

## **Management's Discussion and Analysis for three months ended March 31, 2023, for Thai Airways International Public Company Limited and Its Subsidiaries**

### **1. Executive summary**

Tentative signs in the first quarter of 2023 indicated that world economic were in the step of enlargement from the cancellation of travel restrictions and the China, the world's second-largest economy, reopening. Consequently, economic activities continued to recover in both the manufacturing and service sectors. Despite bank run situation in the US in March caused widespread concerns but the quick response by the US government relaxing the situation. However, The International Monetary Fund (IMF) forecasted that the global economic would slowdown in 2023 at 2.8% from 3.4% last year, due to the developed countries economic slowdown, especially the Euro zone and the United Kingdom while the economics of Asia region countries have expanded, led by China and India. Nevertheless, the economic expansion still encountered several risks such as severely tight financial conditions resulting a strict monetary policy, high inflation, uncertainty in the Chinese economy and the prolong war in Ukraine, as well as challenge from geo-economics fragmentation might increase trade tensions and decline direct foreign investment.

The world aviation industry in the first quarter of 2023, shows continuous increase in the demand for both business and leisure travel, attributed to the pent-up travel demand. However, cargo transportation has been impacted by economic slowdown and increased trade barriers. According to the report from the International Air Transport Association (IATA), the overall Revenue Passenger Kilometers (RPK) expanded by 58.3%, representing a 87.5% growth in international passenger traffic. Meanwhile, Revenue Freight Ton-Kilometers: (RFTK) contracted 10% compared to the same period last year. As for the Asia - Pacific region, the Asia Pacific Airlines Association (AAPA) reported a significant increase of 576.3% in international passenger compared to the same period last year. Passenger traffic (RPK) and Passenger Production (Available Seat Kilometers: ASK) increased by 421.5% and 195.7% year-on-year, respectively. Cabin Factor rose from 46.4% to 81.8% on the other hand, Revenue Freight Ton-Kilometers (RFTK) decreased by 13.1%, and Available Dead Load Kilometer (ADTK) decreased by 2.3% resulting in the Freight Load Factor decreasing from the same period last year at 69.6 to 61.9%.

In the first quarter of 2023, Thai economy continued to recover due to increased private consumption and tourism following the easing and cancelling travel restrictions both within Thailand and globally, as well as the trend of decreasing inflation. During January-March 2023, the number of foreign tourists traveling to Thailand totaled 6.5 million, an increase of 1,202.4% compared to the same period last year accounting for 60% of pre-crisis in 2019. Of these, tourists from within the Asia-Pacific region accounted for more than 62%, led by ASEAN countries at 30.8%. The top 5 tourists entering Thailand are Malaysia, Russia, China, South Korea and India, respectively. The number of both inbound and outbound passengers traveling via Thailand through 6 major airports had increased in January-March 2023 were about 26.4 million tourists, comprised of 14 million international tourists. There was an increase of 195.5% and 816.8%, respectively, compared to the same period last year. The IMF forecasted that the Thai economy would be 3.4% in 2023 from 2.6% last year merely from the recovery of tourism sector, which is the major source of country income.

In the first quarter of 2023, Thai Airways International Public Company Limited “(THAI)” continued to operate according to the company's business rehabilitation plan with more significantly progressive performance from transportation, improving fleet efficiency, and exploitation of non-core assets that were not utilized in business operations, in this quarter, there were important operations as follows:

- In March 2023, THAI managed and improved its fleet by bringing a B777-200ER aircraft returned to service mainly operating on the Singapore, Kuala Lumpur, Jakarta, Kolkata, New Delhi, Chennai, Dhaka and Islamabad routes to accommodate the growing passenger demand

due to the recovery of the aviation industry with aiming to increase the ability to generate income to support the growing traffic demand as well and improve THAI's revenue efficiency.

- THAI managed ground service equipment in line with the increasing number of flights which continuously growing volume of both passenger and cargo transportation. This is to support and promote the efficiency and sustainability of the non-flight business, which is aimed for customer satisfaction and generated additional revenue beyond the flight business.

- THAI also looked for benefits from unutilized non-core assets by selling 6 B777-300 aircraft that were not in the future flight operations plan which expected contract negotiation would be completed in April 2023.

In addition, THAI was ranked as one of the top 5 airlines (Best Airlines), the Best Frequent Flyer Program, and one of the top 3 airlines in service including the Best Economy Class from the Readers' Choice Awards 2023 announcement by DestinAsian Magazine, Singapore, the leading travel magazine in the Asia-Pacific region. This award was held to organizations in the tourism industry in various categories by voting of the readers satisfaction around the world in areas of services travel experience, safety and value for travelers which selected and ranked in various categories such as the famous destination cities for tourism, airlines, airports, hotels, and airline frequent flyer programs and other businesses, etc. These 3 awards guaranteed the importance of excellent product and service standards at all touch points.

