2Q 2026: Management Discussion and Analysis

2Q 2026 Highlights

For the three-month period ended June 30, 2026, Samart Aviation Solutions Public Company Limited ("SAV") had total revenue of THB 452.0 million, decreasing by THB 24.9 million (-5.2% YoY) compared to the same quarter of the previous year, mainly due to a decrease in flight volumes and the appreciation of the Thai Baht against the U.S. Dollar. Total revenue in U.S. Dollar terms, which is the Company's functional currency, amounted to USD 13.9 million, decreasing by USD 0.5 million (-3.7% YoY), in line with the decline in flight volumes under air traffic management services in Cambodian airspace.

Compared to the previous quarter, total revenue decreased by THB 39.0 million (-7.9% QoQ), mainly due to a decline in flight volumes across all flight types, particularly international flights and overflights through Cambodian airspace, as a result of tensions in the Middle East and seasonal factors, as the period entered the low travel season. Revenue in U.S. Dollar terms decreased by USD 1.7 million (-10.7% QoQ).

Meanwhile, the Company had net profit of THB 121.8 million, decreasing by THB 8.1 million (-6.3% YoY) compared to the same quarter of the previous year and decreasing by THB 21.2 million (-14.8% QoQ) compared to the previous quarter.

For the six-month period ended June 30, 2026, compared to the same period of the previous year, the Company had total revenue in Thai Baht terms of THB 943.1 million, decreasing by THB 33.6 million (-3.4% YoY), and net profit of THB 264.9 million, decreasing by THB 6.7 million (-2.5% YoY). However, when considering performance in U.S. Dollar terms, which is the Company's functional currency, the Company had total revenue of USD 29.4 million, increasing by USD 0.3 million (+1.0% YoY), and net profit of USD 8.1 million, increasing by USD 0.2 million (+2.1% YoY), reflecting that the Company's underlying performance continued to grow well in both revenue and profit. However, when translated into Thai Baht for financial reporting purposes, performance declined due to the impact of the appreciation of the Thai Baht against the U.S. Dollar, which is a foreign exchange factor outside the Company's normal course of operations.

Business and Industry Overview

The Company operates as the sole air traffic management service provider in Cambodian airspace under a concession agreement with the Government of Cambodia.

During the first half of 2026, the aviation industry continued to show a growing trend, supported mainly by an increase in flight volumes from Vietnam, particularly overflights through Cambodian airspace.

However, the business was also affected by macroeconomic factors, including the appreciation of the Thai Baht against the U.S. Dollar, which impacted revenue in Thai Baht terms, as well as tensions in the Middle East, which caused flight volumes to slow down during certain periods.

Key Developments

Operating performance in the 2nd quarter of 2026 was partially affected by the factors mentioned above, resulting in a decline in total flight volumes compared to the previous quarter (QoQ) and a slight decline compared to the same quarter of the previous year (YoY). However, the Company assessed that such impact was limited, as overflight services, which represent the majority of flight volumes, continued to grow compared to the same period of the previous year, with flight volumes from Vietnam helping to diversify operational risk effectively.

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Financial Performance

Revenue from contracts with customers

In the 2nd quarter of 2026, the Company had revenue from contracts with customers, consisting of service revenue totaling THB 451.2 million, decreasing by THB 25.0 million (-5.3% YoY) compared to the same quarter of the previous year, mainly due to the appreciation of the Thai Baht against the U.S. Dollar and a decrease in flight volumes. Revenue in U.S. Dollar terms amounted to USD 13.8 million, decreasing by USD 0.5 million (-3.8% YoY) compared to the same quarter of the previous year, in line with the decline in flight volumes served.

Compared to the previous quarter, service revenue decreased by THB 39.4 million (-8.0% QoQ), with revenue in U.S. Dollar terms decreasing by USD 1.7 million (-10.8% QoQ).

The Company's revenue can be categorized into three main types as follows:

- Service revenues for flights landing and take-off within the country (Landing & Take-off: Domestic)
- Service revenues for international landing and take-off flights (Landing & Take-off: International)
- Service revenues for overflight services in Cambodian airspace (Overflight)

The Company's flight volume and service revenues for the three-month period ended June 30, 2026, compared with the same quarter of the previous year (YoY) and the previous quarter (QoQ), classified by flight type, are as follows.

