

2023 Management Discussion Analysis

2023 Highlights

In 2023, Smart Aviation Solutions Public Company Limited or “SAV” recorded total revenues of THB 1,647.8 million, increased by THB 427.8 million or 35.1% YoY, which mainly came from the increase of revenue from providing air navigation services in Cambodia’s airspace according to the number of flights had increased after the most countries ease restrictions of COVID-19. Moreover, the net profit attributable to shareholders was THB 271.6 million, increased by THB 72.0 million or 36.1% YoY.

Financial Performance

Revenue from contracts with customers

In 2023, the Company had revenue from contracts with customers consisting of service income and revenue from work under concession contract totaling THB 1,644.3 million, increased by THB 426.7 million or 35.0% YoY. The Company had service income of THB 1,501.3 million, increased by THB 415.1 million or 38.2% YoY due to the increased number of flights.

The Company's service income is divided into 3 types as follows:

- Revenue from services for flights landing and take-off within the country (Landing & Take-off: Domestic)
- Revenue from services for flights landing and take-off from international flight (Landing & Take-off: International)
- Revenue from services for flights flying through Cambodian’s airspace (Overflight)

In 2023, the Company had the number of flights and service income classified by flight type in comparison with 2022 data as follows.

- Table of the number of flights classified by type

(Unit: Flight)

ITEM	YE'23	YE'22	%YoY
Landing & Take-off : Domestic	6,034	6,160	(2.0%)
Landing & Take-off : International	23,238	12,839	81.0%
Overflight	63,413	49,391	28.4%
Total Flights	92,685	68,390	35.5%

In 2023, the Company had 92,685 flights of all types providing services, increased by 24,295 flights or 35.5% YoY.

- Table of service income classified by type

(Unit: THB million)

ITEM	YE'23	YE'22	%YoY
Landing & Take-off : Domestic	11.6	10.0	15.9%
Landing & Take-off : International	490.8	279.9	75.4%
Overflight	998.8	796.3	25.4%
Total Service Income	1,501.3	1,086.2	38.2%

In the 4th quarter of 2023, the Company recorded revenue from work under concession contract regarding to the interpretation of Thai Financial Reporting Standards No. 12: Service Concession Agreements (TFRIC 12) of THB 143.0 million, which was recorded equal to the cost of equipment and systems invested in new Siem Reap International Airport ready for use. The airport began operating on October 16, 2023.

Gross Profit

Gross Profit was THB 778.8 million, increase by THB 249.0 million or 47.0% YoY due to the increase of service income according to the increased number of flights.

Servicing and administrative expenses

Servicing and administrative expenses were THB 264.0 million or 16.0% of total revenue, increased by THB 27.3 million or 11.6% YoY due to the increase of employee expenses and expenses related to Initial Public Offering

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(IPO) recorded in administrative expenses of THB 9.6 million.

Other expenses and loss on exchange

Other expenses and loss on exchange were THB 106.0 million, increased by THB 98.3 million or 1,383.0% YoY, which mainly came from withholding tax amortization of 88.5 million due to receiving dividends from Cambodia Air Traffic Services Company Limited (“CATS”) of USD 25.5 million. The withholding tax rate in Cambodia is equal to 14.00%. However, since Thailand and Cambodia have a Double Tax Agreement (DTA) which requires withholding tax to be deducted at a rate equal to 10.00% of the dividend amount.

In addition, the Company had a loss on exchange of THB 9.0 million because of using cash received from the IPO which is denominated in baht to repay long-term loans from financial institutions which are denominated in US dollars. The Company has repaid long-term loans from financial institutions on October 11, 2023.

Financial Expenses

Financial expenses were THB 69.4 million, increased by THB 13.7 million or 24.5% YoY due to an increase in market interest rates. However, the Company has paid the full amount of long-term loans from financial institutions on October 11, 2023.

Net Profit

The Company had net profit attributable to shareholders of THB 271.6 million, increased by THB 72.0 million or 36.1% YoY due to increased service income.

Financial Position

Assets

As of 31 December 2023, the Company had total assets of THB 1,881.4 million, a decrease of THB 367.9 million compared to the end of 2022 due to short-term loans to related party, decreased by THB 376.7 million and restricted bank deposit, decreased by THB 240 million after the repayment in full amount of long-term loans from financial institutions while assets under the service concession agreement with SSCA increased by THB 120.5 million.

Liabilities

As of 31 December 2023, the Company had total liabilities of THB 605.5 million, a decrease of THB 1,304.7 million compared to the end of 2022 due to the repayment of short-term loans from related party of THB 258.7 million and long-term loans from financial institutions of THB 1,169.8 million.

Shareholder's Equity

As of 31 December 2023, the Company had shareholders' equity of THB 1,275.9 million, an increase compared to the end of 2022 of THB 936.7 million due to the increase in paid-up capital on 21 September 2023 and premium on shares in total amount of THB 1,194.7 million and the Company's operating results of 2023 of THB 271.6 million while the Company paid the interim dividends in 2023 of THB 480 million.