As of March 31, 2023, THAI and its subsidiaries have a total of 65 active aircraft with average aircraft utilization of 12.3 hours. Traffic production (ASK) increased by 121.4% while passenger traffic (RPK) increased by 469.2% affecting an average cabin factor of 83.5%, higher than the previous year's 32.5%. The total number of passengers carried was 3.52 million, an increase of 245.1% from the previous year while cargo Production (ADTK) and cargo transport (RFTK) were 122% and 29.5% higher than last year, respectively. Average freight Load Factor was 47.9% compared to last year's 82.2%.

The operating profit (excluded one-time items) before finance costs of THB 13,034 million, higher than the same period last year by THB 16,201 million (511.6%). Total revenues were THB 41,507 million, higher than the previous year by THB 30,326 million (271.2%). This success was due to an outstanding increase in passenger revenue by THB 30,502 million (681.5%) due to the winter flight schedule of 2022 - 2023, supporting up to 34 destinations worldwide, including Europe, Australia, and Asia, with adding more flight frequencies on popular routes, namely Japan and South Korea. In addition, from March 1, 2023, THAI has reopened the route to China after reopening the country compared to last year where both Thailand and other countries not fully open or having some limitations resulting THAI strictly operated under the COVID-19 control measures of government in each country with an average Cabin Factor of 83.5% compared to last year's 32.5% and revenue from other businesses increased by THB 621 million (46.4%) due to an increase in customer flights. The total expenses were THB 28,473 million, higher than the previous year by THB 14,125 million (98.4%) resulting from increasing in variable cost which in line with production and passenger traffic, especially the rising fuel price, 9.7% higher than the previous year. In addition, financial cost according to the Financial Reporting Standard No. 9: TFRS 9) in the amount of THB 3,549 million, higher than the previous year by THB 1,357 million (61.9%).

THAI and its subsidiaries had one-time items mainly due to gain on debt restructuring and foreign exchange rates with profit of sale on assets resulting net one-time items – net as revenue of THB 2,987 million, THB 945 million higher than last year. Consequently, THAI and its subsidiaries reported a net profit of THB 12,523 million, THB 15,766 million higher than the previous year. Profit attributable to the parent was THB 12,514 million, equivalent to 5.73 Baht per share while the previous year's loss per share was 1.49 Baht. EBITDA after cash paid for aircraft lease payment included Power by the Hour amounted to THB 14,054 million, an increase of THB 15,431 million from last year.

## Summary of Operating Results for THAI and its subsidiaries

The consolidated financial statements for the first quarter of 2023 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

	Jan - Mar			
	2023	2022	Variance	
			MTHB	%
<b>Total operating revenues</b>	<b>41,507</b>	<b>11,181</b>	<b>+30,326</b>	<b>+271.2</b>
- Passenger and excess baggage revenue	34,978	4,476	+30,502	+681.5
- Freight and mail revenue	4,363	5,220	-857	-16.4
- Revenue from other businesses	1,960	1,339	+621	+46.4
- Other income	206	146	+60	+41.1
<b>Total operating expenses</b>	<b>28,473</b>	<b>14,348</b>	<b>+14,125</b>	<b>+98.4</b>
- Fuel and oil	12,052	4,247	+7,805	+183.8
- Non-fuel operating expenses	16,421	10,101	+6,320	+62.6
<b>Operating Profit (Loss) before finance cost exclude the one-time items</b>	<b>13,034</b>	<b>(3,167)</b>	<b>+16,201</b>	<b>+511.6</b>
Finance cost	3,549	2,192	+1,357	+61.9
<b>Operating Profit (Loss) exclude the one-time items</b>	<b>9,485</b>	<b>(5,359)</b>	<b>+14,844</b>	<b>+277.0</b>
Gain from debt restructuring	2,640	1,512	+1,128	+74.6
Gain from sale of asset	363	292	+71	+24.3
Gain on foreign currency exchange	115	1,344	-1,229	-91.4
Share of gain (loss) of associates using the equity method	24	(12)	+36	+300.0
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(65)	-	-65	-
Mutual Separation Plan (MSP)	(65)	358	-423	-118.2
Impairment loss in accordance with TFRS 9	(25)	(68)	+43	+63.2
Gain from sale of investment	-	3	-3	-100.0
Severance Pay	-	(103)	+103	+100.0
Mileage accumulation adjustment	-	(628)	+628	+100.0
Items adjustment related to the right of use in aircraft	-	(656)	+656	+100.0
Profit (Loss) before tax	12,472	(3,317)	+15,789	+476.0
Net Profit (Loss)	12,523	(3,243)	+15,766	+486.2
<b>Profit (Loss) attribute to owners of the parent</b>	<b>12,514</b>	<b>(3,247)</b>	<b>+15,761</b>	<b>+485.4</b>
Net Profit (Loss) per share (THB)	5.73	(1.49)	+7.22	+484.6

