

Management's Discussion and Analysis for the second quarter ended June 30, 2022 for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

The global economy in the second quarter of 2022 has been still suffering from the effects of more than two years of pandemic; moreover, the global economy has been experiencing yet another major negative shock from Russia's invasion of Ukraine since late February which pushed more acute inflationary pressures including energy price has climbed sharply while China's zero-COVID policy, which brought more severe supply-chain disruption. These happenings effected demand side might lead to the stagflation ahead: the hard time for economic recovery amid heightened uncertainties.

As for the world aviation industry, many countries reopened their countries for international travelers making the improvement in air travel resulting the increase in demand tendency for international passenger. According to the Asia-Pacific Airlines Association (AAPA) reported that, in the second quarter of 2022, the number of international passengers' increased 435.5% year-on-year. Passenger traffic (RPK) and passenger production (ASK) increased from the previous year by 422.8% and 110.7% respectively. Cabin Factor increased from the previous year's 28.9% to 71.7% of this year. Freight traffic (RFTK) decreased by 6.1% while freight production (ADTK) increased by 1.2%, executively. Freight Load Factor decreased from the previous year's 74.3% to 68.9%. The International Air Transport Association (IATA) reported that the income of international passengers would be the important factor to drive airline industry. However, the effect from the situation between Russia and Ukraine cause the spike in the price of aviation fuel on airline costs which affected the increased in air tickets. Perhaped, this might be a vulnerability for the recovery. Asia-Pacific airline, in particular, tended the slowest to recover with more operating losses than in other regions due to the new COVID-19 outbreak response policies and more rigorous travel restrictions than other areas in the world from china's "Zero-COVID" policy resulting the negative factor to Asia travelling situation.

As for the Thai economy in the second quarter of 2022, the tourism and service sectors were the main influences for the domestic economic recovery after the easing measures from the Government since April 1, 2022. Then, on June 1, 2022, Thailand announced to open a country by abolishing the quarantine and registration of the Thailand Pass system for Thai people and foreign tourists to facilitate. In addition, the COVID-19 situation in Thailand tends to be stable while the number of new infections decreased corresponding to the number of tourists from the Ministry of Tourism and Sports, in the second quarter, which were 1,582,257 people, a significant increase compared to the previous year when the country had not yet opened up to tourists but still at a much lower level than before the outbreak. The meeting of the Bank of Thailand's Monetary Policy Committee In June 2022 reported that the Thai economy would continue to expand and had a high chance of recovery than expected from increasing domestic demand and the return of foreign tourists. Inflation tended to increase and stay high longer than previously estimated while Thailand's export sector tends to slow down resulting from china's "Zero-COVID" policy.

In the second quarter of 2022, Thai Airways International Public Company (THAI) operated and continuously provided full service on international routes to support the opening country of the Government's policy to restore the country's economy. THAI also provided 34 routes in the summer schedule for passengers covering Europe, Australia and Asia from Bangkok to London, Paris, Zurich, Brussels, Frankfurt, Munich, Copenhagen, Stockholm, Sydney, Melbourne, Tokyo (Narita/Haneda), Nagoya, Osaka, Manila, Seoul, Taipei, Hong Kong, Singapore, Jakarta, Kuala Lumpur, Dhaka, Chennai, Bengaluru, New Delhi, Mumbai, Lahore, Islamabad and Karachi, as well as supporting routes for the Phuket Sandbox project including Frankfurt, London, Sydney, Copenhagen and Stockholm. In May 2022, THAI resumed its flights to Bali, Indonesia again, which has received the attention of tourists from both in-bounded and out-bounded passengers through Europe and Asia to continue their journey to Bali. In June 2022, THAI organized a special flight for Thai Muslim pilgrims

who would travel to perform Hajj at Saudi Arabia. Moreover, Thai Smile Airways Company Limited “(ThaiSmile)”, a subsidiary, to fly on domestic and regional routes to operate seamlessly with THAI. Currently served 17 domestic routes such as Chiang Mai, Chiang Rai, Khon Kaen, Ubon Ratchathani, Udon Thani, Nakhon Phanom, Roi Et, Krabi, Phuket, Nakhon Si Thammarat, Trang, Hat Yai, Surat Thani, including cross-regional routes from Chiang Mai to Phuket. In terms of international routes, it serves 8 routes such as Phnom Penh, Kolkata, and Ho Chi Minh. In addition, it resumed service on Vientiane and Penang routes, as well as 2 new routes, namely Colombo, Sri Lanka and Hanoi, Vietnam to enhance tourism potential and connect both Thai and Asian cultures including full support for travel after opening the country.

In the second quarter of 2022, THAI and its subsidiaries increased production traffic (ASK) by 366.6% while passenger traffic (RPK) increased by 1,766.9%. The average Cabin Factor was 60.3% higher than 15.1% of last year. The numbers of passengers carried totaled 2.01 million, increased by 570% from the previous year. The cargo production (ADTK) was 384.4 % and freight traffic (RFTK) was 241.5% higher than the previous year, consecutively. Freight load factor was 69.0 % lower than the previous year at an average of 97.9%.

THAI and its subsidiaries reported their operating result (Excluded the one-time items) of this quarter comprised of total revenue of THB 21,526 million, higher than last year's by THB 15,891 million (282%), mainly due to an increase of revenues consisted of passenger and cargo revenue by THB 17,050 million (619.3%) resulting from the additional traffic production and other services revenue by THB 272 million (20.3%) from increasing customer airlines. The total operating expenses was THB 22,825 million, higher than the previous year by THB 12,741 million (126.3%) due to higher production and traffic causing higher variable operating expenses, especially higher fuel price by 104.1%. However, personnel expenses reduced following the rehabilitation plan and efficient cost controlling program. Thus, THAI and its subsidiaries reported an operating loss before financial costs excluded one-time items of THB 1,299 million decreased from the previous year by THB 3,150 million (70.8%). In addition, there was financial costs of THB 3,102 million, higher than last year by THB 4,054 million (425.8%) since last year, there was the interest adjustment according to the rehabilitation plan.

In this quarter, THAI and its subsidiaries had net one-time revenue mainly due to gain on debt restructuring, organization restructure with employee benefit welfare adjustment, and gain on sales of investment and assets. However, there were impairment loss on assets and loss on foreign currency exchange. This quarter, net one-time revenue totaled THB 1,982 million lower than last year by THB 25,118 million; therefore, THAI and its subsidiaries reported net loss of THB 3,213 million, greater loss of THB 26,539 million from the same period last year. Loss attributable to owners of the parent amounted to THB 3,221 million. Loss per share was THB 1.48 compared to last year's profit per share was THB 10.69, EBITDA was THB 1,988 million higher than last year by THB 8,266 million with an EBITDA Margin of 9.2% compared with the previous year's -111.4 %.

2. Summary of Operating Results for Thai Airways International PCL. and its subsidiaries

The consolidated financial statements for the second quarter of 2022 consists of THAI's financial statement and 5 subsidiary companies which are 1) THAI-Amadeus Southeast Asia Co.,Ltd., 2) Wingspan Services Co., Ltd., 3) Thai Smile Airways Co., Ltd., 4) THAI Flight Training Co., Ltd., and 5) Tour Eurng Luang Co., Ltd.

