

- Translation -



Bangkok Aviation Fuel Services Public Company Limited

Management Discussion & Analysis

For the Quarter and the Year Ended December 31, 2023

Executive Summary

In 2023, the tourism situation in Thailand significantly improved due to the government's emphasis on tourism policies and continuous promotion efforts. Policies and guidelines were implemented to stimulate tourism, such as visa exemptions, activities aligned with seasonal trends, promoting secondary cities, organizing year-end festivals, and cultural events in 10 provinces across the country. These initiatives aimed to raise awareness of Thai culture, enhance soft power, increase tourist arrivals, and boost Thailand's reputation as a tourist destination. Throughout the year, Thailand welcomed a total of 28.2 million tourists, slightly surpassing the target or increasing by 2.5 times compared to the previous year's 11.2 million. The top five source countries for international tourists were Malaysia, China, South Korea, India, and Russia, accounting for 46% of all international tourists. However, the number of Chinese tourists did not reach the target of 4 million, with approximately 3.5 million Chinese tourists visiting Thailand in 2023. Although this marked a significant increase of 12.9 times compared to the previous year, it only accounted for 32% of the proportion of Chinese tourists before the COVID-19 pandemic, mainly due to the sluggish Chinese economy. **For 2024**, the Tourism Authority of Thailand (TAT) set a target of 35 million international tourists, including 8 million Chinese tourists, which is close to pre-pandemic levels. This is expected to be driven by the long-term visa exemption policy between Thailand and China, which will commence on March 1, 2024. This policy is anticipated to rejuvenate Thailand's tourism industry, similar to its past vibrancy.

For the Northern Fuel Pipeline Transportation Business is considered a business that contributes to global conservation and environmental benefits in various dimensions. It promotes national energy security and enhances the efficiency of fuel transportation in the country. Developing the fuel transportation infrastructure to the northern region accommodate people in the northern region to access fuel at prices close to those in Bangkok, reducing road accidents and ensuring safety by avoiding accidents from large fuel tanker transportation. In terms of business, it reduces the cost of fuel transportation and, environmentally, helps mitigate global warming and greenhouse gas emissions. Since the inception of FPT's fuel pipeline operations, it has helped reduce carbon dioxide emissions by over 54,000 tons, equivalent to planting about 5,684,200 trees. Additionally, the accumulated fuel demand in the northern region in 2023 reached 3,336 million liters, increasing by 3% from the previous year's 3,436 million liters. Currently, the group of companies is negotiating and preparing for the construction of an fuel pipeline project linking Saraburi to Ang Thong (link line). This project aims to connect the fuel transportation network between the eastern and northern regions, contributing to the stability of Thailand's energy infrastructure.

The global solar power market continues to grow steadily and gradually increases its role in global electricity production, contributing to the achievement of the Net Zero pathway shared by many countries worldwide, including Thailand. Currently, Thailand's electricity consumption in 2023 reached 203,923 gigawatt-hours, increasing by 3% from the previous year. The peak electricity demand of the system is at the level of 34,130.50 megawatts, increasing by 6% from the previous year.

According to the group's strategic plan to sustainably expand its revenue base in the long term, the group of companies is seeking opportunities to invest or collaborate in renewable energy and environmental businesses both domestically and internationally. In 2023, the group expanded its investments diversely, including the establishment of new subsidiaries such as BX Global Invest Pte Ltd. in Singapore and BAFS X Mongolia LLC in Mongolia. These subsidiaries are primarily engaged in revenue generation through equity holdings in other companies. In the initial phase, the group of companies plans to invest jointly in solar power generation and distribution businesses. Clear investment details for these projects are expected to be available in 2024. Additionally, they have participated in investing in Surat Eco Power Limited, holding a 30% stake. This investment is for a waste-to-energy power plant with a capacity of 9.9 megawatts, expected to commence operations in 2026.

Financial Highlights

Unit : Million baht	4Q/22	3Q/23	4Q/23	Change		2022	2023	Change YoY
				QoQ	YoY			
Total Revenues ¹	690	734	803	9%	16%	2,334	3,074	32%
Total Expenses ²	639	594	827	39%	29%	2,264	2,657	17%
Operating Profit (Loss)	52	140	(24)	>(100%)	>(100%)	71	417	>100%
Net Profit (Loss) to Equity holders	(41)	(3)	(198)	>(100%)	>(100%)	(281)	(138)	(51%)
Earnings per Share (Baht/Share)	(0.06)	(0.02)	(0.33)	>(100%)	>(100%)	(0.44)	(0.26)	(41%)
EBITDA ³	279	349	199	(43%)	(29%)	974	1,313	35%
EBITDA Margin (%)	40%	48%	25%			42%	43%	
EBITDA Margin exc. Extra items(%)	40%	48%	36%			42%	46%	