		Jan - Mar			
		2023	2022	Variance	
				MTHB	%
<b>Significant operating data</b>					
EBITDA – Aircraft Lease Payment	(MTHB)	14,054	(1,377)	+15,431	+1,120.6
Number of passengers	(Million)	3.52	1.02	+2.50	+245.1
Available Seat-Kilometers	(Million)	13,298	6,007	+7,291	+121.4
Revenue Passenger-Kilometers	(Million)	11,110	1,952	+9,158	+469.2
Cabin factor	(%)	83.5	32.5		+51.0
Passenger yield	(THB/RPK)	3.14	2.27	+0.87	+38.3
Available Dead Load Ton-Kilometers	(Million)	697	314	+383	+122.0
Revenue Freight Ton-Kilometers	(Million)	334	258	+76	+29.5
Freight load factor	(%)	47.9	82.2		-34.3
Freight carried	(Ton)	77,430	64,022	+13,408	+20.9
Freight Yield	(THB/RFTK)	12.84	20.00	-7.16	-35.8
Number of aircraft (As of Mar 31)	(Aircraft)	86	87	-1	-1.1
Flight hours	(Hours)	66,919	30,526	+36,393	+119.2
Aircraft utilization	(Hours/Aircraft/Day)	12.3	7.9	+4.4	+55.7
Average foreign currency exchange rate					
1 USD : THB		33.9122	33.0529	+0.8593	+2.6
1 EUR : THB		36.3882	37.0950	-0.7068	-1.9
100 JPY : THB		25.6590	28.4744	-2.8154	-9.9
Average jet fuel price	(USD/BBL)	116.93	106.63	+10.30	+9.7

Note: EBITDA-Aircraft Lease Payment = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from sale of investment) - Expenses (Excluded Power by the Hour, finance cost, tax, depreciation and amortization, 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) after cash paid for lease liabilities included Power by the Hour.

## Summary of the operating results of THAI and its subsidiaries

### Revenues

The total revenue (excluded the one-time items) of the first quarter of 2023 was THB 41,507 million, an increase of THB 30,326 million (271.2%). Details are as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue amounted to THB 34,978 million, THB 30,502 million (681.5%) higher from last year's resulting from the increase of flight frequency in top favorite routes, especially Japan and South Korea. In addition, since March 1, 2023, THAI has reopened more routes to China while last year Thailand and other countries did not open or fully opened for international tourist.

- Passenger traffic (RPK) increased noticeably by 469.2% or approximate THB 20,800 million compared to last year while Production traffic (ASK) increased by 121.4 from expending flight frequency and more destinations in line with continually increasing traffic demand. Average Cabin Factor was 83.5% higher than last year's 32.5%.

- Average passenger yield (included fuel and insurance surcharges) was 3.14 THB increased by 0.87 THB (38.3%) or around THB 9,600 million.

- **Freight and mail revenue**

Freight and mail revenue amounted to THB 4,363 million, a decrease of THB 857 million (16.4%) resulting from freight yield (included fuel and insurance surcharges) was 12.84 THB decreased by 7.16 THB (35.8%) or around THB 2,400 million while Freight load factor, 47.9% lower than last year's 82.2%, though freight traffic increased by 29.5%, approximate by THB 1,500 million.

- **Revenues from other businesses**

Revenues from other businesses consisted of revenues from business units which include Ground services, Catering, Cargo handling services, and other supporting activities was THB 1,960 million, an increase of THB 621 million (46.4%) over last year mainly due to an increase in the number of customer airlines.

- **Other income**

Other income was higher than last year by THB 60 million mainly from more interest income revenue from increasing cash and cash equivalents.

## Expenses

Total expenses (excluded the one-time items) of the first quarter of 2023 amounted to THB 28,473 million, an increase of 14,125 million (98.4%) mainly due to production expansion. A summary of the operating expenses are as follows:

- **Fuel and oil expenses**, amount of THB 12,052 million or represented 42.3% of total expenses, an increase of THB 7,805 million (183.8%) from more flights resulting oil consumption was higher than the previous year with average oil prices increased by 9.7 % couple with the depreciation of Thai Baht against the US dollars compared to the previous year.

- **Non-fuel operating expenses** totaled THB 16,421 million, an increase of THB 6,320 million (62.6%), details are as follows:

Unit: Million Baht	Jan - Mar			
	2023	2022	Variance	
			MTHB	%
<b>Expense</b>				
Employee benefit expenses	2,208	2,024	+184	+9.1
Flight service expenses	3,198	1,361	+1,837	+135.0
Crew expenses	989	370	+619	+167.3
Aircraft maintenance and overhaul costs	2,625	1,850	+775	+41.9
Depreciation and amortization expenses	2,538	2,275	+263	+11.6
Lease of aircraft and spare parts	668	552	+116	+21.0
Inventories and supplies	1,358	319	+1,039	+325.7
Selling and advertising expenses	1,520	481	+1,039	+216.0
Other expenses	1,317	869	+448	+51.6
<b>Non-fuel Operating Expense</b>	<b>16,421</b>	<b>10,101</b>	<b>+6,320</b>	<b>+62.6</b>

Summary of expenses that have changed significantly are as follows:

- Variable cost consisted of flight service expenses, crew expenses, aircraft maintenance and overhaul cost, inventories and supplies and selling and advertising expenses including Power by the Hour which THAI had entered the Letter of Intent (LOI) totaled THB 10,358 million, THB 5,425 million (110%) higher than the previous year.