- Table of the number of flights classified by type

(Unit: Flights)

ITEM	2Q/26	2Q/25	%YoY	1Q/26	%QoQ
Landing & Take-off: Domestic	1,066	1,284	(17.0%)	1,586	(32.8%)
Landing & Take-off: International	6,451	6,916	(6.7%)	8,116	(20.5%)
Overflight	22,179	22,092	0.4%	24,099	(8.0%)
Total	**29,696**	**30,292**	**(2.0%)**	**33,801**	**(12.1%)**

In the 2nd quarter of 2026, the Company had a total of 29,696 flights, decreasing by 596 flights (-2.0% YoY) compared to the same quarter of the previous year and decreasing by 4,105 flights (-12.1% QoQ) compared to the previous quarter.

- Table of service revenues classified by flight type, expressed in U.S. Dollars and Thai Baht

(Unit: USD million)

ITEM	2Q/26	2Q/25	%YoY	1Q/26	%QoQ
Landing & Take-off: Domestic	0.07	0.13	(43.0%)	0.13	(44.3%)
Landing & Take-off: International	4.0	4.3	(7.6%)	5.0	(20.4%)
Overflight	9.8	10.0	(1.6%)	10.4	(5.8%)
Total	**13.8**	**14.4**	**(3.8%)**	**15.5**	**(10.8%)**

(Unit: THB million)

ITEM	2Q/26	2Q/25	%YoY	1Q/26	%QoQ
Landing & Take-off: Domestic	2.4	4.2	(43.9%)	4.1	(42.5%)
Landing & Take-off: International	128.8	141.5	(9.0%)	156.9	(17.9%)
Overflight	320.1	330.5	(3.2%)	329.6	(2.9%)
Total	**451.2**	**476.2**	**(5.3%)**	**490.6**	**(8.0%)**

Gross profit

The Company had gross profit of THB 238.6 million, decreasing by THB 6.3 million (-2.6% YoY) compared to the same quarter of the previous year, and decreasing by THB 20.5 million (-7.9% QoQ) from the previous quarter, in line with the decline in service revenues. The Company's gross profit margin for the 2nd quarter of 2026 was 52.9%.

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For the six-month period ended June 30, 2026, gross profit in Thai Baht terms was THB 497.7 million, close to the same period of the previous year at THB 498.1 million (-0.1% YoY), while gross profit in U.S. Dollar terms increased from USD 14.9 million to USD 15.5 million (+4.5% YoY), reflecting continued improvement in underlying gross profitability.

Servicing and administrative expenses

The Company had total service and administrative expenses of THB 66.4 million, increasing by THB 3.4 million (+5.3% YoY) compared to the same quarter of the previous year, and increasing by THB 5.3 million (+8.7% QoQ) compared to the previous quarter, mainly due to higher employee-related expenses, travelling expenses, and utility expenses.

Other expenses

Other expenses amounted to THB 15.6 million, increasing by THB 1.4 million (+10.2% YoY) compared to the same quarter of the previous year, mainly due to higher withholding tax expenses on dividend income. In the 2nd quarter of 2026, the Company received dividend income from CATS amounting to USD 4.5 million, resulting in withholding tax expenses (at the rate of 10.0% of dividend income) of THB 14.7 million, compared to dividend income of USD 4.0 million and withholding tax expenses of THB 13.2 million in the same quarter of the previous year.

Compared to the previous quarter, other expenses increased by THB 0.5 million (+3.4% QoQ), as dividend income received from CATS remained at USD 4.5 million, the same as the previous quarter, while withholding tax expenses increased from THB 14.2 million to THB 14.7 million, due to the depreciation of the Thai Baht compared to the previous quarter.

Financial expenses

Financial expenses amounted to THB 3.3 million, increasing by THB 1.8 million (+116.6% YoY) compared to the same quarter of the previous year and increasing by THB 0.4 million (+11.7% QoQ) compared to the previous quarter. The increase was mainly due to changes in the estimation of a provision under the service concession arrangement in accordance with the interpretation of Thai Financial Reporting Interpretations Committee No. 12 (TFRIC 12) on Service Concession Agreements. Such provision represents estimated future costs required to maintain the assets in an operational condition until the expiry of the concession period, prior to the transfer of such assets to the State Secretariat of Civil Aviation (SSCA). This change followed the commencement of operations of Techo International Airport (New Phnom Penh International Airport) on 9 September 2025, resulting in the extension of the concession period by an additional 10 years.

Net profit

The Company had net profit of THB 121.8 million, decreasing by THB 8.1 million (-6.3% YoY) compared to the same quarter of the previous year, and decreasing by THB 21.2 million (-14.8% QoQ) compared to the previous quarter.