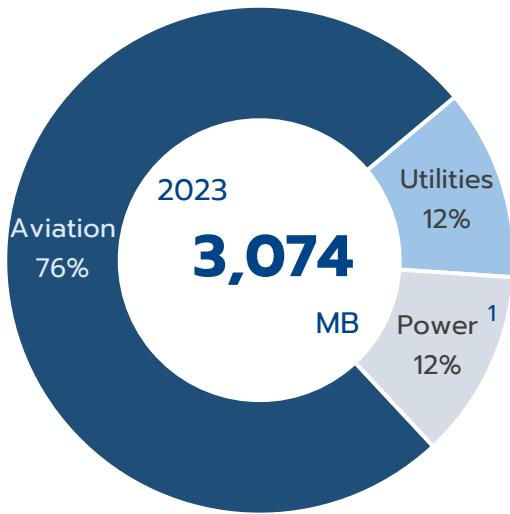
¹ Total revenues excluded finance income

² Total expenses excluded finance cost

³ EBITDA = Operating profit (loss) + Depreciation and amortization

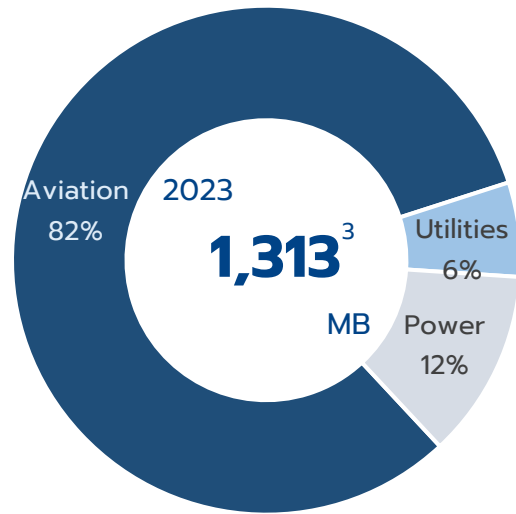
⁴ Extra items consisting of loss from impairment on asset, loss from changes in the fair value of investments and loss from selling investments in joint ventures

Total Revenue



¹ Revenue from the electricity generation and distribution business, including dividend income from solar power plants in Japan.

EBITDA²



² % of EBITDA calculated from amount before eliminations

³ EBITDA amount after eliminations

Total Performance 4Q/23 vs. 4Q/22

Bangkok Aviation Fuel Services Public Company Limited, and its subsidiaries BAFS GROUP, recorded a **total revenue** of 803.0 million baht, marking a 16% increase from the same period last year. This growth is attributed to the recovery in the tourism sector, aligning with the overall economic recovery of the country. Consequently, the **Aviation business's** total revenue increased by 20%, driven by a 17% increase in aircraft refueling volume. Similarly, the **Utilities business** exhibited a 29% rise, attributed to increased fuel transportation volume across all products within the NFPT project, which grew by over 100% as a result of more aggressive marketing efforts. However, the **Power business** also experienced a slight increase in revenue.

In the fourth quarter of 2023, the **EBITDA** totaled 198.7 million baht, a decrease of 29% compared to the same period of the previous year. This decrease was primarily attributed to a 15% increase in operating expenses (excluding depreciation and amortization expenses), mainly driven by higher Airport Concession Fee (ACF) resulting from increased fueling volumes. Additionally, personnel expenses, repair and maintenance costs also contributed to the increase in operating expenses. On the other hand, depreciation and amortization expenses decreased by 3% due to the change in the estimated useful life of pipelines and related equipment from 40 years to 80 years, effective from the third quarter of 2023, aligning with the management's review and expert opinions. Consequently, depreciation costs decreased compared to the same period of the previous year. Furthermore, the net financial costs increased by 13% due to an interest rate adjustment of the overall market interest rates. Moreover, in the fourth quarter of 2023, BAFS GROUP recognized loss on change in value of investments in Japan designated at fair value amounting to 45.4 million baht, loss on impairment of goodwill and investments amounting to 33.6 million baht, and loss on disposal of investment in joint ventures amounting to 15.0 million baht. Additionally, there was recognition of losses from the amortization of deferred tax assets (DTA) expected to be unused in the future, amounting to 65.0 million baht. These items are accounted for as expenses only and do not impact cash flows. As a result, BAFS GROUP reported a **net loss** attributable to shareholders of 197.7 million baht in the fourth quarter of 2023, equivalent to a loss per share of 0.33 baht, with a net loss margin of -31%.