Financial Performance: THAI and its subsidiaries

	Apr - Jun			
	2022	2021	Variance	
			MTHB	%
Total operating revenues	21,526	5,635	+15,891	+282.0
- Passenger and excess baggage revenue	13,389	921	+12,468	+1,353.7
- Freight and mail revenue	6,414	1,832	+4,582	+250.1
- Revenue from other activities	1,611	1,339	+272	+20.3
- Other income	112	1,543	-1,431	-92.7
Total operating expenses	22,825	10,084	+12,741	+126.3
- Fuel and oil	8,946	846	+8,100	+957.4
- Non-fuel operating expenses	13,879	9,238	+4,641	+50.2
Operating loss before finance cost exclude the one-time items	(1,299)	(4,449)	+3,150	+70.8
Finance cost	3,102	(952)	+4,054	+425.8
Operating loss exclude the one-time items	(4,401)	(3,497)	-904	-25.9
Gain from debt restructuring	5,482	8,675	-3,193	-36.8
Mutual Separation Plan (MSP)	274	(5,192)	+5,466	+105.3
Adjust Employee Benefit	237	8,323	-8,086	-97.2
Gain from sale of asset	167	43	+124	+288.4
Gain from sale of aircraft	158	-	+158	-
Gain from sale of investment	13	95	-82	-86.3
Share of losses of associates using the equity method	(5)	(34)	+29	+85.3
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(8)	18,463	-18,471	-100.0
Severance Pay	(11)	(619)	+608	+98.2
Impairment loss in accordance with TFRS 9	(35)	(41)	+6	+14.6
Gain (Loss) on foreign currency exchange	(4,290)	(2,613)	-1,677	-64.2
Profit (Loss) before tax	(2,419)	23,603	-26,022	-110.2
Net Profit (Loss)	(3,213)	23,326	-26,539	-113.8
Profit (Loss) attribute to owners of the parent	(3,221)	23,328	-26,549	-113.8
Net Profit (Loss) per share (THB)	(1.48)	10.69	-12.17	-113.8
Significant operating data				
EBITDA (MTHB)	1,988	(6,278)	+8,266	+131.7
Number of passengers (Million)	2.01	0.30	+1.71	+570.0
Available Seat-Kilometers (Million)	8,972	1,923	+7,049	+366.6
Revenue Passenger-Kilometers (Million)	5,414	290	+5,124	+1,766.9
Cabin factor (%)	60.3	15.1		+45.3
Passenger yield (THB/RPK)	2.46	3.14	-0.68	-21.7
Available Dead Load Ton-Kilometers (Million)	465	96	+369	+384.4
Revenue Freight Ton-Kilometers (Million)	321	94	+227	+241.5
Freight load factor (%)	69.0	97.9		-28.9
Freight carried (Ton)	88,257	26,291	+61,966	+235.7
Freight Yield (THB/RFTK)	19.78	19.31	+0.47	+2.4
Number of aircraft (As of Jun 30) (Aircraft)	91	103	-12	-11.7
Flight hours (Hours)	45,690	10,327	+33,363	+342.4
Aircraft utilization (Hours/Aircraft/Day)	9.8	4.1	+5.7	+139.0
Average foreign currency exchange rate				
1 USD : THB	34.3970	31.3552	+3.0418	+9.7
1 EUR : THB	36.6388	37.7845	-1.1457	-3.0
100 JPY : THB	26.5415	28.6721	-2.1306	-7.4
Average jet fuel price (USD/BBL)	150.12	73.56	+76.56	+104.1

Note: EBITDA = Total Revenue (exclude gain on foreign exchange and gain from debt restructuring) - Expenses (Excluded finance cost, tax, depreciation and amortization, adjust employee benefit, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9 and loss on foreign currency exchange)

Summary of the operating results of THAI and its subsidiaries

Revenues

The total revenue (Excluded the one-time items) was THB 21,526 million, an increase of THB 15,891 million (282%). Details are as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue amounted to THB 13,389 million, an increase of THB 12,468 million as a result of

- Passenger traffic (RPK) increased by 1,766.9%, amounting to approximately THB 16,000 million compared to the previous year when THAI was still unable to operate normally. Production traffic (ASK) increased by 366.6% while the average cabin factor was 60.3%, higher than the previous year's average 15.1%.

- Average passenger yield (Included fuel and insurance surcharges) decreased by 0.68 THB/RPK (21.7%) or approximately THB 3,700 million resulting from last year THAI did not operate normally and the main revenue came from reparation flights.

- **Freight and mail revenue**

Freight and mail revenue amounted to THB 6,414 million, an increase of THB 4,582 million (250.1%) resulting of an increase in Revenue Freight Ton-Kilometers (RFTK) by 241.5%, or approximately THB 4,400 million and an average freight yield (Included fuel and insurance surcharges) was 19.78 THB/RFTK, an increase of THB 0.47 (2.4%) or approximately THB 150 million. An average freight load factor was 69.0%, lower than the previous year's average of 97.9%.

- **Other revenues from other activities**

Other revenues from other activities consisted of revenues from business units which included Ground services, Catering, Cargo handling services, and other supporting activities totaled THB 1,611 million, an increase of THB 272 million (20.3%) over last year mainly due to an increase in the number of customer airlines.

- **Other revenues** amounted of THB 112 million, a decreased of THB 1,431 million because last year there were the recognition revenue from service and engine maintenance offset program mentioned in the rehablitaion plan amounted to USD 45.5 million or around THB 1,457 million.

Expenses

Total expenses (Excluded the one-time items) of the second quarter 2022 amounted to THB 22,825 million, an increase of THB 12,741 million (126.3%). A summary of the operating expenses was as follows:

- **Fuel and oil expenses**, amount of THB 8,946 million or represented 39.2% of total expenses, an increase of THB 8,100 million (957.4%) due to the increased number of flights affecting the fuel consumption to be higher than the previous year. However, the average oil price was 104.1% higher than the previous year as well as the depreciation of the Baht against the US dollar caused expenses escalation when calculating in Baht term.

• **Non-fuel operating expenses** totaled THB 13,879 million, an increase of THB 4,641 million (50.2%), details as follows:

Unit: Million Baht	Apr - Jun			
	2022	2021	Variance	
			MTHB	%
Expense				
Employee benefit expenses	1,976	2,250	-274	-12.2
Flight service expenses	2,016	436	+1,580	+362.4
Crew expenses	574	100	+474	+474.0
Aircraft maintenance and overhaul costs	2,555	1,339	+1,216	+90.8
Depreciation and amortization expenses	2,692	3,877	-1,185	-30.6
Lease of aircraft and spare parts	1,309	234	+1,075	+459.4
Inventories and supplies	635	94	+541	+575.5
Selling and advertising expenses	1,181	159	+1,022	+642.8
Other expenses	941	749	+192	+25.6
Non-fuel Operating Expense	13,879	9,238	+4,641	+50.2

Summary of expenses that have changed significantly are as follows:

• Variable cost which consisted of flight service expenses, crew expenses, aircraft maintenance and overhaul cost, inventories and supplies and selling and advertising expenses totaled THB 6,961 million, THB 4,833 million (227.1%) higher than the previous year.

• Fixed cost comprised of Employee benefit expenses, depreciation, and amortization expenses, lease of aircraft and spare parts, and other expenses totaled THB 6,918 million, THB 192 million (2.7%) lower than last year. Details are as follows:

- Employee benefit expenses (Excluded compensation reserves for employees participating in Mutual Separation Program, the termination compensation and employee welfare adjustment) totaled THB 1,976 million, decreased by THB 274 million (12.2%) due to downsizing both full-time employees and outsource employees with welfare adjustment associated with industry and the business rehabilitation plan.

- Depreciation and amortization amounted to THB 2,692 million, a decrease of THB 1,185 million (30.6%) mainly due to the adjustment in right of use according to the change in the aircraft lease contract according to the business rehabilitation plan. After the Central Bankruptcy Court has issued an order approving the resolution of the meeting of creditors on May 19, 2021.

- Lease of aircraft and spare parts amounted to THB 1,309 million, increased by THB 1,075 million mainly due to the Power by the Hour according to THAI had entered the Letter of Intent (LOI) with lessor of operating lease aircraft and financial lease aircraft which stipulates the rental payment calculated from the actual use of aircraft (Power by the Hour) which significantly increased from the same period last year because of higher flight hour in this quarter.

• **Finance cost** amounted to THB 3,102 million, an increase of THB 4,054 million (425.8%) mainly since last year there was significant adjustment of interest expense from the default rate to new rate or others mentioned in the business rehabilitation plan.