- Fixed cost comprised of Employee benefits expenses, depreciation, and amortization expenses, and other expenses totaled THB 6,063 million, THB 895 million (17.3%) higher than last year. Details are as follows:

- Employee benefits expenses (Excluding compensation reserves for employees participating in Mutual Separation Program and the termination compensation) were THB 2,208 million, increased by THB 184 million (9.1%) due to the adjustment in salary increment percentage of pilot and cabin crew following the higher traffic production, including of hiring more outsource staff.

- Depreciation and amortization amounted to THB 2,538 million, an increase of THB 263 million (11.6 %), mainly due to adjustment of depreciation of aircraft with impairment reversal at the end of 2022 and right of use in line with lease agreement amendment.

- Other expenses amounted to THB 1,317 million, an increase of THB 448 million (51.6%) due to the increase in outjob and facilities from higher production.

- **Finance cost** increased by THB 1,357 million (61.9%) based on the TFRS 9.

**Gain on debt restructuring** amounted to THB 2,640 million, comprising of gain on onerous contracts termination, gain on de-recognition of financial liabilities measured at amortized cost, while there were loss from liabilities adjustment in accordance with the business rehabilitation plan amendment. (Also see Note to the financial statements No. 4.2).

**Gain on sale of assets** amounted to THB 363 million, details are as follows:

- **Gain on sales of aircraft** amounted to THB 9 million from sale of the Boeing B747-400 aircraft.

- **Gain on sales of assets** amounted to THB 354 million from sale of residential units and office building at overseas amounted to THB 350 million, and other assets.

#### **Mutual Separation Plan (“MSP”)**

THAI paid the compensation for employees granted approval to extend the term of retirement for MSP B, C and D amount to THB 65 million.

**Impairment loss on aircraft, right-of-use assets and rotatable aircraft’s spare parts** amounted to THB 65 million from the impairment of Engines.

**Impairment loss in accordance with TFRS 9** amounted to THB 25 million.

**Gain on foreign currency exchange** was THB 115 million consisted of THB 1,745 million realized gain and unrealized FX loss of THB 1,630 million resulting from the revaluation of foreign currency loans for operating lease aircraft, assets, and liabilities, especially the depreciation of Thai Baht against the US Dollar as of March 31, 2023, when compared to March 31, 2022.

- **Share of profit from investment in associates** amounted to THB 24 million, higher than the previous year by THB 36 million. Details as follow:

- Don Mueang International Airport Hotel Ltd.’s profit of THB 6 million, where last year’s loss of THB 5 million,

- Suvarnabhumi Airport Hotel Ltd.’s profit of THB 8 million, where last year’s loss of THB 4 million, and

- Phuket Air Catering Ltd.’s profit of THB 10 million, where last year’s loss of THB 3 million.

EBITDA deducted aircraft lease payment included Power by the Hour for the first 3 months period of 2023 amounted to THB 14,054 million, increased by THB 15,431 million compared to last year's loss of THB 1,377 million.

## 2. Financial Position and Liquidity

### Capital Expenditures

Unit: Million Baht	Jan – Mar	
	2023	2022
Aircraft and aircraft spare parts	2,474	29
Non-Aircraft	404	2
<b>Total</b>	<b>2.878</b>	<b>31</b>

In the first quarter of 2023, capital expenditures were THB 2,878 million, an increase of THB 2,847 million from last year. The foremost investment expenses were mainly from procurements of aircraft spare engines and rotatable aircraft spare part.

### Liquidity

As of March 31, 2023 THAI and its subsidiaries had cash and cash equivalents of THB 42,915 million, accounting for 20.6% of total assets, an increase from 31 December 2022 of THB 8,375 million (24.2%).

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

Unit : Million Baht	Jan – Mar	
	2023	2022
Net cash from (used in) operating activities	13,031	(350)
Net cash from (used in) investing activities	(1,943)	1,056
Net cash used in financing activities	(2,397)	(168)
Effect of exchange rate changes on cash and cash equivalents	(310)	(35)
Effect of changes in credit loss on cash and cash equivalents	(6)	(1)
<b>Increase in cash and cash equivalents</b>	<b>8,375</b>	<b>502</b>

In the first quarter of 2023, THAI and its subsidiaries had cash from operating activities of THB 13,031 million, THB 13,381 million higher than last year, resulting from operating profit while last year there was a loss. The net cash used in investing activities amounted to THB 1,943 million from procurement of engines and rotatable aircraft spare parts while last year there were net cash received from sales of assets and investment. Net cash used in financing activities amounted to THB 2,397 million higher than last year by THB 2,229 million mainly due to liabilities repayment under the lease agreement. Beside, Thai Smile contracted the financial support agreement with the Export-Import Bank of Thailand with the special project loan agreement to maintain employment conditions in the amount of THB 50 million baht and drawn down in the amount of THB 2 million credit line. As a result, cash and cash equivalents as of March 31, 2023, amounted to THB 42,915 million, an increase of THB 8,375 million from cash and cash equivalents as of December 31, 2022, which amounted to THB 34,540 million.