Total Performance 2023 vs. 2022

BAFS GROUP reported total revenue and EBITDA of 3,074.0 million baht and 1,312.5 million baht, respectively, representing an increase of 32% and 35% from the previous year. This growth was driven by the recovery of the tourism industry in Thailand, which continued to grow steadily after the easing of the COVID-19 pandemic situation. Consequently, the **Aviation business** of BAFS GROUP saw a recovery in fueling volumes, increasing by 44% compared to the previous year. However, in 2023, BAFS GROUP experienced a 13% increase in overall operating expenses, primarily due to increases in personnel expenses, ACF, and repair and maintenance costs. Additionally, during the last quarter of the year, BAFS GROUP recognized losses on change in value of investments in Japan designated at fair value, loss on impairment of goodwill and investments, and recognized losses from the amortization of deferred tax assets (DTA) expected to be unused in the future. These items are accounted for as expenses only and do not impact cash flows. As a result, BAFS GROUP reported a **net loss** attributable to shareholders of 138.0 million baht, representing a 51% decrease from the previous year. The loss per share was 0.26 baht, with a net loss margin of -9%.

Key events in 2023

- **Expansion of Investments**

- **Establishment of a New Subsidiary named BX Global Invest Pte Ltd.**

In May 2023, the group of companies established a new subsidiary named BX Global Invest Pte Ltd. in Singapore, with a registered capital of 10,000 Singapore dollars, equivalent to 0.3 million baht. The group owns 100% of the shares in this subsidiary. The purpose of establishing this subsidiary is to expand revenue streams primarily through equity holdings in other companies, in line with the group's strategic plan.

- **Establishment of a New Subsidiary named BAFS X Mongolia LLC**

In August 2023, the group established a new subsidiary called BAFS X Mongolia LLC in Mongolia with a registered capital of 345 million tugriks, equivalent to 3.6 million Baht. The group holds 100% of the shares, engaging in various businesses, mainly deriving income from shareholding in other companies. These include alternative energy, fuel storage and transportation, and import and export of goods and services. In the initial phase, the group plans to invest in solar power production and distribution, expected to provide clear investment details for the project by 2024.

- **Investment in a New Joint Venture Company named Surat Eco Power Co., Ltd**

The group invested in Surat Eco Power Co., Ltd with a 30% shareholding. The investment is directed towards a waste-to-energy power plant with a production capacity of 9.9 megawatts. It is anticipated to commence operations in 2026.

- **Selling investment in the joint venture company, SDLT Co., Ltd.**

In December 2023, the group had a restructuring by internally managing the Blockchain technology project within the group. This was done to achieve long-term cost savings in business operations. Consequently, the group disposed of all ordinary shares of SDLT Co., Ltd., a joint venture of the subsidiary company (BID). The Group recognised a loss on the sale of this investment of approximately Baht 15.0 million in profit or loss.

- **Issuing and Offering of Perpetual Bond**

On July 7, 2023, the company issued the **Perpetual Bond**, subordinate debentures, which function similarly to equity and can be redeemed upon the cessation of the company. Issuer are entitled to redeem debentures before maturity and can defer interest payments without any specific conditions at a price of 1,000 Baht per unit, totaling 1 million units and an aggregate amount of 1,000 million Baht, offered to the institutional investors at the following interest rates:

Year	Interest Rate
1 - 5	Fixed rate of 6.85% per annum
6 - 25	5-year government bonds yield + 4.75% per annum
26 - 50	5-year government bonds yield + 5.50% per annum
51 onwards	5-year government bonds yield + 6.50% per annum

- **Changing the estimated useful life of the fuel pipeline and related equipment**

The subsidiary company (FPT) revised the estimated useful life of the fuel pipeline system and related equipment from the original 40 years to 80 years, starting from the acquisition date. This adjustment was made to align with the reviewed service life based on management and expert advice. The change had an immediate impact, resulting in a reduction of depreciation expenses in 2023 by 52 million baht compared to the original depreciation calculation.

- **The announcement of dividend payment**

The company announced the dividend payment for the performance of the year 2023 on February 22, 2023, at the 1/2023 Board of Directors meeting. The resolution was approved to be presented at the annual ordinary shareholders' meeting for consideration and approval of the dividend payment from the net profit for the operating period from January 1 to December 31, 2023, at the rate of 0.22 baht per share to shareholders. The company has already distributed dividends at the rate of 0.08 baht per share for the period from January 1 to June 30, 2023, leaving a remaining dividend of 0.14 baht per share.

