



Date 13 December 2023

Subject Discussion and Analysis of the Company's Performance for the Interim Financial Statements of the Nine-Month Period ending 30 September 2023

To President
The Stock Exchange of Thailand

Enclosures Management Discussion and Analysis for the Company's Performance for the Interim Financial Statements of the Nine-Month Period ending 30 September 2023 in Thai and English.

Asia Network International Public Company Limited (the "Company") would like to submit the interim financial statements for the nine-month period ending 30 September 2023 which were reviewed by certified public accountants to the Stock Exchange of Thailand (the "SET").

In this regard, the Company would like to explain the rationale behind its performance for the nine-month period ending 30 September 2023 with details as per attached.

Please be informed accordingly

Respectfully yours,

Mr. Chairat Suwan

Chief Financial Officer

Management Discussion and Analysis of the Company's Performance for Nine-Month Period ending 30 September 2023 Financial Statements

Business Overview

The Company operates as Cargo General Sales and Services Agent or Cargo GSA ("GSA") for over 20 reputable airlines in 8 countries and special administrative region around Southeast Asia consisting of Thailand, Singapore, Vietnam, Hong Kong Special Administrative Region of the People's Republic of China and People's Republic of China, Malaysia, Cambodia, and Myanmar. The Company also operates Freight Management services to its partners who operates the GSA businesses in Indonesia and Philippines. Furthermore, the Company provides other services, including human resources, as well as related vehicles and equipment procurements, to serve the ground handling operators at Changi Airport in Singapore. The Company has invested in a joint venture, ANA-SG, who operates an express business in Singapore. However, such investment is not considered as the Company's core business, and the revenue is recognized in the form of share profit from the investment in the joint venture.

1. Pro-forma Financial Statements

During 2021 – 2022, the Company has been restructuring in preparation for the initial public offering (IPO) and listing in the Stock Exchange of Thailand ("the Company's restructuring for IPO"). The Company has purchased shares in subsidiaries which operate GSA from the Company's shareholder group. Therefore, to provide financial information which reflect the current structure of the Company, the consolidated financial statements in this section are based on pro-forma financial statements for the nine-month period ending 30 September 2022 and on statutory financial statements for the nine-month period ending 30 September 2023.

Business Performance Analysis

	Pro-forma Financial Statements		
	For the nine-month period ending 30 September		
	2022	2023	Changes
	THB mm	THB mm	%
Revenue from services	5,929.8	4,016.6	(32.3)
Other income	21.3	22.1	4.0
Total revenue	5,951.1	4,038.7	(32.1)
Total expenses	(5,192.7)	(3,220.9)	(38.0)
Profit for the year	618.8	670.2	8.3
Profit for Parent Company	600.1	651.8	8.6

Revenue from Services

Revenues from services include (1) revenues from GSA business, which includes (i) revenues from sell of air cargo spaces to customers through representing airlines in 8 countries and special administrative region and (ii) revenues from providing advising services to other partnered countries (Freight Management) (2) revenues from providing human resources, vehicles, and/or equipment to the ground handlers.

For the nine-month period ending 30 September 2022 and 2023, the Company's revenue from services is THB 5,951.1 mm and THB 4,038.7 mm, respectively.

The following table shows the revenue from services of the Company based on region of services:

Revenue Structure	Pro-forma Financial Statements			
	For the nine-month period ending 30 September			
	2022		2023	
	THB mm	% ⁽²⁾	THB mm	% ⁽²⁾
1. Revenue from Core Business				
- Thailand	889.7	15.0	431.8	10.8
- International	4,985.9	84.1	3,519.1	87.6
Singapore ⁽¹⁾ and Malaysia	1,662.6	28.0	1,471.3	36.6
Hong Kong and China	1,104.0	18.6	986.3	24.6
Vietnam and Cambodia	2,219.2	37.4	1,061.5	26.4
Total Revenue from Core Business	5,875.5	99.1	3,950.9	98.4
2. Revenue from Other Business				
- Providing human resources, vehicles, and/or equipment to the ground handling handlers	54.2	0.9	65.7	1.6
Total Revenue from Services	5,929.8	100.0	4,016.6	100.0
Tonnage Structure	Ton		Ton	
Volume of GSA business, which include providing services to partnered countries ⁽¹⁾	79,595.8		79,636.8	

Note: (1) Singapore revenue and tonnage include revenue and tonnage of which the Company provide freight management services to partner's entities

(2) Percentage of total revenue from services

The Company's revenue from services decreased THB 1,913.2 mm or 32.3% in the nine-month period ending 30 September 2023. This drop primarily derived from two main factors: (1) a decrease in revenue from the GSA business due to a drop in overall volume resulting from increased market competition as airlines resume their passenger flight operations post Covid-19, offset with (2) an increased in volume from the new GSA contracts in the late 2022 and early 2023.