## Fleet

As of March 31, 2023, THAI and its subsidiaries reported total 65 active aircraft (including 20 Airbus A320-200 under the operation of Thai Smile) with 21 long-termed parking and 16 decommission aircraft which were advertised and sought the buyers.

### Assets of THAI and its subsidiaries.

As of March 31, 2023, total assets totaled THB 208,445 million, an increase of THB 10,267 million (5.2%) from December 31, 2022. These comprised of:

	Consolidated					
	Mar 31, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	42,915	20.6	34,540	17.4	+8,375	+24.2
Non-current assets held for sale	2,439	1.2	2,746	1.4	-307	-11.2
Other current assets	23,057	11.0	22,518	11.4	+539	+2.4
<b>Current Assets</b>	<b>68,411</b>	<b>32.8</b>	<b>59,804</b>	<b>30.2</b>	<b>+8,607</b>	<b>+14.4</b>
Property, plant and equipment-net	47,347	22.7	45,969	23.2	+1,378	+3.0
Right-of-use Assets	61,425	29.5	61,869	31.2	-444	-0.7
Other non-current assets	31,262	15.0	30,536	15.4	+726	+2.4
<b>Total Assets</b>	<b>208,445</b>	<b>100.0</b>	<b>198,178</b>	<b>100.0</b>	<b>+10,267</b>	<b>+5.2</b>

Current assets were THB 68,411 million or represented 32.8% of total assets, an increase of THB 8.607 million (14.4%) from as of December 31, 2022. The significant items consisted of

- Cash and cash equivalent increased by THB 8,375 million (24.2%) mainly from cash receive from operating activities of THB 13,031 million.
- Non-current assets held for sale decreased by THB 307 million (11.2%), mainly from sale of the B747-400 (Also see Note to the financial statements no. 8).
- Other current assets increased by THB 539 million (2.4%) mainly due to an increase in trade and other current receivables of THB 1,163 million (6.9%) from increasing sale volume together with the increase in prepaid expenses mainly from flight services and fuel expenses.

Property, Plant and Equipment-net amounted to THB 47,347 million or 22.7% of total assets, an increase from December 31, 2022, by THB 1,378 million (3%), mainly due to the procurement of 3 engines consisted of 2 Trent XWB for Airbus A350-900 aircraft and 1 IAE V2527-A5 for Airbus A320-200, although there were more estimated in depreciation (Also see Note to the financial statements No.10).

Right-of-use assets amounted to THB 61,425 million or 29.5% of total assets which consists of assets under finance lease agreements and obligations under the aircraft operating lease agreement and other fixed asset under operating leases, reduced from December 31, 2022, amounting to THB 444 million (0.7%), resulting from depreciation of assets (Also see Note to the financial statements No.11).

Other non-current assets increased by THB 726 million (2.4%) from the security deposit under aircraft lease agreements while maintenance reserves for aircraft was decreased, mainly due to the adjustments of foreign exchange. (Also see Note to the financial statements No.12 and 13).

Return on Asset of the first quarter of 2023 reported 6.16% while last year's -2.00%.



## Liabilities of THAI and its subsidiaries.

Total liabilities as of March 31, 2023, were THB 266,948 million a decrease of THB 2,254 million (0.8%) from December 31, 2022. These comprised of:

	Consolidated					
	Mar 31, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	63,041	23.6	61,222	22.7	+1,819	+3.0
Current portion of long-term liabilities	2,194	0.8	2,434	0.9	-240	-9.9
Long-term liabilities	151,690	56.8	159,532	59.3	-7,842	-4.9
Other non-current liabilities	50,023	18.8	46,014	17.1	+4,009	+8.7
<b>Total Liability</b>	<b>266,948</b>	<b>100.0</b>	<b>269,202</b>	<b>100.0</b>	<b>-2,254</b>	<b>-0.8</b>

Current liabilities which accounted for 23.6% of the total liabilities amounted to THB 63,041 million, an increase of THB 1,819 million (3.0%) from December 31, 2022, mainly due to an increase in trade payables and other current payables amount of THB 2,065 million. (Also see Note to the financial statements No.16).

Long-term liabilities (including the current portion of long-term liabilities) represented 57.6% of total liabilities, a decrease of THB 8,082 million (5.0%) resulting from a decrease in lease liabilities from debt payments and reclassified liabilities of the A380-800 aircraft from lease liabilities transfer to payable. (Also see Note to the financial statements No.5.2, 6.3, 14.1, 14.2, 15).