Performance by Business Segment

Aviation Business

Description	4Q/22	3Q/23	4Q/23	Change		2022	2023	Change
				QoQ	YoY			YoY
Aviation Fuel Volume (Million litres)								
Don Mueang Airport	152	179	185	3%	22%	427	733	72%
Suvarnabhumi Airport	828	863	961	11%	16%	2,563	3,567	39%
Total	980	1,042	1,146	10%	17%	2,990	4,300	44%
Flights¹	55,798	60,508	64,422	6%	15%	172,394	244,389	42%
Revenues (Million baht)^{2/3}	540	587	647	10%	20%	1,651	2,414	46%
Aviation EBITDA Margin (%)³	40%	51%	38%			39%	47%	

¹ Total Flights was data of flights that serviced by BAFS only at BKK and DMK

² The revenue of the Aviation business segment consists of the revenue of BAFS, TARCO, and BAFS INTECH

³ Revenue and expenses excluded gain(loss) on exchange rate and loss from impairment on asset

Performance 4Q/23 vs. 4Q/22

- Total revenue amounted to 646.6 million Baht, marking a 20% increase** due to the Aviation business segment generating service revenue of 616.8 million baht, up by 19%. This growth is attributed to the recovery of total aviation fuel volume and the number of flights served by the companies at Suvarnabhumi Airport and Don Mueang Airport, growing by 17% and 15% respectively compared to the previous year. This is in line with the continuous recovery of the tourism industry in Thailand.
- EBITDA amounted to 245.0 million Baht, marking a 13% increase.** This upturn was primarily due to the previously mentioned revenue surge in the Aviation business. However, operating expenses also increased, such as personnel expenses, maintenance and repair costs, particularly from repairing JET A-1 pipelines and aircraft refuelling vehicles, and ACF costs, which increased in line with the increased revenue. As a result, the EBITDA margin in Q4/23 stood at 38%, slightly lower than the 40% in Q4/22.

Performance 2023 vs. 2022

- **Total revenue amounted to 2,414.1 million Baht, showing a 46% increase.** This was mainly due to the Aviation business segment, which saw service revenue of 2,310.0 million baht, up by 48%. Despite the Aviation business being affected by the cancellation of the excise tax exemption for domestic aviation fuel since July and lower-than-expected flight volumes from China due to its economic slowdown, the total aviation fuel volume for 2023 remained on track with the target of 4,300 million litres. The total aviation fuel volume and flight volumes provided by the group at Suvarnabhumi Airport and Don Mueang Airport grew by 44% and 42%, respectively, from the previous year. Particularly noteworthy was the significant growth in aviation fuel volume at Don Mueang Airport, which increased by 72% from the previous year due to increased international flights at the airport by several airlines. In 2023, the total aviation fuel volume recovered to 70% of pre-COVID-19 levels, with other revenue totalling 102.7 million baht, up by 36% from service charges for fuel storage and revenue from the fuel receiving system, which increased in line with the volume of fuel serviced.
- **EBITDA reached 1,134.7 million Baht, showing a substantial 76% increase.** This significant growth was primarily driven by the Aviation business segment, as mentioned earlier. Simultaneously, operating expenses increased in line with the rise in revenue. These expenses included increased personnel costs due to the cancellation of the Leave Without Pay policy for employees implemented since August 2022, repair and maintenance expenses, and increased ACF costs. However, the increased expenses were proportionally lower than the increased revenue, resulting in an EBITDA margin of 47% for the year 2023, up from 39% in 2022.

Utilities Business

Description	4Q/22	3Q/23	4Q/23	Change		2022	2023	Change
				QoQ	YoY			YoY
Multi-products Fuel Volume of NFPT project ¹ (Million litres)	102	186	254	37%	>100%	410	842	>100%
Revenues (Million baht)	80	87	103	18%	29%	336	373	11%
Utilities EBITDA Margin (%)	6%	24%	16%			21%	21%	
Utilities EBITDA Margin exc. One-time items ² (%)	6%	24%	16%			14%	21%	

¹ FPT's multi-products fuel pipeline transportation volume for the North Fuel Pipeline Transportation (NFPT) project only

² One time items consisting of accounting gains from interpreting lessee obligations for land lease contracts related to property management rights and other one-time items

Performance 4Q/23 vs. 4Q/22

- **Total revenue amounted to 102.7 million Baht, showing a 29% increase.** This growth was attributed to the Utilities business segment, which saw revenue from ground transportation and fuel storage services totalling 98.3 million baht, up 26%. This increase was driven by the significant growth in the volume of multi-products fuel of the Northern Fuel Pipeline Transport (NFPT) project, which grew by more than 100% due to increased aggressive marketing efforts targeting fuel company clients.
- **EBITDA amounted to 16.5 million baht, representing an increase of over 100%.** This increase was driven by the Utilities business segment, which saw the aforementioned revenue growth. Meanwhile, operating expenses increased in line with revenue, including electricity costs for fuel transportation, rental fees for aviation and diesel fuel receiving systems, and maintenance and repair costs for pipelines and fuel storage systems. As a result, the EBITDA margin in 4Q/23 stood at 16%, up from 6% in 4Q/22.