Gain on debt restructuring amounted to THB 5,482 million, comprising of the adjustment of liabilities in accordance with the order from the Receiver, derecognition of financial liabilities measured at amortized cost, adjust both assets and liabilities in accordance with the amendment of the aircraft lease agreement and gain on onerous contracts termination. (Also see Note to the financial statements No. 4.3)

Mutual Separation Plan (“MSP”) THAI adjusted employee tax of THB 274 million of MSP A, B, C and D projects according to actual payment

Employee benefits adjustment amounted of THB 237 million from reorganization structure and new employee benefits policy.

Gain on sales of assets amounted to THB 167 million from sale of spare engines THB 154 million, sale of land and building at Chiang Rai THB 5 million, and sale of other assets.

Gain on sale of aircraft amounted of THB 158 million from sale of 2 Boeing B747-400 aircraft and an Airbus A300-600 aircraft amounted to THB 178 million. Nonetheless, there was a loss on sale of a Boeing B737-400 amounted to THB 20 million.

Gain on sale of investment amounted to THB 13 million from sale of shares of Bangkok Aviation Fuel Services Public Company Limited (“BAFS”). THAI sold around 7.64 million more shares.

The termination compensation amounted to THB 11 million, the severance pay for foreign employees after entering the rehabilitation process. THAI had to improve every aspect to manage costs, increase competitiveness as well as cash flow under the rehabilitation plan.

Impairment loss of aircraft, right of use in aircraft, and rotatable spare part amounted of THB 8 million, THB 18,471 million higher loss from adjustment of right of use value reduction mentioned in Letter of Intent (LOI) as last year there were reverse the impairment loss of 12 aircrafts.

Impairment loss in accordance with TFRS 9, amounting to THB 35 million. Most of them are expected credit loss of receivables of from Thai AirAsia X.

Loss on foreign currency exchange was THB 4,290 million consisted of THB 4,402 million unrealized FX loss resulting from the revaluation of foreign currency loans for operating lease aircraft, assets, and liabilities, especially the depreciation of Thai Baht against US Dollar as of June 30, 2022, when compared to December 31, 2021, and realized FX gain of THB 112 million.

• **Share of loss of associates using the equity method** amounted to THB 5 million, lower than the previous year by THB 29 million (85.3%) Details as follow:

- THAI reduced the shareholding in BAFS then reclassified from investment in associate to other long-term investment resulting unrecognition its result where last year’s loss of THB 16 million
- Phuket Air Catering Ltd.’s loss of THB 4 million, equal to last year’s result,
- Suvarnabhumi Airport Hotel Ltd.’s profit of THB 1 million , where last year’s loss of THB 3 million,
- Don Mueang International Airport Hotel Ltd.’s loss of THB 2 million, a decrease of THB 9 million.

EBITDA for the second quarter of 2022 amounted to THB 1,988 million, increased by THB 8,266 million. EBITDA Margin 9.2% compared with the previous year was -111.4%.

Financial Performance: THAI and its subsidiaries

	Jan - Jun			
	2022	2021	Variance	
			MTHB	%
Total operating revenues	32,706	10,019	+22,687	+226.4
- Passenger and excess baggage revenue	17,865	1,888	+15,977	+846.2
- Freight and mail revenue	11,634	3,842	+7,792	+202.8
- Revenue from other activities	2,950	2,575	+375	+14.6
- Other income	257	1,714	-1,457	-85.0
Total operating expenses	37,175	21,465	+15,710	+73.2
- Fuel and oil	13,193	1,718	+11,475	+667.9
- Non-fuel operating expenses	23,982	19,747	+4,235	+21.4
Operating loss before finance cost exclude the one-time items	(4,469)	(11,446)	+6,977	+61.0
Finance cost	5,293	2,859	+2,434	+85.1
Operating loss exclude the one-time items	(9,762)	(14,305)	+4,543	+31.8
Gain from debt restructuring	6,995	8,675	-1,680	-19.4
Mutual Separation Plan (MSP)	633	(5,065)	+5,698	+112.5
Gain from sale of asset	459	41	+418	+1,019.5
Adjust Employee Benefit	237	8,323	-8,086	-97.2
Gain from sale of aircraft	158	172	-14	-8.1
Gain from sale of investment	16	2,099	-2,083	-99.2
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(8)	18,459	-18,467	-100.0
Share of losses of associates using the equity method	(17)	(64)	+47	+73.4
Impairment loss in accordance with TFRS 9	(103)	163	-266	-163.2
Severance Pay	(115)	(623)	+508	+81.5
Mileage accumulation adjustment	(628)	-	-628	-
Items adjustment related to the right of use in aircraft	(656)	-	-656	-
Gain (Loss) on foreign currency exchange	(2,946)	(6,311)	+3,365	+53.3
Profit (Loss) before tax	(5,737)	11,564	-17,301	-149.6
Net Profit (Loss)	(6,457)	11,121	-17,578	-158.1
Profit (Loss) attribute to owners of the parent	(6,467)	11,125	-17,592	-158.1
Net Profit (Loss) per share (THB)	(2.96)	5.10	-8.06	-158.0
Significant operating data				
EBITDA (MTHB)	1,634	(6,788)	+8,422	+124.1
Number of passengers (Million)	3.02	0.72	+2.30	+319.4
Available Seat-Kilometers (Million)	14,979	4,070	+10,909	+268.0
Revenue Passenger-Kilometers (Million)	7,366	660	+6,706	+1,016.1
Cabin factor (%)	49.2	16.2	+33.0	+33.0
Passenger yield (THB/RPK)	2.41	2.83	-0.42	-14.8
Available Dead Load Ton-Kilometers (Million)	778	198	+580	+292.9
Revenue Freight Ton-Kilometers (Million)	579	206	+373	+181.1
Freight load factor (%)	74.4	104.0	-29.6	-29.6
Freight carried (Ton)	152,279	53,109	+99,170	+186.7
Freight Yield (THB/RFTK)	19.88	18.35	+1.53	+8.3
Number of aircraft (As of Jun 30) (Aircraft)	91	103	-12	-11.7
Flight hours (Hours)	76,216	22,819	+53,397	+234.0
Aircraft utilization (Hours/Aircraft/Day)	8.9	5.1	+3.8	+74.5
Average foreign currency exchange rate				
1 USD : THB	33.7250	30.8061	+2.9189	+9.5
1 EUR : THB	36.8669	37.1307	-0.2638	-0.7
100 JPY : THB	27.5080	28.6363	-1.1283	-3.9
Average jet fuel price (USD/BBL)	132.98	69.04	+63.94	+92.6

Note: EBITDA = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and mileage accumulation adjustment) - Expenses (excluded finance cost, tax, depreciation and amortization, adjust employee benefit, impairment loss on aircraft, and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9, items adjustment related to the right of use in aircraft and loss on foreign currency exchange)

The first half of 2022, THAI and its subsidiaries reported operating loss before financial cost (Excluded the one-time items) in the amount of THB THB 4,469 million, decreased by THB 6,977 million (61%).

Total revenue (Excluded the one-time items) amounted to THB 32,706 million, increased by THB 22,687 million (226.4%) mainly from the increase of transportation revenue by THB 23,769 million (414.8%). Passenger and excess baggage revenue increased by THB 846.2% million resulting from an increase of passenger traffic but lower average passenger yield (Included fuel and insurance surcharges) than last year where prominent income generated by repaired flights. Freight and mail revenue increased by 202.8% resulting from an increase in Revenue Freight Ton-Kilometers (RFTK) by 181.1%. An average freight yield increased by 8.3% due to more freight charter flights. Moreover, other revenues from other activities increased by 14.6% due to the growth of customer airlines.

