling Baht 124,452.80 million increased by Baht 3,352.28 million or 2.77% mainly arising from the increase in assets under construction of Suvarnabhumi Airport.

Right-of-use assets of Baht 31,269.37 million decreased by Baht 4,539.99 million or 12.68% due to the gradual depreciation over the lease term along with the reduction of state property rental in 2021 granted by the Treasury Department due to the COVID-19 pandemic. As a result, AOT recognised the discounted state property rental by deducting the balance of right-of-use assets.

Deferred tax assets of Baht 11,313.34 million increased by Baht 2,900.36 million or 34.47% due to net loss incurred during the year which was expected to be used in the future.

Other non-current assets of Baht 6,379.73 million decreased by Baht 52.22 million or 0.81% due to a decrease in advance payment of Baht 304.62 million mainly arising from the Suvarnabhumi Airport's construction project. Moreover, non-current derivative assets decreased by Baht 161.03 million due to measurement of fair value of financial instruments, while intangible assets increased by Baht 438.25 million due to the increase in right to use computer software.

2.2 Analysis of liabilities

Total liabilities as at September 30th, 2022 of Baht 81,294.32 million decreased by Baht 370.07 million or 0.45% from those of September 30th, 2021 as detailed below.

Unit: Million Baht

	2022	2021	Increase (decrease)	% change
Current liabilities	14,495.05	13,610.28	884.77	6.50
Long-term loans – net of current portion	3,314.38	6,079.74	(2,765.36)	(45.48)
Lease liabilities - net of current portion	54,676.53	54,768.39	(91.86)	(0.17)
Employee benefit obligations	4,786.52	4,532.77	253.75	5.60
Non-current derivative liabilities	1,093.81	851.44	242.37	28.47
Other non-current liabilities	2,928.03	1,821.77	1,106.26	60.72
Total liabilities	81,294.32	81,664.39	(370.07)	(0.45)

Current liabilities of Baht 14,495.05 million grew by Baht 884.77 million or 6.50% due to an increase in other payables of Baht 670.30 million which mainly arose from the increase of state property rental payable and APPS expenses which were in line with the operating results. Short-term loans from financial institutions, which are used to support the operation, increased by Baht 572.99 million. Work in processes payable decreased by Baht 473.87 million mainly arising from the payment for Suvarnabhumi Airport's construction project.

Long-term loans – net of current portion of Baht 3,314.38 million decreased by Baht 2,765.36 million or 45.48% due to repayment of borrowings and the impact of foreign exchange rates.

Employee benefit obligations of Baht 4,786.52 million increased by Baht 253.75 million or 5.60% due to an increase of provisions for long-term employee benefit.

Non-current derivative liabilities of Baht 1,093.81 million increased by Baht 242.37 million or 28.47% due to the measurement of the fair value of financial instruments.

Other non-current liabilities of Baht 2,928.03 million increased by Baht 1,106.26 million or 60.72% due to provisions for litigation liabilities because the Central Administrative Court ordered AOT to

make payment to the plaintiff in the dispute regarding the contract for management and transportation of logistics service in free zone area at Suvarnabhumi Airport.

2.3 Analysis of equity

Total equity as at September 30th, 2022 of Baht 102,518.60 million decreased by Baht 10,902.77 million or 9.61% from that of September 30th, 2021 as detailed below.

Unit: Million Baht

	2022	2021	Increase (decrease)	% change
Issued and fully paid-up share capital	14,285.70	14,285.70	-	-
Premium on share capital	12,567.67	12,567.67	-	-
Retained earnings	73,565.24	84,653.26	(11,088.02)	(13.10)
Other components of shareholders' equity	905.36	837.14	68.22	8.15
Non-controlling interests of the subsidiaries	1,194.63	1,077.60	117.03	10.86
Total shareholders' equity	102,518.60	113,421.37	(10,902.77)	(9.61)

Retained earnings of Baht 73,565.24 million decreased by Baht 11,088.02 million or 13.10% due to a net loss incurred during the year.

3. Analysis of liquidity

As at September 30th, 2022, cash and cash equivalents of Baht 3,797.65 million decreased by Baht 4,681.10 million from those of September 30th, 2021 as detailed below.