Performance 2023 vs. 2022

- **Total revenue amounted to 372.8 million baht, representing an 11% increase.** This growth was driven by the Utilities business segment, which saw revenue from fuel transportation and storage services amounting to 363.8 million baht, up by 26% due to increased volume of fuel products under the NFPT project, which grew by over 100%. However, net other income amounted to 9.0 million baht, decreasing by 81% compared to the previous year. This decrease was attributed to the Utilities business segment, which recorded accounting gains in 2022 from interpreting lessee obligations for land lease contracts related to property management rights. This accounting entry was a one-time occurrence, totalling 37.9 million baht.
- **The EBITDA amounted to 78.2 million baht, representing a 9% increase.** This growth was driven by the Utilities business segment, which saw the aforementioned increase in revenue. Concurrently, operating expenses increased in line with the increased revenue, such as electricity costs for fuel transportation, increased rental fees for aviation and diesel fuel storage systems due to increased revenue from fuel reserve storage, and maintenance expenses for pipelines and fuel storage systems. As a result, the EBITDA margin for 2023 remained at 21%, the same as in 2022. It is worth noting that in 2022, the Utilities business segment had net revenue that did not arise from normal operations, totalling 29.6 million baht, which was a one-time occurrence. Excluding this item would have resulted in an EBITDA margin of 14% for 2022.

Power Business

Description	4Q/22	3Q/23	4Q/23	Change		2022	2023	Change YoY
				QoQ	YoY			
Capacity Factor (%)	14%	15%	14%			15%	15%	
Energy Sold (GWh)								
Thailand	13	12	13	8%	0%	52	51	(2%)
Japan	3	4	3	(25%)	0%	15	15	0%
Total	16	16	16	0%	0%	67	66	(1%)
Revenues (Million baht)								
Sale of electricity and Other Income	83	74	79	7%	(5%)	338	354	5%
Dividend income from solar power plants in Japan	-	-	-	0%	0%	50	32	(36%)
Total	83	74	79	7%	(5%)	388	386	(1%)
Power EBITDA Margin (%)	75%	50%	65%			80%	67%	

³ Revenue and expenses excluded gain(loss) on exchange rate, loss from impairment on asset and loss from changes in the fair value of investments

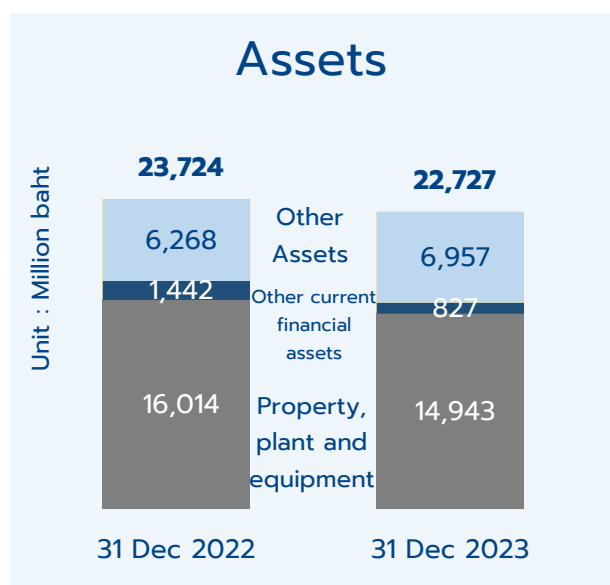
Performance 4Q/23 vs. 4Q/22

- Electricity Sales and Other Income amounted to 79.0 million Baht, indicating a 5% decrease.** This decline was attributed to the Power business segment, which saw revenue from electricity sales amounting to 73.2 million baht, representing a 10% decrease. This reduction was due to the expiration of a subsidy agreement for the purchase price of electricity (Adder) by a subsidiary, which ended in June 2023. On the other hand, revenue from other sources amounted to 5.9 million baht, marking an increase of over 100%. This increase was driven by revenue from the sale of Renewable Energy Certificates (REC).
- EBITDA amounted to 51.7 million baht, reflecting a 17% decrease.** This decline was attributed to the Power business segment, which experienced the aforementioned reduction in revenue, coupled with increased operating expenses primarily due to consulting fees for new power plant projects. Consequently, the EBITDA margin in 4Q/23 stood at 65%, down from 75% in 4Q/22.