Total expenses (Excluded the one-time items) amounted to THB 37,175 million, an increase of THB 15,710 million (73.2%) mainly from the increase in fuel expense by 11,475 million (667.9%) from increasing fuel usage causing higher variable cost while fuel price itself increased by 92.6%. However, fixed cost decreased by 18.8% partly from the reduction in the employee benefits by 24.4% resulting from the downsize of organization structure

In the first six months of 2022, THAI and its subsidiaries had net one-time revenue mainly due to gain on debt restructuring, organization restructure with employee benefit welfare, and gain on sales of investment and assets. However, there were and loss on foreign currency exchange. THAI and its subsidiaries reported net one-time revenue totaled THB 4,025 million, lower than by THB 21,844 million which caused the net loss of THB 6,457 million, greater loss by THB 17,578 million than last year's. Loss attributable to owners of the parent amounted to THB 6,467 million. Loss per share was THB 2.96 greater loss by THB 8.06 than last year's.

EBITDA was THB 1,634 million increased by THB 8,422 million (124.1%) from last year with an EBITDA Margin equal 5.0% compared with the previous year was -67.7 %.

3. Financial Position and Liquidity

Capital Expenditures

Unit : Million Baht	Jan - Jun	
	2022	2021
Aircraft and aircraft spare parts	174	5
Non-Aircraft	13	5
Total	187	10

The first six months of 2022, THAI and its subsidiaries reported capital expenditures amount of THB 187 million, an increase of THB 177 million from last year. The notable investment expenses were mainly from procurements of rotatable aircraft spare part.

Liquidity

As of June 30, 2022, THAI and its subsidiaries had cash and cash equivalents of THB 13,474 million, accounting for 7.7% of total assets, an increase from 31 December 2021 of THB 7,959 million.

Summary of cash from and used in each activity are as follows:

Unit : Million Baht	Jan – Jun	
	2022	2021
Net cash from (used in) operating activities	6,671	(4,601)
Net cash from (used in) investing activities	2,009	3,210
Net cash from (used in) financing activities	(644)	(676)
Effect of exchange rate changes on cash and cash equivalents	(71)	121
Effect of changes in credit loss on cash and cash equivalents	(6)	2
Increase in cash and cash equivalents	7,959	(1,944)

In the first six months of 2022, THAI and its subsidiaries had net cash from operating activities of THB 6,671 million, THB 11,272 million higher than last year mainly from unearned revenue. The net cash used in financing activities amounted to THB 644 million, THB 32 million lower than last year mainly from the liabilities under the lease agreement repayment. Besides, ThaiSmile contracted the financial support agreement with the Export-Import Bank of Thailand in the form of special loan to maintain employment conditions of THB 50 million and withdrew by THB 44 million. Net cash from financing activities was THB 2,009 million, THB 1,201 million lower than last year because cash received from the sale of assets and investments was lower than the previous year. As a result, cash and cash equivalents as of June 30, 2022 amounted to THB 13,474 million, increased by THB 7,959 million from cash and cash equivalents as of December 31, 2021, which amounted to THB 5,515 million.

Fleet

As of June 30, 2022, THAI and its subsidiaries reported total 64 active aircraft (including 20 Airbus A320-200 under the operation of Thai Smile). Moreover, THAI received a new Boeing B777-300ER aircraft on May 9, 2022, an operating lease aircraft under procurement project since 2018. Moreover, there were 3 Airbus A330-300; decommissioned aircraft back to service. Furthermore, there were 27 long-term parking aircraft and 19 decommission aircraft which were on selling process and considering the buyers.

Assets of THAI and its subsidiaries

As of June 30, 2022, total assets totaled THB 174,813 million, an increase of THB 13,594 million (8.4%) from December 31, 2021.

	Consolidated					
	Jun 30, 2022		Dec 31, 2021		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	13,474	7.7	5,515	3.4	+7,959	+144.3
Non-current assets held for sale	2,622	1.5	4,321	2.7	-1,699	-39.3
Other current assets	26,217	15.0	14,959	9.3	+11,258	+75.3
Current Assets	42,313	24.2	24,795	15.4	+17,518	+70.7
Property, plant and equipment-net	33,687	19.3	34,493	21.4	-806	-2.3
Right-of-use Assets	69,678	39.8	69,652	43.2	+26	-
Other non-current assets	29,135	16.7	32,279	20.0	-3,144	-9.7
Total Assets	174,813	100.0	161,219	100.0	+13,594	+8.4

Current assets were THB 42,313 million or represented 24.2% of total assets, an increase of THB 17,518 million (70.7%) from as of December 31, 2021. The significant items consisted of

- Cash and cash equivalent increased by THB 7,959 million (144.3%) mainly from cash received from operating activities and from the sale of assets and investments.
- Non-current assets held for sale decreased by THB 1,699 million (39.3%), mainly due to transfer of 3 Airbus A330-300 returned to service back to Property, Plant and Equipment. Their book value was THB 723 million. Moreover, there were sale of aircraft, engines and some land and buildings. (Also see Notes to the financial statements No. 8)
- Other current assets increased by THB 11,258 million (75.3%) mainly due to an increase in trade and other current receivables of THB 10,932 million (109.1%) from increased sale together with the increase in prepaid expenses mainly from fuel.
- Property, Plant and Equipment-net amounted to THB 33,687 million or 19.3% of total assets, a decrease from December 31, 2021 by THB 806 million (2.3%), mainly due to the depreciation estimate while 3 aircraft were transferred from non-current assets held for sale (Also see Notes to the financial statements No.10)
- Right-of-use assets amounted to THB 69,678 million or 39.8% of total assets which consists of assets under finance lease agreements and obligations under the aircraft operating lease agreement and other fixed asset operating leases increased from December 31, 2021, amounting to THB 26 million, mainly due to the adjustment in right-of-use assets in accordance with the rental terms and the lease term as stipulated in the letter of agreement or the new lease agreement of each lease agreement with the additional aircraft. Moreover, there were 3 new delivered operating aircraft. (Also see Notes to the financial statements No. 11)
- Other non-current assets decreased by THB 3,144 million (9.7%) where partly from the reduction in the security deposit under aircraft lease agreement, maintenance reserve resulting from THAI amended the contract with lessors, and deferred tax. (Also see Notes to the financial statements No. 12 and 13)

Return on Asset of the second quarter of 2022 was -1.9% while last year's 12.5%

Liabilities of THAI and its subsidiaries

Total liabilities as of June 30, 2022 were THB 252,540 million, an increase of THB 20,070 million (8.6%) from December 31, 2021. These comprised of:

	Consolidated					
	Jun 30, 2022		Dec 31, 2021		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	63,929	25.3	46,742	20.1	+17,187	+36.8
Current portion of long-term liabilities	2,611	1.0	606	0.3	+2,005	+330.9
Long-term liabilities	144,487	57.2	139,269	59.9	+5,218	+3.7
Other non-current liabilities	41,513	16.5	45,853	19.7	-4,340	-9.5
Total Liability	252,540	100.0	232,470	100.0	+20,070	+8.6

Current liabilities which accounted for 25.3% of the total liabilities amounted to THB 63,929 million, an increase of THB 17,187 million (36.8%) from December 31, 2021, mainly due to an increase of THB 11,380 million in unearned revenue from increasing sale volume.

Long-term liabilities (Included the current portion of long-term liabilities) represented 58.2% of total liabilities, an increase of THB 7,223 million (5.2%) resulting from mainly due to an increase in lease liabilities from the delivery of 3 new leased aircraft. (Also see Notes to the financial statements no. 5.2, 6.3, 14.1, 14.2,15)

Other non-current liabilities accounted for 16.5% of total liabilities, a decrease of THB 4,340 million (9.5%). The main reason was there were decrease in trade payables and other non-current payables by THB 5,878 million. (Also see Notes to the financial statements no. 16) While the provision for non-current liabilities increased by THB 1,701 million from the estimated cost of overhaul aircraft, engines, and other components in the future under the contract obligations under the operating lease aircraft and currency adjustment.

As of June 30, 2022, the Interest Bearing Debt to equity was -1.89 times, compare to as of December 31, 2021, at -1.96 times and total debt to equity ratio of -3.25 times compared to -2.45 times of last year.