Unit: Million Baht

	2022
Cash flows used in operating activities	(171.36)
Cash flows used in investing activities	(936.40)
Cash flows used in financing activities	(3,573.34)
Net decrease in cash and cash equivalents	(4,681.10)
Cash and cash equivalents at the beginning of the year	8,478.75
Cash and cash equivalents at the end of the year	3,797.65

Changes in cash and cash equivalents for the year ended September 30th, 2022 are described as follows:

Net cash used in operating activities of Baht 171.36 million arose from operating results of the current year.

Net cash used in investing activities of Baht 936.40 million resulted from the payment for investment in property, plant and equipment of Baht 9,384.56 million. While cash received from other current financial assets was Baht 8,599.91 million due to fixed deposits upon maturity.

Cash used in financing activities of Baht 3,573.34 million mainly resulted from the repayment of long-term loans and interest of Baht 2,187.14 million and Baht 1,204.75 million, respectively.

4. Ratio analysis

	2022	2021
Profitability ratio		
Ratio of profit (loss) from operations to revenue from operations (%)	(66.02)	(248.00)
Return on equity (ROE) (%)	(10.38)	(12.82)
Return on total assets (ROA) (%)	(5.85)	(8.86)
Financial structure and liability ratio		
Debt to equity ratio (Time)	0.79	0.72
Liquidity ratio (Time)	0.58	1.58

The profitability ratio increased due to the recovery of COVID-19 situation. However, AOT continued to incur overall the net loss. In terms of financial structure, AOT was able to maintain its debt-to-equity ratio of less than one time. While the liquidity ratio is less than one time because of fixed deposits upon maturity.

5. Factors affecting future operating results

In early 2022, there was a severe pandemic situation of COVID-19 of omicron variant in the country thus affecting an air travel and a decrease in the number of flights and passengers within the airports under AOT's operation. However, the current situation of the pandemic tends to improve. In addition, the government has relaxed various measures related to travel in and out of the country and people's daily life. As a result, the total number of flights and passengers increased compared to the prior year's corresponding period.

AOT as a state enterprise manages all six major airports of the country, which are the major infrastructure to support the air traffic volume and passengers from various regions both domestically and internationally. It is therefore prompt to increase the potential of Thailand's airport system network by extending the management to the airports under the supervision of the Department of Airports, namely Udon Thani International Airport, Buriram Airport, and Krabi International Airport. The cabinet meeting on August 30th, 2022, approved in principle that AOT is responsible for overseeing and managing the aforementioned airports on behalf of the Department of Airports.

On August 24th, 2022, AOT's Board of Directors approved the postponement of the opening of the Midfield Satellite (SAT-1) Terminal at Suvarnabhumi Airport from April 2023 to September 2023 to ensure that the SAT-1 Terminal is physically ready and various service systems are fully functional with no problems occurred to passengers, airlines, and stakeholders at Suvarnabhumi Airport. In addition, the forecast number of passengers was lower than the previous one, making it unnecessary to expedite the Terminal opening and incur unnecessary expenses to reflect AOT's current financial status.

Furthermore, from September 1st, 2022 onwards Suvarnabhumi Airport has started activating the Passenger Validation System (PVS), which is located at the entrance of the domestic departure security screening point and at the entrance of the international departure security screening point. The only requirement for passengers is to tap their Boarding Pass or E-Boarding Pass on the inspection machine and after that the system will scan and verify the passenger's travel information. This is to ensure that the passenger screening process is accurate and prevents unauthorized persons from entering restricted areas, control areas, or airside areas. In addition, the PVS system prevents the reuse of boarding passes previously scanned. The purpose of the system is to enhance airport security and facilitate the airline operation and airline representatives in verifying the passenger's information. Suvarnabhumi Airport has provided the airport staff to assist the passengers with any questions and instructions on how to deal with the system. As part of the project to transform Suvarnabhumi Airport into a digital airport, the PVS system will be used to improve various airport services to be modern, secure, convenient, and fast.

AOT is committed to enhancing the services by utilizing the technology to facilitate both passengers and freight services. Such technology are, for example, the airport application "SAWASDEE by AOT", automatic check-in service points, and airport robots, including the Midfield Satellite (SAT-1) Terminal to be opened in the future with greater digital airport-integrated passenger facilities to accommodate new travel patterns as well as to ensure the service recipients' convenience and satisfaction at the airports of AOT.

Please be informed accordingly.

Yours sincerely,

(Chenwit Musikarat)

Senior Executive Vice President (Accounting and Finance)

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