Performance 2023 vs. 2022

- **Sales and Other Income totalled 353.8 million Baht, representing an 5% increase.** This growth was driven by the Power business segment, which saw revenue from Solar Rooftop sales to affiliated companies increase to 21.5 million baht, along with other aforementioned increases. Net revenue from electricity sales decreased due to the expiration of an Adder subsidy contract from one subsidiary company.
- **Dividend income from solar power plants in Japan was amounted to 31.6 million Baht, reflecting a 37% decrease.** This is due to the dividend received in 2022 stemming from investments in the electricity production and distribution business in Japan, based on operations in 2020 and 2021. Meanwhile, the dividend received in 2023 was based on the operations in 2022.
- **EBITDA amounted to 257.3 million Baht, marking a 17% decrease.** This decline is attributed to reduced dividend income from Japanese power plants in the Power business group, as mentioned earlier. Additionally, there were increased operating expenses such as personnel expenses and consultancy fees. Consequently, the EBITDA margin for the year 2023 stood at 67%, down from 80% in 2022.

Financial Position



Assets

As of December 31, 2023, the Group's total assets amounted to 22,727.0 million baht, a decrease of 4% compared to December 31, 2022, consisting of the following key items:

- **Land, buildings, and equipment** amounted to 14,943.0 million Baht decreased by 7%. This was due to the reclassification of project assets for the construction of the Midfield Satellite Building, known as SAT-1 terminal (SAT-1) amounting to 686.8 million Baht. The expenses under this agreement encompassed land, buildings, and equipment, along with a depreciation adjustment between periods of 669.8 million Baht, netting against building renovations and additional equipment purchases totaling 287.1 million Baht.
- **Other current financial assets** amounted to 827.1 million Baht decreased by 43%. This decrease was due to withdrawing bank deposits and cashing in government bonds that were used as collateral for the subsidiary's borrowings, totaling 621.7 million Baht. These funds were utilized to repay inter-period loans and manage operational liquidity.
- **Deferred tax assets** amounted to 396.8 million Baht decreased by 20%. This reduction is due to adjustments in the estimated employee benefit liabilities, resulting in a decrease of 26.4 million baht. Additionally, the amortization of tax-loss carryforwards expected to be unused in the future by a subsidiary resulted in a reduction of 65.0 million baht during the year.
- **Other non-current financial assets** amounted to 328.4 million Baht decreased by 17%. This reduction is attributed to the recognition of losses from adjusting the fair value of investments in Japan, totaling 45.4 million baht, and the revaluation to market price, amounting to 18.3 million baht, during the year.

- **Goodwill** amounted to 286.1 million Baht decreased by 9%. This decline is due to the recognition of losses on impairment on goodwill of the power plants in Thailand, totaling 27.0 million baht during the year.
- **Investment in joint ventures** amounted to 656.3 million Baht increased by 31%. This increase is attributed to the capital injection in Global Aero Alliance Assets Limited (GAA) of 171.6 million baht, net of the sale of investments in one joint venture amounting to 15.0 million baht during the year.
- **Right-of-use assets** amounted to 328.4 million Baht increased by 26%. Primarily driven by lease contract renewals for the Hydrant system, land, buildings, and vehicles during the year, totaling 144.7 million baht net of depreciation expenses amounting to 79.8 million baht during the year.

Liabilities

As of December 31, 2023, the group of companies has a total debt of 16,026.6 million baht, which decreased by 10% compared to the previous period. The interest-bearing debt to equity ratio is 2.0 to 1. The group's debt can be categorized as follows:

- **Long-term borrowings from banks** amounted to 10,616.6 million Baht, decreasing by 11%. This reduction occurred due to the repayment of long-term borrowings totaling 1,338.9 million Baht within the period, without any additional borrowings.
- **Short-term borrowings from banks** amounted to 0 Baht, decreasing by 100% from the net repayment of short-term borrowings totaling 300.0 million Baht during the period.
- **Provisions for employee benefits** amounted to 687.4 million Baht, decreasing by 19%. From the review of the estimated liabilities for employee benefits of the new group of companies amounting to 132.1 million baht, to reflect current realities and assumptions, there were actual payments during the year totaling 79.5 million baht net of increased expenses recognized during the year amounting to 48.0 million baht.
- **Lease liabilities** amounted to 1,692.6 million Baht, increasing by 4%. Due to lease renewals as previously mentioned.

Equity

On December 31, 2023, the group of companies had a total equity attributable to shareholders of 6,700.3 million Baht, a 13% increase from December 31, 2022. This rise was attributed to the issuance of the perpetual debenture (net after related expenses and taxes) worth 990.6 million Baht, after concluding the total loss of 163.6 million Baht and paying dividends to shareholders amounting to 78.3 million Baht. The equity attributable to the company's shareholders totaled 5,455.7 million Baht, marking a 20% increase.

