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Subject Discussion and Analysis of the Company's Performance for the 2023 Financial Statements

To President
The Stock Exchange of Thailand

Enclosures Management Discussion and Analysis for the Company's Performance for the 2023 Financial Statements in Thai and English, one copy each.

Asia Network International Public Company Limited (the "Company") would like to submit the 2023 financial statements for the year ended 31 December 2023 which were audited 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 2023 performance 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 the 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.

Key Highlight

In 2023, the Company shows the normalized profit of THB 803.0 mm, an increase of over 83.3% from the previous year or amounts to an increase of THB 438.1 mm, from the success of the acquisition of Asia GSA (M) group and the Company's IPO.

Furthermore, the Company successfully achieved sustained growth despite a decrease in freight rates influenced by the prevailing air-freight market conditions. The Company adeptly navigated these challenges through strategic adjustments, notably by securing airline contracts to substitute routes previously serviced through chartered flights. This strategic pivot, coupled with stringent control over operating expenses, enabled the Company to report a net profit of THB 803.0 mm for the parent company.

1. Financial Statements (Audited)

The financial information in this section is based on the audited financial statements for the year ending 31 December 2022 and 2023. However, the consolidated financial statements for the year ending 31 December 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 (Audited)		
	For the year ending 31 December		
	2022	2023	Changes
	THB mm	THB mm	%
Revenue from services	5,347.2	5,904.8	10.4
Other income	682.2	25.3	(96.3)

Financial Statements (Audited)			
For the year ending 31 December			
	2022	2023	Changes
	THB mm	THB mm	%
Total revenue	6,029.4	5,930.1	(1.6)
Total expenses (cost of services, service expenses and administrative expenses)	(4,959.8)	(4,852.8)	(2.2)
Gain (loss) on exchange rates, net	(9.1)	27.6	n.m.
Finance costs	(0.8)	(57.0)	n.m.
Share of profits from Asso & JVs	111.4	4.9	(95.6)
Profit for Parent Company	1,077.1	803.0	(25.5)
Normalized Profit ^{1/}	438.1	803.0	83.3

Remark : 1/ Normalized Profit is adjusted the revaluation of Asia GSA (M) value in Q4/2022

Revenue from Services

For the year ending 31 December 2022 and 2023, the Company's revenue from services is THB 5,347.2 mm and THB 5,904.8 mm, respectively.

Despite increasing competition from airlines resuming their passenger flights post COVID-19, the Company's revenue from services increased by THB 557.6 mm or 10.4% in 2023 mainly driven by (1) an increase in international revenues from services from new GSA contracts secured in late 2022 and early 2023 for new routes and (2) revenue recognition of Asia GSA (M) group in Singapore and Malaysia from the Company's restructuring for IPO.

Net Profit

For the year ending 31 December 2022 and 2023, the Company reported net profit for parent company of THB 1,077.1 mm and THB 803.0 mm respectively. The distinction in 2022's figures is primarily attributed to Other income derived from the revaluation of Asia GSA (M) assets, which resulted in an extraordinary gain of approximately THB 639 mm. When comparing the Normalized Profit, there was a remarkable increase of over 83.3% from the previous year. This significant growth in Normalized Profit underscores the Company's robust operational performance and its strategic capability to enhance profitability.

Financial Position Analysis

Financial Statements (Audited)			
For the year ending 31 December			
	2022	2023	Changes
	THB mm	THB mm	%
Total assets	10,343.1	10,279.9	(0.6)

Total liabilities	6,397.9	2,609.6	(59.2)
Total equity	3,945.2	7,670.3	94.4

Total Assets

As of 31 December 2022 and 2023, the Company had total assets of THB 10,343.1 mm and THB 10,279.9 mm, respectively. The main component of assets includes goodwill, cash and cash equivalents, trade and other receivables, and intangible assets.

Total Liabilities

As of 31 December 2022 and 2023, the Company had total liabilities of THB 6,397.9 mm and THB 2,609.6 mm, respectively. The main components consist of trade and other payables and long-term loans from financial institutions.

The decrease of THB 3,788.3 mm or 59.2% in 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). The decrease was offset by an increase in long-term borrowings from financial institutions amounting to THB 1,000.0 mm in 2023 as the Company entered into a loan agreement and utilized the loan from financial institutions in January 2023 as part of funding sources for its acquisition of Asia GSA (M).

Moreover, after the repayment of outstanding payable from the acquisition of Asia GSA (M) in the amount of SGD 90.00 mm in December 2023, a remaining payable of SGD 24.25 mm still remains from the said acquisition, which the company have planned to complete the final payment within 2024.

Total Equity

As of 31 December 2022 and 2023, the Company had total equity of THB 3,945.2 mm and THB 7,670.3 mm, respectively. The key components consist of authorized share capital, share premium, and retained earnings.

The increase of THB 3,725.2 mm or 94.4% in 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, (2) the issuance of ordinary shares to investors who subscribed to the Company's IPO (accompanied by an increase in share premium), and (3) the increase in retained earnings from total comprehensive income, offset with (4) the interim dividend payments paid to the shareholders using internal cash flow.