Shareholders' Equity of Thai Airways International PCL., and its subsidiaries

As of June 30, 2022, the shareholders' equity of THAI and its subsidiaries amounted to THB -77,727 million, greater loss from December 31, 2021, amounting to THB 6,476 million, mainly due to operations loss of THAI and its subsidiaries.

Contingent Liabilities

As of June 30, 2022, THAI and its subsidiaries had contingent liabilities arising from obligations that are not presented in the financial statements from the guaranteed letter issued by local and foreign banks. These obligations under the meeting resolution of the Plan Administrator to terminate these onerous contracts which had been negotiated under the rehabilitation plan. (Also see Notes to the financial statements No. 25)

Financial Performance Summary, Thai Airways Public Company Limited (THAI)

In the second quarter of 2022, THAI had total revenue (excluded the one-time items) of THB 19,736 million, an increase of THB 14,421 million (271.3%) from last year, mainly due to an increase in revenue from passenger and cargo transportation, total THB 15,528 million (698.2%) resulting from higher production and traffic from the resume of regular flights while last year THAI had to temporary suspended its flights. In addition revenue from other activities increased by THB 299 million (19.2%) due to an increase in the number of customer airlines. Total expenses (Excluded the one-time items) were THB 19,765 million, higher than last year by THB 11,336 million (134.5%) caused by growth in production and traffic, especially higher fuel price by 104.1%. However, the reduction in employee benefit expenses and other operating expenses with harsh cost control resulted in operating loss before financial costs (Excluded one-time items), THB 29 million, decreased by THB 3,085 million (99.1%) from the previous year.

THAI had net one-time revenue mainly due to gain on debt restructuring, organization restructure with employee benefit welfare, and gain on sales of investment and assets. However, there were and loss on foreign currency exchange; accordingly, THAI reported net one-time revenue totaled THB 889 million, lower than by THB 25,774 million.

THAI had a net loss of THB 2,795 million compared to last year's profit of THB 24,295 million, representing a loss per share of 1.28 Baht while last year's profit of 11.13 Baht per share. EBITDA was THB 2,771 million, higher than last year's by THB 7,990 million, with EBITDA Margin of 14.0 % compared to the previous year's -98.2%.

Financial Performance: THAI

	Apr - Jun			
	2022	2021	Variance	
			MTHB	%
Total operating revenues	19,736	5,315	+14,421	+271.3
- Passenger and excess baggage revenue	11,351	391	+10,960	+2,803.1
- Freight and mail revenue	6,401	1,833	+4,568	+249.2
- Revenue from other activities	1,858	1,559	+299	+19.2
- Other income	126	1,532	-1,406	-91.8
Total operating expenses	19,765	8,429	+11,336	+134.5
- Fuel and oil	7,879	699	+7,180	+1,027.2
- Non-fuel operating expenses	11,886	7,730	+4,156	+53.8
Operating loss before finance cost exclude the one-time items	(29)	(3,114)	+3,085	+99.1
Finance cost	2,864	(1,023)	+3,887	+380.0
Operating loss exclude the one-time items	(2,893)	(2,091)	-802	-38.4
Gain from debt restructuring	5,482	8,675	-3,193	-36.8
Mutual Separation Plan (MSP)	274	(5,192)	+5,466	+105.3
Adjust Employee Benefit	237	8,323	-8,086	-97.2
Gain from sale of asset	167	43	+124	+288.4
Gain from sale of aircraft	158	-	+158	-
Gain from sale of investment	13	95	-82	-86.3
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(8)	18,463	-18,471	-100.0
Severance Pay	(11)	(619)	+608	+98.2
Impairment loss in accordance with TFRS 9	(1,442)	(626)	-816	-130.4
Gain (Loss) on foreign currency exchange	(3,981)	(2,499)	-1,482	-59.3
Profit (Loss) before tax	(2,004)	24,572	-26,576	-108.2
Net Profit (Loss)	(2,795)	24,295	-27,090	-111.5
Net Profit (Loss) per share (THB)	(1.28)	11.13	-12.41	-111.5

		Apr - Jun			
		2022	2021	Variance	
				MTHB	%
Significant operating data					
EBITDA	(MTHB)	2,771	(5,219)	+7,990	+153.1
Number of passengers	(Million)	0.92	0.02	+0.9	+4,500.0
Available Seat-Kilometers	(Million)	7,936	1,617	+6,319	+390.8
Revenue Passenger-Kilometers	(Million)	4,649	118	+4,531	+3,839.8
Cabin factor	(%)	58.6	7.3		+51.3
Passenger yield	(THB/RPK)	2.42	3.22	-0.80	-24.8
Available Dead Load Ton-Kilometers	(Million)	465	96	+369	+384.4
Revenue Freight Ton-Kilometers	(Million)	321	94	+227	+241.5
Freight load factor	(%)	69.0	97.9		-28.9
Freight carried	(Ton)	75,645	25,332	+50,313	+198.6
Freight Yield	(THB/RFTK)	19.74	19.31	+0.43	+2.2
Number of aircraft (As of Jun 30)	(Aircraft)	71	83	-12	-14.5
Flight hours	(Hours)	33,139	6,524	+26,615	+408.0
Aircraft utilization	(Hours/Aircraft/Day)	10.4	3.7	+6.7	+181.1
Average foreign currency exchange rate					
1 USD	: THB	34.3970	31.3552	+3.0418	+9.7
1 EUR	: THB	36.6388	37.7845	-1.1457	-3.0
100 JPY	: THB	26.5415	28.6721	-2.1306	-7.4
Average jet fuel price	(USD/BBL)	150.12	73.56	+76.56	+104.1

Note: EBITDA = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and mileage accumulation adjustment) - Expenses (exclude finance cost, tax, depreciation and amortization, adjust employee benefit, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9, items adjustment related to the right of use in aircraft and loss on foreign currency exchange)

In the first six months of 2022, THAI reported total revenue (Excluded the one-time items) totaled THB 29,937 million, THB 20,585 million (220.1%) higher than the same period last year mainly due to an increase in revenue from passenger and cargo transportation, total THB 21,615 million (465.9%) resulting from higher production and traffic from the resume of regular flights while last year THAI had to temporary suspended its flights. In addition revenue from other activities increased by THB 372 million (12.2%) due to an increase in the number of customer airlines. Total expenses (Excluded the one-time items) were THB 32,226 million, higher than last year by THB 13,676 million (73.7%) caused by growth in production and traffic. However, the reduction in employee benefit expenses and other operating expenses with harsh cost control resulted in operating loss before financial costs (Excluded one-time items), THB 2,289 million, decreased by THB 6,909 million (75.1%) from the previous year.

In the first six months of 2022, THAI had a net one-time revenue of THB 3,353 million decreased by THB 22,364 million from the previous year which caused the net loss of THB 4,420 million, greater loss by THB 17,756 million than last year's, representing a loss per share of 2.02 Baht while last year's profit of 6.11 Baht per share. EBITDA was THB 3,115 million increased by THB 7,587 million from last year with an EBITDA Margin of 10.4% compared with the previous year was -47.8 %.