Cash Flow Statement

For the period ended Dec 31, 2023

Million baht

Net cash flows from (used in) operating activities	1,138
Net cash flows from (used in) investing activities	294
Net cash flows from (used in) financing activities	(1,429)
Currency translation differences	(3)
Net increase (decrease) in cash and cash equivalents	0
Cash and cash equivalents at beginning of period	523
Cash and cash equivalents at end of period	523

- **Net cash flows from operating activities** 1,138.4 million Baht, resulting from increased revenues within the company group.
- **Net cash flows from investing activities** 294.0 million Baht. Primarily, BAFS Group withdrew funds from bank deposits and government bonds guaranteed by collateral, totaling 621.7 million baht, and received interest and dividends amounting to 116.7 million baht. Additionally, they injected capital into Global Aero Asset Co., Ltd. (GAA) amounting to 171.6 million baht and made investments in land, buildings, and equipment totaling 262.2 million baht.
- **Net cash flows used in financing activities** 1,429.1 million Baht. This was due to the company group's repayment of net borrowings, amounting to 1,638.9 million Baht, interest payments of 607.1 million Baht, dividend payments of 78.3 million Baht, and net cash received from the issuance of the perpetual debenture, totaling 988.2 million Baht.

Key Financial Ratios

	2022	2023
Profitability Ratios		
1. Gross profit margin (%)	24.7%	38.4%
2. EBITDA Margin (%)	41.7%	42.7%
3. Net profit margin (%)	(17.2%)	(8.6%)
	Dec 31, 22	Dec 31, 23
Liquidity Ratios		
4. Current ratio (times)	1.2	0.8
Profitability Ratios		
5. Return on equity (%)	(6.0%)	(2.8%)
Operating Efficiency Ratios		
6. Return on assets (%)	(1.2%)	(0.6%)
Financial Policy Ratios		
7. Interest bearing debt to equity (times)	2.5	2.0
8. Debt to equity (times)	2.7	2.1
9. Debt service coverage ratio (times)	0.6	0.7

Key Financial Ratios Calculations

- Gross profit margin = $\text{Gross profit (loss)} / \text{Service incomes and sales} \times 100$
- EBITDA Margin = $\text{EBITDA} / \text{Total revenues} \times 100$
- Net profit margin = $\text{Net profit (loss)} / \text{Total revenues} \times 100$
- Current ratio = $\text{Current assets} / \text{Current liabilities}$
- Return on equity = $\text{Net profit (loss) (annualized)} / \text{Average equity holders of the company} \times 100$
- Return on assets = $\text{Net profit (loss) (annualized)} / \text{Average total assets} \times 100$
- Interest bearing debt to equity = $\text{Interest bearing debt}^* / \text{Equity}$
 $^* \text{Interest bearing debt} = \text{Short-term loans} + \text{long-term loans} + \text{Lease liabilities} + \text{Debentures}$
- Debt to equity = $\text{Liabilities}^{**} / \text{Equity}$
 $^{**} \text{Liabilities} = \text{Total liabilities} - \text{Lease liabilities} - \text{Provision for land leased related to concession agreement}$
- Debt service coverage ratio = $\text{EBITDA} / (\text{Short-term loans} + \text{Current portion of long-term loans} + \text{Current portion of lease liabilities})$

Business operations toward sustainability goals according to the dimensions of “ESG”



In 2023, according to the strategy toward sustainability goals, the company drives business to move towards sustainability with the aim of obtaining economic benefits and giving consideration to 3 major factors, namely Environmental, Social, and Governance (ESG), which are the concept investors adopt while making decisions on investments and give priority to when running businesses that take on responsibility for the three dimensions. The performances in each aspect are as follows:

Environmental

BAFS actively pursued environmental commitments towards its goals of reaching carbon neutrality and achieving net-zero carbon emissions at corporate level. Also, BAFS reduced greenhouse gas emissions by adopting the “ZERO” strategy which includes Z (Zero Emission), -E (Energy Transition), -R (Response to nature and low carbon society), and -O (Opportunity for green investment) while organizing the following projects and activities:

- BAFS declared the master plan for long term emission reduction within the BAFS Group, outlining a target to reduce emission by 30% in Scope 1 – 2 and 20% in Scope 3 by 2030 and a net-zero target by 2050.
- BAFS has earned recognition as a Climate Leader Organization and has committed to achieving net-zero emission by 2050. In 2023, BAFS was among the top 15 organizations to achieve outstanding assessment outcomes for its operational practices, GHG emission measurements, reduction, and carbon offset, namely 2 gold medals and 1 silver medal.