Other non-current liabilities accounted for 18.8% of total liabilities, an increase of THB 4,009 million (8.7%). The main reason was there were trade payables and other non-current payables increased by THB 3,713 million. (Also see Note to the financial statements No.16). In addition, the provision for non-current liabilities from the estimated maintenance costs both airframe and engines in the future under the contract obligations under the operating lease aircraft increased by THB 278 million according to the aircraft utilization. (Also see Note to the financial statements No.19).

As of March 31, 2023, the Interest Bearing Debt to equity was -2.63 times, compared to as of December 31, 2022, at -2.28 times and total debt to equity ratio of -4.56 times compared to last year -3.18 times.

## Shareholders' Equity of THAI and its subsidiaries

As of March 31, 2023, the shareholders' equity of THAI and its subsidiaries amounted to THB -58,503 million, with a THB 12,521 million improvement from December 31, 2022.

## Contingent Liabilities

As of March 31, 2023, 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. Also, Thai also had an obligated payment for an operating lease agreement. (Also see Note to the financial statements No.24).

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

In the first quarter of 2023, THAI had total revenue (excluded the one-time items) of THB 38,951 million, THB 28,749 million (281.8%) higher than last year, mainly due to an outstanding increase in revenue from passenger transportation, totaling THB 28,659 million (869.8%) resulting from the increase of flight frequency in top favorite routes, especially Japan and South Korea. In addition, since March 1, 2023 THAI has reopened more routes to China while last year Thailand and other countries did not open or fully opened for international tourist. Furthermore, revenue from other businesses were increased by THB 871 million, (55.4%) due to an increase in the number of customer airlines. Total expenses (excluded the one-time items) amounted to THB 26,376 million, THB 13,915 million (111.7%) higher than last year resulting from more both production and passenger traffic caused by the higher fuel price, 9.7% than last year. As the results, THAI reported the operating profit before finance cost and one-time items of THB 12,575 million, THB 14,834 million (656.7%) higher than last year. It should be noted that THAI had reported continual operating profit from last quarter.

THAI had the one-time items mainly from the gain on debt restructure, gain on sales of assets and gain on foreign currency exchange. In this quarter, THAI reported net one-time items as revenue of THB 2,598 million, an increase of THB 135 million from last year.

THAI had a net profit of THB 11,879 million compared to last year's loss of THB 1,624 million, representing a profit per share of 5.44 Baht while last year's loss of 0.74 Baht per share. EBITDA after cash paid for aircraft lease payment included Power by the Hour was THB 13,415 million, higher than last year's by THB 13,749 million.

### Financial Performance: THAI

	Jan - Mar			
	2023	2022	Variance	
			MTHB	%
<b>Total operating revenues</b>	<b>38,951</b>	<b>10,202</b>	<b>+28,749</b>	<b>+281.8</b>
- Passenger and excess baggage revenue	31,954	3,295	+28,659	+869.8
- Freight and mail revenue	4,363	5,206	-843	-16.2
- Revenue from other businesses	2,442	1,571	+871	+55.4
- Other income	192	130	+62	+47.7
<b>Total operating expenses</b>	<b>26,376</b>	<b>12,461</b>	<b>+13,915</b>	<b>+111.7</b>
- Fuel and oil	11,060	3,714	+7,346	+197.8
- Non-fuel operating expenses	15,316	8,747	+6,569	+75.1
<b>Operating Profit (Loss) before finance cost exclude the one-time items</b>	<b>12,575</b>	<b>(2,259)</b>	<b>+14,834</b>	<b>+656.7</b>
Finance cost	3,350	1,906	+1,444	+75.8
<b>Operating Profit (Loss) exclude the one-time items</b>	<b>9,225</b>	<b>(4,165)</b>	<b>+13,390</b>	<b>+321.5</b>
Gain from debt restructuring	2,640	1,512	+1,128	+74.6
Gain from sale of asset	363	292	+71	+24.3
Gain on foreign currency exchange	131	1,234	-1,103	-89.4
Gain from sale of investment	-	3	-3	-100.0
Severance Pay	-	(103)	+103	+100.0
Mileage accumulation adjustment	-	(628)	+628	+100.0
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(65)	-	-65	-
Mutual Separation Plan (MSP)	(65)	358	-423	-118.2
Impairment loss in accordance with TFRS 9	(406)	(205)	-201	-98.0
Profit (Loss) before tax	11,823	(1,702)	+13,525	+794.7
<b>Net Profit (Loss)</b>	<b>11,879</b>	<b>(1,624)</b>	<b>+13,503</b>	<b>+831.5</b>
Net Profit (Loss) per share (THB)	5.44	(0.74)	+6.18	+835.1