Net Profit

For the nine-month period ending 30 September 2022 and 2023, the Company's net profit for parent company is THB 600.1 mm and THB 651.8 mm, respectively. Net profit of the year increase by 8.3% in the nine-month period ending 30 September 2023, mainly in accordance with the increase in spread between revenue and costs of services and the decrease in SG&A.

2. Financial Statements (Audited)

The financial information in this section is based on the reviewed financial statements for the nine-month period ending 30 September 2022 and 2023. However, the consolidated financial statements for the nine-month period ending 30 September 2022 do not fully reflect the operational performance of the Company as the Company has been restructuring for IPO in late 2022.

Business Performance Analysis

	Financial Statements (Reviewed)		
	For the nine-month period ending 30 September		
	2022	2023	Changes
	THB mm	THB mm	%
Revenue from services	4,143.2	4,016.6	(3.1)
Other income	28.4	22.1	(22.1)
Total revenue	4,171.6	4,038.7	(3.2)
Total expenses	(3,845.6)	(3,220.9)	(16.2)
Profit for the year	346.2	670.2	93.6
Profit for Parent Company	328.9	651.6	98.1

Revenue from Services

For the nine-month period ending 30 September 2022 and 2023, the Company's revenue from services is THB 4,143.2 mm and THB 4,016.6 mm, respectively.

The following table shows the revenue from services of the Company based on region of services:

Revenue Structure	Financial Statements (Reviewed)			
	For the nine-month period ending 30 September			
	2022		2023	
	THB mm	% ⁽¹⁾	THB mm	% ⁽¹⁾
Revenue from Services				
- Thailand	859.7	20.8	431.8	10.8
- International	3,283.5	79.2	3,584.8	89.2
Total Revenue from Services	4,143.2	100.0	4,016.6	100.0

Note: (1) Percentage of total revenue from services

The Company's revenue from services decreased by THB 126.6 mm or 3.1% in the nine-month period ending 30 September 2023 mainly driven by (1) the decreased in revenue from services in Thailand from the increase in competition as airlines resuming their passenger flight, offset with (2) the increased in international revenues from services from the new GSA contract for new routes and revenue recognition of Asia GSA (M) group in Singapore and Malaysia from the Company's restructuring for IPO.

Net Profit

For the nine-month period ending 30 September 2022 and 2023, the net profit for parent company equals THB 328.9 mm and THB 651.6 mm, respectively. Net profit increased in the nine-month period ending 30

September 2023 mainly driven by 100.0% recognition of Asia GSA (M) Group's profit after the additional acquisition in late 2022.

Financial Position Analysis

The summary of financial positions as at 31 December 2022 and 30 September 2023 is based on the audited financial statements and reviewed financial statements.

	Audited financial statements	Reviewed financial statements	Changes %
	As at 31 December 2022	As at 30 September 2023	
	2022 THB mm	2023 THB mm	
Total assets	10,261.9	9,850.0	(4.0)
Total liabilities	6,332.0	4,945.0	(21.9)
Total equity	3,929.9	4,905.0	24.8

Total Assets

As at 31 December 2022 and 30 September 2023, the Company had total assets of THB 10,261.9 mm and THB 9,541.4 mm, respectively. The main component of assets includes goodwill, cash and cash equivalents, trade and other receivables, and intangible assets.

The decrease of THB 720.5 million or 7.0% as at 30 September 2023 are mainly due to the decrease in cash and cash equivalents which is primarily from the repayment of shares for the acquisition of Asia GSA (M) as part of the Company's restructuring for IPO and dividend payment to shareholders of the Company, offset with the increase in cash from long-term loan from financial institution and issuance of new shares.

Total Liabilities

As at 31 December 2022 and 30 September 2023, the Company had total liabilities of THB 6,332.0 mm and THB 4,950.5 mm, respectively. The main components consist of trade and other payables, other non-current liability, and long-term loan from financial institutions.

The decrease of THB 1,381.5 mm or 21.8% as at 30 September 2023 was primarily due to a decrease in trade payables and other liabilities following the partial repayment of outstanding payables to Mr. Thomas Tay Nguen Cheong in relation to the acquisition of Asia GSA (M) and drop of dividend payables from the payment of dividend to existing shareholders in subsidiaries. The decrease was offset by an increase in long-term borrowings from financial institutions amounting to THB 1,000.0 mm as at 30 September 2023 as the Company entered into agreement and drawdown loan from financial institutions in January 2023 as part of funding source for its acquisition in Asia GSA (M).

Total Equity

As at 31 December 2022 and 30 September 2023, the Company had total shareholders' equity of THB 3,929.9 mm and THB 4,590.9 mm, respectively. The key components consist of authorized share capital, share premium, and retained earnings.

The increase of THB 661.1 mm or 16.8% as at 30 September 2023 are primarily due to (1) the issuance of ordinary shares to the Company's shareholders for acquisition of subsidiaries as part of the Company's restructuring plan for IPO and (2) the increase in retained earnings from total comprehensive income, offset with (3) the interim dividend payments paid to the shareholders using internal cash flow.