Financial Performance: THAI

	Jan - Jun			
	2022	2021	Variance	
			MTHB	%
Total operating revenues	29,937	9,352	+20,585	+220.1
- Passenger and excess baggage revenue	14,646	795	+13,851	+1,742.3
- Freight and mail revenue	11,608	3,844	+7,764	+202.0
- Revenue from other activities	3,428	3,056	+372	+12.2
- Other income	255	1,657	-1,402	-84.6
Total operating expenses	32,226	18,550	+13,676	+73.7
- Fuel and oil	11,593	1,406	+10,187	+724.5
- Non-fuel operating expenses	20,633	17,144	+3,489	+20.4
Operating loss before finance cost exclude the one-time items	(2,289)	(9,198)	+6,909	+75.1
Finance cost	4,770	2,741	+2,029	+74.0
Operating loss exclude the one-time items	(7,059)	(11,939)	+4,880	+40.9
Gain from debt restructuring	6,995	8,675	-1,680	-19.4
Mutual Separation Plan (MSP)	633	(5,065)	+5,698	+112.5
Gain from sale of asset	459	42	+418	+1,019.5
Adjust Employee Benefit	237	8,323	-8,086	-97.2
Gain from sale of aircraft	158	172	-14	-8.1
Gain from sale of investment	16	2,728	-2,712	-99.4
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(8)	18,459	-18,467	-100.0
Severance Pay	(115)	(623)	+508	+81.5
Mileage accumulation adjustment	(628)	-	-628	-
Impairment loss in accordance with TFRS 9	(1,647)	(1,039)	-608	-58.5
Gain (Loss) on foreign currency exchange	(2,747)	(5,954)	+3,207	+53.9
Loss before tax	(3,706)	13,778	-17,484	-126.9
Net Profit (Loss)	(4,420)	13,336	-17,756	-133.1
Net Profit (Loss) per share (THB)	(2.02)	6.11	-8.13	-133.1
Significant operating data				
EBITDA (MTHB)	3,115	(4,472)	+7,587	+169.7
Number of passengers (Million)	1.15	0.04	+1.11	+2,775.0
Available Seat-Kilometers (Million)	13,230	3,376	+9,854	+291.9
Revenue Passenger-Kilometers (Million)	6,117	251	+5,866	+2,337.1
Cabin factor (%)	46.2	7.4		+38.8
Passenger yield (THB/RPK)	2.38	3.10	-0.72	-23.2
Available Dead Load Ton-Kilometers (Million)	778	198	+580	+292.9
Revenue Freight Ton-Kilometers (Million)	579	206	+373	+181.1
Freight load factor (%)	74.4	104.0		-29.6
Freight carried (Ton)	131,290	50,915	+80,375	+157.9
Freight Yield (THB/RFTK)	19.84	18.36	+1.48	+8.1
Number of aircraft (As of Jun 30) (Aircraft)	71	83	-12	-14.5
Flight hours (Hours)	54,717	14,133	+40,584	+287.2
Aircraft utilization (Hours/Aircraft/Day)	9.4	4.8	+4.6	+95.8
Average foreign currency exchange rate				
1 USD : THB	33.7250	30.8061	+2.9189	+9.5
1 EUR : THB	36.8669	37.1307	-0.2638	-0.7
100 JPY : THB	27.5080	28.6363	-1.1283	-3.9
Average jet fuel price (USD/BBL)	132.98	69.04	+63.94	+92.6

Note: EBITDA = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and mileage accumulation adjustment) - Expenses (exclude finance cost, tax, depreciation and amortization, adjust employee benefit, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9, items adjustment related to the right of use in aircraft and loss on foreign currency exchange)

Assets of Thai Airways International PCL.

As of June 30, 2022, total assets totaled THB 177,418 million, an increase of THB 14,759 million (9.1%) from December 31, 2021.

	Separate Financial Statement					
	Jun 30, 2022		Dec 31, 2021		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	13,096	7.4	5,122	3.1	+7,974	+155.7
Non-current assets held for sale	2,622	1.5	4,321	2.7	-1,699	-39.3
Other current assets	28,891	16.2	17,456	10.7	+11,435	+65.5
Current Assets	44,609	25.1	26,899	16.5	+17,710	+65.8
Property, plant and equipment-net	33,633	19.0	34,443	21.2	-810	-2.4
Right-of-use Assets	63,469	35.8	62,326	38.3	+1,143	+1.8
Other non-current assets	35,707	20.1	38,991	24.0	-3,284	-8.4
Total Assets	177,418	100.0	162,659	100.0	+14,759	+9.1

- Current assets increased by THB 17,710 million (65.8%) mainly due to an increase in cash and cash equivalents increased by THB 7,974 million. Trade and other current receivables increased by THB 11,120 million from growth of sales while prepaid expenses increased but non-current assets held for sale decreased by THB 1,699 million mainly due to transfer of 3 Airbus A330-300 returned to service back to Property, Plant and Equipment. Moreover, there were sale of aircraft, engines and some land and buildings. (Also see Notes to the financial statements No. 8)

- Property, Plant and Equipment-net decreased by THB 810 million (2.4%) mainly because of the depreciation estimate while transferring 3 aircraft from non-current assets held for sale. (Also see Notes to the financial statements No. 10)

- Right of use asset consists of assets under finance lease and operating lease aircraft and other fixed assets increased THB 1,143 million resulting from there were 3 new delivered operating aircraft. However, the right-of-use of assets re-measurement under the new conditions in the letter of intent (LOI) with each lessor and return aircraft under financial lease aircraft including depreciation of assets. (Also see Notes to the financial statements No. 11)

Liabilities of Thai Airways International PCL.

Total liabilities as of June 30, 2022 were THB 248,488 million, an increase of THB 19,171 million (8.4%) from December 31, 2021. These comprised of:

	Separate Financial Statement					
	Jun 30, 2022		Dec 31, 2021		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	61,889	24.9	45,680	19.9	+16,209	+35.5
Current portion of long-term liabilities	2,603	1.0	594	0.3	+2,009	+338.2
Long-term liabilities	144,487	58.2	139,267	60.7	+5,220	+3.7
Other non-current liabilities	39,509	15.9	43,776	19.1	-4,267	-9.7
Total Liabilities	248,488	100.0	229,317	100.0	+19,171	+8.4

- Current liabilities increased by THB 16,209 million (35.5%), mainly due to an increase by THB 11,216 million in unearned revenue from increasing sale volume.

- Long-term liabilities, (Included the portion of long-term liabilities) increased by THB 7,229 million (5.2%) because of the new 3 delivered lease aircraft. (Also see Note to the financial statements No. 5.2, 6.3, 14.1, 14.2, 15)

Shareholders' Equity of Thai Airways International PCL.

As of June 30, 2022, THAI had shareholders' equity of THB -71,070 million, a negative increase from December 31, 2021 by THB 4,412 million, mainly due to the operations loss in first six months of 2022.

4. Outlook

The World economy in the second half of 2022 is expected to continue to improve from the opening of the country to tourists and the relaxation of travel measures in many countries around the world including Thailand for entering the country which is effective from 1 July 2022 onwards. Nevertheless, the climbing inflation and the high energy price are still volatile and be essential variable to affect the direction of the economy in the future. There is a high possibility that will be a recession at the end of this year. For Thailand, the Thai Airline Association is predicted that short-haul travel will enable to recover nearly the pre-epidemic period in 2022 because of the increased demand for travel while the long-hual travel will almost recover by 2023 and return to almost normal by 2024. According to the International Air Transport Association (IATA) report, the recovery will be in 2022, except the Asia-Pacific region where tend to the slowest recovery with the most operating losses since there are still more strict travel restrictions than other regions. However, Japan has started allowing 20,000 foreign tourists to travel in and out per day, and the country is expected to open in full by the end of this year while China shows more signs of relaxation in the second half of the year.

As for THAI benefits from the success of Thailand's management of the COVID-19 epidemic with various, clear and effective measures until the full opening of the country on July 1, 2022, coupled with the situation of the COVID-19 epidemic around the world that began to unfold resulting THAI plans to increase the frequency of flights in the next quarter including Jakarta, Taipei, Singapore, Copenhagen, Munich, Zurich, Seoul and open additional routes. To cover main routes to major regional destinations, including Tokyo (Haneda), Brussels, and open a new route to Jeddah, Saudi Arabia and let THAI Smile Airways fly directly to Kathmandu, Nepal to support the increasing travel demand for extra flexibility in travelling. THAI also has implemented a rehabilitation plan during a period of 1 year. THAI has revised its business plan and increased revenue resulting in THAI's better cash flow levels in operations that have changed significantly. Therefore, the requested level for new loans has decreased from the original. The Plan Administrator is confident that the

submission of the proposal for a plan amendment would enhance the confidence of THAI's creditors, shareholders, passengers, and customers the business reorganization. This is a significant step in laying the foundation for THAI's growth and profits-making capability in the future for sustaining THAI as a national flag carrier, the main airline bringing profit to the country, and the main resource to support and promote the recuperation of Thai economic recovery in the upcoming period.