		Jan - Mar			
		2023	2022	Variance	
				MTHB	%
<b>Significant operating data</b>					
EBITDA – Aircraft Lease Payment	(MTHB)	13,415	(334)	+13,749	+4,116.5
Number of passengers	(Million)	2.19	0.23	+1.96	+852.2
Available Seat-Kilometers	(Million)	12,051	5,294	+6,757	+127.6
Revenue Passenger-Kilometers	(Million)	10,117	1,468	+8,649	+589.2
Cabin factor	(%)	83.9	27.7		+56.2
Passenger yield	(THB/RPK)	3.15	2.22	+0.93	+41.9
Available Dead Load Ton-Kilometers	(Million)	697	314	+383	+122.0
Revenue Freight Ton-Kilometers	(Million)	334	258	+76	+29.5
Freight load factor	(%)	47.9	82.2		-34.3
Freight carried	(Ton)	74,516	55,645	+18,871	+33.9
Freight Yield	(THB/RFTK)	12.84	19.95	-7.11	-35.6
Number of aircraft (As of Mar 31)	(Aircraft)	66	67	-1	-1.5
Flight hours	(Hours)	51,671	21,578	+30,093	+139.5
Aircraft utilization	(Hours/Aircraft/Day)	14.1	8.3	+5.8	+69.9
Average foreign currency exchange rate					
1 USD : THB		33.9122	33.0529	+0.8593	+2.6
1 EUR : THB		36.3882	37.0950	-0.7068	-1.9
100 JPY : THB		25.6590	28.4744	-2.8154	-9.9
Average jet fuel price	(USD/BBL)	116.93	106.63	+10.30	+9.7

Note: EBITDA-Aircraft Lease Payment = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from sale of investment) - Expenses (Excluded Power by the Hour, finance cost, tax, depreciation and amortization, 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) after cash paid for lease liabilities included Power by the Hour.

## Assets of THAI

As of March 31, 2023, total assets totaled THB 207,286 million, an increase of THB 8,987 million (4.5%) from December 31, 2022. These comprise of:

	Separate Financial Statement					
	Mar 31, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	42,244	20.4	34,042	17.1	+8,202	+24.1
Non-current assets held for sale	2,439	1.2	2,746	1.4	-307	-11.2
Other current assets	22,613	10.9	22,582	11.4	+31	+0.1
<b>Current Assets</b>	<b>67,296</b>	<b>32.5</b>	<b>59,370</b>	<b>29.9</b>	<b>+7,926</b>	<b>+13.4</b>
Property, plant and equipment-net	46,912	22.6	45,918	23.2	+994	+2.2
Right-of-use Assets	55,972	27.0	56,296	28.4	-324	-0.6
Other non-current assets	37,106	17.9	36,715	18.5	+391	+1.1
<b>Total Assets</b>	<b>207,286</b>	<b>100.0</b>	<b>198,299</b>	<b>100.0</b>	<b>+8,987</b>	<b>+4.5</b>

- Current assets increased by THB 7,926 million (13.4%) mainly due to an increase in cash and cash equivalent by THB 8,202 million, Trade and other current receivables also increased by THB 706 million from an increase prepaid mainly from flight service expense and fuel expense while non-current assets held for sale decreased by THB 307 million mainly from sale of the B747-400. (Also see Note to the financial statements No.8).

- Property, Plant and Equipment-net increased by THB 994 million (2.2%) mainly due to the purchase of 2 Trent XWB for Airbus A350-900 aircraft, In spite of an increase in depreciation estimate. (Also see Note to the financial statements No.10).

- Right of use asset consists of assets under finance lease, operating lease aircraft and other fixed assets lease contract decreased by THB 324 million (0.6%) resulting from the depreciation estimate. (Also see Note to the financial statements No.11)

## Liabilities of THAI

Total liabilities as of March 31, 2023, were THB 258,901 million a decrease of THB 2,891 million (1.1%) from December 31, 2022. These comprised of:

	Separate Financial Statement					
	Mar 31, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	60,197	23.3	58,956	22.5	+1,241	+2.1
Current portion of long-term liabilities	2,190	0.8	2,430	0.9	-240	-9.9
Long-term liabilities	151,687	58.6	159,531	61.0	-7,844	-4.9
Other non-current liabilities	44,827	17.3	40,875	15.6	+3,952	+9.7
<b>Total Liabilities</b>	<b>258,901</b>	<b>100.0</b>	<b>261,792</b>	<b>100.0</b>	<b>-2,891</b>	<b>-1.1</b>

- Current liabilities increased by THB 1,241 million (2.1%), mainly due to an increase in trade payables and other current payable amount of THB 1,491 million (Also see Note to the financial statements No. 16) while there were decreased in unearned revenue by THB 245 million.

- Long-term liabilities, including the portion of long-term liabilities, decreased by THB 8,084 million (5.0%) resulting from decrease in lease liabilities from debt payments and reclassified liabilities of the A380-800 aircraft from lease liabilities transfer to payable (Also see Note to the financial statements No. 5.2, 6.3, 14.1, 14.2, 15).

### **Shareholders' Equity of THAI**

As of March 31, 2023, THAI had shareholders' equity of THB -51,615 million, with a THB 11,878 million improvement from December 31, 2022, mainly due to the operations profit in this quarter.