- BAFS was selected by the Stock Exchange of Thailand (SET) as one of the nine organizations to take part in the 2023 Climate Change Management Role Model Project. BAFS worked on enhancing its operational protocols concerning climate change, aligning them with pertinent international standard. This initiative aimed to established BAFS as a role model for other organization on greenhouse gas management in the future.

Moreover, various projects and activities were implemented in alignment with “ZERO” strategy, for instance, the solar rooftop installation project in the Don Mueang area, a training on waste classifications within the organization organized for its employees in promoting and enhancing the effectiveness of its Zero Waste policy, the YOUTURN Plastic Waste Project, etc. Additionally, BAFS participated in the Carbon Credit from Community Forests for Sustainability Project run by Mae Fah Luang Foundation alongside partners from the public, private, and community sectors by expanding the Project. This expansion covered a forest area of 147,000 Rai (23,520 acres) and 120 communities, financial support from the private sector facilitated forest conservation and carbon credit for offset organization footprints. The communities benefited from additional income through forest protection, contributing to village development funds. BAFS also made joint investment in a 5,000-rai area in the community forest of the project.

Social

To operate its business towards sustainable growth, BAFS set goal in the social aspect in a bid to gain recognition and trust in its business operations and being a part of the social community by fostering relationships with stakeholders and encouraging participation in local communities and the society, as well as the all stakeholders across the supply chain in an effort to avoid creating impacts upon the local communities and to enhance their quality of life continuously. As to activities and project plans according to BAFS Group's strategic plan for the year 2022-2026 which covers frameworks of social and environmental reports on local communities surrounding the group’s premises, the performances in 2023 in accordance with the Community Engagement Master Plan which were measured in terms of success of the plan and level of community satisfaction are as follows:

Communities in the surrounding areas of the businesses	Activities and plans of projects run in 2023	Community satisfaction score
1) The surrounding area of DMK depot - BAFS	“The Safety, Emergency Response, and Fire Extinction for Community Project” carried out to raise an awareness of community safety and build a network of local emergency responder	88.47%

Communities in the surrounding areas of the businesses	Activities and plans of projects run in 2023	Community satisfaction score
2) The surrounding area of BKK depot - BAFS	“The Community Well-being and Health Care Promotion Project” set up to promote and encourage community well-being and to build up a network of Village Health Volunteers (VHV)	94.35%
3) The surrounding area of Phichit depot - FPT	“The Organic Rice Paddy Fields and Organic Rice Growing Promotion Project” aimed at promoting organic rice growing, reusing leftover products, and promoting organic farming’s careers	95.28%
4) The surrounding area of Lampang depot - FPT	“The Organic Crop and Fruit Project” carried out to promote organic farming, reduce use of chemicals, recycle leftover products, and promote organic farming’s careers	87.00%
5) The area of Ban Nong Prue Noi in Si Mahaphot District, Prachinburi Province - BC	“The BC Fostering Relationships and Keeping Young Farmer’s Dream Alive Projects” carried out to	90.06%
6) The area of Mae Ramat Noi School in Mae Ramat District, Tak Province - BC	provide food support for students at school, i.e., offering raised vegetable beds, improving the mushroom shed, and providing raw ingredients for cooking meals	91.00%

In addition to the projects implemented and satisfaction measured in 2023, BAFS Group also nurtures projects in organic agriculture based on the circular economy, namely the Farm Hug by BAFS Group Project and the Eco-Forestation Project in an area of 50 rai (approx. 20 acres) of the ATCE 1-2-3 Power Plant in Si Mahaphot District, Prachinburi Province that support the Sustainable Development Goals to create better economic and environmental impacts on the communities.

Governance

BAFS emphasized overseeing BAFS Group's operations in compliance with the principles of good corporate governance and anti-corruption and has been certified as a member of the Thai Private Sector Collective Action Against Corruption (CAC) since 2014. Besides, BAFS established the Supplier Code of Conduct to ensure the fair treatment of its business partners so that BAFS Group achieved economic growth sustainably in line with the income target that is matching the business size of each company in the group.

Since BAFS had been determined to concentrate on good corporate governance continuously, it received "Excellent" assessment results of Corporate Governance Report of Thai Listed Companies (CGR) for the year 2023, rewarded by the Thai Institute of Directors Association (IOD), which was the 15th consecutive year.

With great dedication, BAFS has been announced as being included in the list of SET ESG Ratings of sustainable stocks in Resources industry for the 9th consecutive year and was ranked AA by the Stock Exchange of Thailand (SET) due to the outstanding assessment results of its performances and the disclosure of data regarding ESG, particularly its policies on environment management and GHG emissions, as well as practices for employees, communities, and the society through business procedures which reflect that BAFS was determined to grow sustainably in economic, social, and environmental aspects; and operations with a strong sense of responsibility towards all groups of stakeholders.