5. Financial Ratios

		Jan - Jun			
		Consolidated		The Company	
		2022	2021	2022	2021
Liquidity Ratio					
Current Ratio	(times)	1.06	0.33	1.17	0.39
Profitability Ratio					
Operating Profit (Loss) Margin	%	(29.84)	(142.75)	(23.57)	(127.64)
Net Profit (Loss) Margin	%	(19.74)	110.99	(14.76)	142.59
Return on Equity	%	(8.67)	(9.07)	(6.42)	(11.11)
Efficiency Ratio					
Return on Total Assets	%	(3.84)	5.89	(2.60)	7.01
Financial Policy Ratio					
Interest Bearing Debt to Equity	(times)	(1.89)	(1.58)	(2.07)	(1.63)
Total Debt to Equity	(times)	(3.25)	(2.45)	(3.50)	(2.51)
Interest Coverage Ratio	(times)	0.31	(2.37)	0.65	(1.63)
Net Debt to EBITDA	(times)	146.31	(41.01)	75.56	(62.00)
Debt Service Coverage Ratio	(times)	0.45	(1.70)	0.68	(1.17)

GLOSSARY

Current Ratio = Current Assets (Excluding Non-Current Assets held for sale / Current Liabilities (Excluding Unearned Transportation Revenues)

Operating Profit (loss) Margin = Operating Profit (loss) / Total Revenue (excluded gain on foreign currency exchange, profit from debt restructuring and mileage accumulation adjustment)

Net Profit (Loss) Margin = Net Profit (Loss) / Total Revenue (excluded gain on foreign currency exchange, profit from debt restructuring and mileage accumulation adjustment)

Return on Equity = Net Profit (Loss) / Average Shareholders' Equity

Return on Total Assets = Net Profit (Loss) / Average total assets

Interest Bearing Debt to Equity = (Short-term Loan + Long-term Loan including current portion of Long-term Loan within 1 year) / Shareholders' Equity

Total debt to equity ratio = Total liabilities / Shareholders' Equity

Interest Coverage ratio = EBITDA / Interest

Net Debt to EBITDA = (Total liabilities – Cash and cash equivalents) / EBITDA

Debt Service Coverage Ratio = EBITDAR / (Long-term Loan repayment and Lease liabilities + Interest payment + Lease of aircraft and spare part)

6. Related Party Transactions

6.1 Significant related party transactions carried between the company and major shareholders and entities that may have conflicts of interest for the six months period ended June 30, 2022 are detailed as follow:

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Ministry of Finance (MOF)	MOF is the major shareholder of THAI with 47.86% shares.	1. International loans take through the MOF consist of:				The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. Also see Notes No.1
		- Outstanding loans			12,496.88	
		- Outstanding loans under the rehabilitation plan	6,255.07	6,082.08		
		- Interest expenses	0.00	0.00	1,158.94	
		- Accrued interests	0.00	0.00	1,146.23	
		- Deferred interests	328.49	351.95	0.00	
		2. THAI leased the lands from the Treasury Department.	4.11	8.03	8.47	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI sold tickets to the MOF.				The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total revenue	0.00	0.00	0.00	
		- Account receivable	0.00	0.00	0.16	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Government Savings Bank (GSB)	GSB is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a committed revolving credit line with GSB credit limit up to THB 3.5 billion, the credit line was used. - Outstanding loans - Commitment fee - Interest expenses - Accrued interests	3,500.00 0.00 59.12 59.12	3,500.00 0.00 212.96 212.96	3,500.00 1.37 530.08 522.89	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021-22 were the effective interest rate according to the original contract.
		2. THAI sold tickets, rented out space, and other services to GSB. - Total revenue - Account receivable	0.25 0.00	0.18 0.00	2.51 2.03	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Export-Import Bank of Thailand (EXIM)	EXIM is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with EXIM: - Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests	586.72 18.27	568.48 19.44	398.74 39.92 37.62	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties. Also see Notes No.1