Financial Position

Assets

As of June 30, 2026, the Company had total assets of THB 2,301.4 million, increasing by THB 4.7 million from the end of 2025. The increase was mainly attributable to an increase in intangible assets of THB 38.3 million from foreign currency translation adjustments, while current assets decreased, mainly due to a decrease in trade and other receivables of THB 11.0 million and a decrease in cash and cash equivalents, together with other current financial assets (CATS' fixed deposits), of THB 10.8 million.

The Company regularly assesses asset impairment each period and found no significant indication of impairment as of June 30, 2026. Trade receivables are mostly concession-related receivables that are collected on a regular basis. The Company's average collection period for the 2nd quarter of 2026 was approximately 30 days (1Q/2026: 31 days, 2Q/2025: 34 days).

Liabilities

As of June 30, 2026, the Company had total liabilities of THB 904.1 million, decreasing by THB 15.6 million from the end of 2025. The decrease was mainly attributable to a reduction in corporate income tax payable of THB 61.3 million following the payment of CATS' corporate income tax for the year 2025, while the long-term provision under the service concession arrangement in accordance with TFRIC 12 (as further described in the "Financial expenses" section) increased by THB 30.9 million.

The Company has no financial institution debt, and its debt-to-equity ratio (D/E Ratio) as of the end of the period was 0.65 times (1Q/2026: 0.54 times, 2Q/2025: 0.42 times), reflecting a low-risk capital structure.

In addition, the Company's interest coverage ratio for the 2nd quarter of 2026 was 50.46 times (1Q/2026: 65.22 times, 2Q/2025: 120.23 times). The Company's financial expenses arise from the review of the provision under the service concession arrangement (TFRIC 12), not interest on borrowings from financial institutions, as the Company has no financial institution loans requiring principal and interest repayment. Therefore, no debt service coverage ratio is calculated. The long-term provision under the service concession arrangement in accordance with TFRIC 12 reflects the present value of future asset maintenance costs to be incurred prior to the transfer of assets under the concession agreement, and does not represent an obligation requiring cash repayment on a scheduled basis like conventional financial liabilities. Accordingly, the Company faces no liquidity risk from such provision.

Shareholders' Equity

As of June 30, 2026, the Company had shareholders' equity of THB 1,397.3 million, increasing by THB 20.3 million from the end of 2025, mainly due to foreign currency translation adjustments recognized in other comprehensive income of THB 74.6 million, while retained earnings decreased by THB 54.3 million following the payment of the 2025 annual dividend during the period.

The Company's return on equity (ROE) for the 2nd quarter of 2026 was 38.56% (1Q/2026: 33.73%, 2Q/2025: 32.46%), and return on assets (ROA) was 25.14% (1Q/2026: 23.37%, 2Q/2025: 23.26%), which continued to improve in line with the Company's profitability.

Liquidity and Cash Flow

For the three-month period ended June 30, 2026, the Company had net cash flows from operating activities of THB 183.5 million, net cash flows used in investing activities of THB 219.1 million, mainly due to an increase in investments in fixed deposits, and net cash flows used in financing activities of THB 319.2 million, from the payment of the 2025 annual dividend. As of the end of the period, the Company had cash and cash equivalents of THB 338.8 million, which is at a level sufficient to support business operations.

As of June 30, 2026, the Company's current ratio was 3.26 times (1Q/2026: 4.08 times, 2Q/2025: 3.17 times), and its quick ratio was 1.53 times (1Q/2026: 2.86 times, 2Q/2025: 2.41 times). The decline in the quick ratio compared to the previous quarter was mainly due to an increase in the proportion of fixed deposits with maturities of 6 months or more, which are excluded from the calculation. However, when including such fixed deposits, the Company continues to maintain a high level of liquidity, sufficient to support its business operations.

Future Growth Factors

The Company expects operating performance in the second half of 2026 to improve compared to the first half, supported by an easing of conflicts in several regions and continued growth in flight volumes, particularly on routes from Vietnam.

Other Supplementary Information (ESG and Connected Transactions)

The Company has a clear sustainability policy covering energy, water, and waste management within the organization, as well as human rights and good corporate governance policies. As the Company operates as a holding company, it has no direct emissions, and greenhouse gas emissions from its operations are not significant. However, its subsidiary (CATS), which provides air traffic management services, has implemented an Air Traffic Flow Management (ATFM) system to facilitate flight operations, which plays an important role in helping to reduce fuel consumption and carbon dioxide emissions of client airlines.

Significant connected transactions in the 2nd quarter of 2026 consisted of transactions conducted in the ordinary course of business and dividend income received from CATS, as disclosed above. There were no other significant connected transactions during the period.