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Islamic Bank of Thailand (IBANK)	IBANK is controlled by the MOF, a major shareholder of THAI.	<p>1. THAI entered into a long-term loan agreement with IBANK:</p> <ul style="list-style-type: none"> - Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests 	<p>1,246.76</p> <p>51.39</p>	<p>1,195.37</p> <p>54.06</p>	<p>2,500.00</p> <p>253.72</p> <p>233.68</p>	<p>The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.</p> <p>Also see Notes No.1</p>
Krung Thai Bank Public Company Limited (KTB)	MOF controlled via the Bank of Thailand and Financial Institutions Development Fund, which is the major shareholder of KTB.	<p>1. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.0 billion, the credit line was used.</p> <ul style="list-style-type: none"> - Outstanding loans - Commitment fee - Interest expenses - Accrued interests 	<p>2,260.73</p> <p>38.12</p> <p>38.12</p>	<p>2,260.73</p> <p>63.84</p> <p>63.84</p>	<p>2,260.73</p> <p>0.86</p> <p>284.66</p> <p>260.69</p>	<p>The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.</p> <p>Note:</p> <ul style="list-style-type: none"> - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021-22 were the effective interest rate according to the original contract.
		<p>2. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.5 billion, the credit line was used.</p> <ul style="list-style-type: none"> - Outstanding loans - Interest expenses - Accrued interests 	<p>3,500.00</p> <p>19.79</p> <p>19.79</p>	<p>3,500.00</p> <p>128.63</p> <p>128.63</p>	<p>3,500.00</p> <p>385.11</p> <p>378.00</p>	<p>The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.</p> <p>Note:</p> <ul style="list-style-type: none"> - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021-22 were the effective interest rate according to the original contract.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
		3. THAI sold debentures to KTB. - Debenture value - Interest expenses - Accrued interests - Deferred interests	832.00 6.19	832.00 6.80	832.00 32.15 33.33	Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021-22 were the effective interest rate according to the original contract. Also see Notes No.1
		4. THAI provided office space rental, ATM space, utilities, and leased line to KTB. - Total revenue - Account receivable	1.37 0.21	3.30 0.22	3.05 0.11	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		5. THAI paid service fees to KTB for cash delivery and debentures distribution fee. - Total expenses - Account payable	0.00 0.13	2.84 0.13	3.92 0.15	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Thailand Post Company Limited	Thailand Post and THAI have a common major shareholder, namely MOF.	1. THAI bought postal services, both domestic and international, and postal tools from Thailand Post. - Total expenses - Account payable	0.01 0.00	0.14 0.00	0.62 0.01	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to Thailand Post. - Total revenue - Account receivable	0.00 0.00	0.00 0.00	0.22 0.00	
Tourism Authority of Thailand (TAT)	TAT is controlled by the MOF, a major shareholder of THAI.	1. THAI paid for advertising and sales promotion to TAT. - Total expenses - Account payable	0.00 0.51	0.00 0.24	0.00 0.11	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided office space rental to TAT. - Total revenue - Account receivable	12.19 4.46	10.15 1.13	18.17 0.73	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
MCOT Public Company Limited (MCOT)	MCOT and THAI have a common major shareholder, namely MOF.	1. THAI paid for advertising to MCOT. - Total expenses - Account payable	0.00 0.87	0.00 0.87	1.63 0.87	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
PTT Public Company Limited (PTT)	PTT and THAI have a common major shareholder, namely MOF.	1. THAI bought fuel for its aircraft and vehicles from PTT. - Total expenses - Account payable - Outstanding loans under the rehabilitation plan - Deferred interests	0.06 0.17 1.12 0.42	0.06 1.66	18.60 1.50	The pricing is on an arms' length basis and on commercial terms as unrelated parties. Also see Notes No.1
		2. THAI sold tickets and provided AC dielectric tester service to PTT. - Total revenue	3.05	0.00	3.37	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Airports of Thailand Public Company Limited (AOT)	AOT and THAI have a common major shareholder, namely MOF.	1. AOT provided space rental at several airports for THAI's offices, aircraft/ vehicle parking, cargo loading/ unloading, stores for ground service equipment, containers, and other services. - Total expenses - Account payable	1,302.41 890.47	8,642.18 891.05	4,577.76 892.59	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to AOT and received 2% of passenger service charge collected for AOT. - Total revenue - Account receivable	3.68 17.88	0.51 13.97	23.18 13.42	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
CAT Telecom Public Company Limited (CAT)	CAT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to CAT. - Debenture value - Interest expenses - Accrued interests - Deferred interests	933.00 4.67	933.00 17.48	933.00 46.54 49.47	The pricing, terms, interest rates and Commitment fees are on an arms' length basis and on commercial term as unrelated parties. Also see Notes No.1
		2. THAI rents communication channels from CAT. - Total expense - Account payable	0.00 2.51	0.25 2.51	3.20 2.42	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
TOT Public Company Limited (TOT)	TOT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to TOT - Debenture value - Interest expenses - Accrued interests - Deferred interests	 415.00 2.71	 415.00 7.11	 415.00 15.93 16.80	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. Also see Notes No.1
		2. THAI rents optical fibers from TOT - Total expense - Account payable	 0.00 7.09	 0.42 7.07	 7.47 6.23	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Civil Aviation Training Center (CATC)	CATC is controlled by the MOF, a major shareholder of THAI.	1. CATC provided aviation training for THAI's pilots. - Total expenses - Account payable	 0.00 10.00	 0.00 10.00	 9.34 10.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	THAI is the major shareholder of Thai-Amadeus Southeast Asia, with 55% shares. THAI's executive officers: Mr. Chai Eamsiri is a Director of Thai-Amadeus Southeast Asia.	1. THAI sold tickets and provided office space and computer rental to Thai-Amadeus Southeast Asia Co., Ltd. - Total revenue - Account receivable	3.10 0.52	6.62 0.99	9.26 0.78	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Wingspan Services Company Limited (WSC) (Subsidiary Company)	THAI is the major shareholder of WSC, with 49% shares and controlling authority. THAI's executive officers: Mr. Suvadhana Sibunruang is a Director of WSC.	1. WSC outsourced its staff to THAI. - Total expenses - Account payable	115.81 0.45	178.60 128.93	604.38 138.81	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
		2. THAI provided office space and equipment rental to WSC. - Total revenue - Account receivable	 2.48 1.95	 0.50 1.59	 2.02 2.05	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	THAI is the major shareholder of TFTA, with 49% shares and controlling authority THAI's executive officers: Lt.JG. Supoj Charoensuk is a Director of TFTA Mrs. Chuntarica Jotikasthira and Mrs. Busakorn Amornvivat are Director of TFTA.	1. THAI provided aviation training equipment, office space and equipment rental to TFTA. - Total revenue - Account receivable	 3.98 0.43	 15.08 1.19	 20.23 2.58	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
		2 TFTA provided flight attendant training to THAI - Total expenses	0.00	0.39	0.45	The pricing is on an arms' length basis and on commercial terms as unrelated parties and according to market price
Tour Eurng Luang Company Limited (Subsidiary Company)	THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority.	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang. - Total expenses	0.00	0.00	0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold Eurng Luang tours to Tour Eurng Luang. - Total revenue - Account receivable	2.75 1.55	0.04 1.55	11.79 1.55	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Thai Smile Airways Company Limited (Subsidiary Company)	THAI wholly owns Thai Smile Airways. THAI's executive officers: Mr. Suvadhana Sibunruang is a Director of Thai Smile Airways; Ms. Piyanee Sungtong is a Directors of Thai Smile Airways.	1. THAI bought Block Space and other services from Thai Smile Airways. - Total expenses - Account payable	1,003.49 221.92	342.06 0.00	1,884.16 2.93	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided aircraft rental, ground services, parking space, aircraft insurance premium, boarding passes, pilot training and catering to Thai Smile Airways. - Total revenue - Account receivable	2,884.06 10,115.15	1,323.53 8,384.46	5,015.00 7,763.06	
Don Mueang International Airport Hotel Company Limited (Associated Company)	THAI holds 40% shares in Don Mueang International Airport Hotel.	1. THAI bought hotel rooms for its passengers from Donmueang International Airport Hotel. - Total expenses	0.00	0.00	0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Phuket Air Catering Company Limited (PACCO) (Associated Company)	THAI holds 30% shares in PACCO.	1. THAI bought catering services from PACCO. - Total expenses - Account payable - Outstanding loans under the rehabilitation plan - Deferred interests	15.60 1.64 15.34 0.58	0.04 20.44	99.02 20.52	The pricing is on an arms' length basis and on commercial terms as unrelated parties. Also see Notes No.1
		2. THAI sold raw materials and services to PACCO. - Total revenue - Account receivable	0.00 0.01	0.00 0.00	0.06 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Suvarnabhumi Airport Hotel Company Limited (Associated Company)	THAI holds 30% shares in Suvarnabhumi Airport Hotel. THAI's executive officer: Ms. Piyanee Sungtong is a Director of Suvarnabhumi Airport Hotel	1. THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel. - Total expenses - Account payable	0.00 2.16	0.00 2.16	5.69 2.16	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2022	For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Joint-Venture Company)	AEROTHAI and THAI have a common major shareholder, namely MOF. THAI holds 0.24% shares in AEROTHAI.	1. THAI bought navigation services and rented communication equipment from AEROTHAI - Total expense - Account payable	167.91 106.52	145.30 105.14	364.52 105.53	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided transportation services to AEROTHAI. - Total revenue	0.00	0.00	0.12	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Notes:

1. After the Central Bankruptcy Court has issued an order approving the rehabilitation plan and the request for an amendment to the plan following the resolution of the meeting of creditors on May 19, 2021. THAI has made improvements in debt to a financial liability that has been measured at amortized cost using the effective interest method and considered a pre-adjusted financial liability. In addition, whether there has been a significant difference after the adjustment for financial liabilities that differ materially, the new financial liabilities have been recognized at fair value using the discounted cash flow method which used the market interest rate. The difference between the carrying amount of the adjusted financial liability and the present value of the recalculated financial liability where THAI recognizes gains on debt restructuring in the statements of income and other comprehensive income and the interest expense is recognized at the market rate. If such financial liabilities do not have a significant difference THAI would adjust its cash flows under new conditions by using the effective interest rate under the original contract resulting difference is recognized as gain on debt restructuring in the statements of income and other comprehensive income and the interest expense is recognized at the effective interest rate according to the original contract
- The interest rate for the year 2020 was the default rate
 - The interest rate for the year 2021-22 were the rate according to the court's order approving the business rehabilitation plan (15 June 2021)

6.2 Necessity and reasonableness of related party transactions

For the above related transactions, THAI aims to create maximum benefits. This is the normal course of business. or provide/receive services from related companies Determined from the normal price of the business as THAI has given to individuals. or other unrelated businesses This is in accordance with the appropriateness of the conditions. and the use of reference market prices which brings benefits to the whole company and related companies without the purpose of transferring benefits between each other or have any special transactions so that all shareholders and stakeholders are treated fairly and equally in accordance with the Company's good corporate governance policy.

6.3 Connected Transaction Approval Procedures

Performing the aforementioned related transactions is aligned with THAI's normal business operations and has been approved in accordance with THAI's procedures, which have stringent measures, including directors and executives with vested interests in such matters not being involved in the transaction's approval.

6.4 Future related party transaction policy

The Audit Committee and THAI will jointly ensure that the aforementioned related transactions that may occur in the future are reasonable and have a fair rate of return as well as being properly approved in accordance with the relevant procedures and regulations, and will disclose the type and value of THAI's related party transactions with individuals who may have conflicts of interest under the announcements and regulations of the Securities and Exchange Commission (SEC), the Capital Market Supervisory Board (CMSB) under the SEC, and the Stock Exchange of Thailand (SET).