### **4. Outlook**

IATA predicts that the world aviation continues to grow and return to profits from China reopening with the number of passengers by 85% of the pre-crisis level in 2019 while freight traffic will decrease by 4% from last year but be 5 % higher than 2019. However, this trend will persuade more new airlines, which possibly impact the market share of existing airlines and lead to intense price competition. Moreover, the vital threats consist of high energy prices, the main cost of airlines and economic vulnerability from high inflation that may affect consumer purchasing power.

In the second quarter of 2023, THAI has manage and improved the fleet plan to increase more manageability and efficiency by adding 2 A350-900 aircraft to operate on Melbourne, Kunming, Beijing, Chengdu, Shanghai and Guangzhou routes, where passenger demand continues to grow rapidly in the second quarter of 2023 especially from the China reopening. Consequently, THAI increases its ability and efficiency of revenue generation to support the upward passenger traffic due to the industry recovery.

THAI is proceeding the feasibility study for the entire airline business re-structure of THAI and its subsidiaries to mitigate the accumulated losses over the registered capital of Thai Smile, which is a part of the Rehabilitation plan and business reform plan for the future sustainability. The result expected from business re-structure plan include improving the efficiency of fleet utilization, enhancing revenue opportunities from route network with more flights (resulting a better aircraft utilization, especially international route with high yield and less competition than domestic route). Moreover, THAI has ambition to diminish the constraint of short-term aircraft procurement resulting from the continued recovery in aviation business while aircraft manufacturer has limitation in expanding production capacity to meet the rapid increase in traffic demand. There are several challenges including the marketing and brand positioning unity by combining strengths in products and services performance, work efficiency improvement in parts of procurement, human resource management and others relevant areas for resources optimization and reduction of unnecessary redundant costs with full support of Thailand tourism policies.

## 5. Financial Ratios

	Jan - Mar				
	Consolidated		The Company		
	2023	2022	2023	2022	
<b>Liquidity Ratio</b>					
Current Ratio	(times)	2.21	0.80	2.38	0.91
<b>Profitability Ratio</b>					
Operating Profit (Loss) Margin	%	22.85	(47.94)	23.68	(40.83)
Net Profit (Loss) Margin	%	30.17	(29.01)	30.50	(15.92)
Return on Equity	%	(19.34)	(4.45)	(20.64)	(2.41)
<b>Efficiency Ratio</b>					
Return on Total Assets	%	6.16	(2.00)	5.86	(0.99)
<b>Financial Policy Ratio</b>					
Interest Bearing Debt to Equity	(times)	(2.63)	(1.92)	(2.98)	(2.10)
Total Debt to Equity	(times)	(4.56)	(3.18)	(5.02)	(3.41)
Interest Coverage Ratio	(times)	4.47	(0.61)	4.55	(0.15)
Net Debt to EBITDA	(times)	14.12	(173.58)	14.23	(790.72)
Debt Service Coverage Ratio	(times)	2.68	(0.26)	2.67	0.09

### 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 period ended March 31, 2023 are detailed as follow:

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Ministry of Finance (MOF)	MOF is the major shareholder of THAI with 47.86% shares.	<p>1. International loans take through the MOF consist of:</p> <ul style="list-style-type: none"> <li>- Outstanding loans</li> <li>- Outstanding loans under the rehabilitation plan</li> <li>- Interest expenses</li> <li>- Accrued interests</li> <li>- Deferred interests</li> </ul> <p>2. THAI leased the lands from the Treasury Department.</p>	<p>11,928.63</p> <p>0.00</p> <p>0.00</p> <p>206.85</p> <p>2.27</p>	<p>11,721.78</p> <p>0.00</p> <p>0.00</p> <p>135.90</p> <p>8.63</p>	<p>6,082.08</p> <p>0.00</p> <p>0.00</p> <p>351.95</p> <p>8.03</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>- Also see Notes No.1 and 2</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Government Savings Bank (GSB)	GSB is controlled by the MOF, a major shareholder of THAI.	<p>1. THAI entered into a committed revolving credit line with GSB credit limit up to THB 3.5 billion, the credit line was used.</p> <p>- Outstanding loans - Commitment fee - Interest expenses - Accrued interests</p> <p>2. THAI sold tickets, rented out space, and other services to GSB.</p> <p>- Total revenue - Account receivable</p>	<p>3,500.00 0.00 29.40 29.40</p> <p>0.14 0.00</p>	<p>3,500.00 0.00 119.22 119.22</p> <p>0.63 0.00</p>	<p>3,500.00 0.00 212.96 212.96</p> <p>0.18 0.00</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><u>Note:</u> - The interest rate for the year 2021-23 were the effective interest rate according to the original contract. - The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>
Export-Import Bank of Thailand (EXIM)	EXIM is controlled by the MOF, a major shareholder of THAI.	<p>1. THAI entered into a long-term loan agreement with EXIM:</p> <p>- Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests</p>	<p>- - - -</p>	<p>605.90 37.45</p>	<p>568.48 19.44</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 and 3</p>



Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
		<p>2. THAI entered into a committed revolving credit line with EXIM credit limit up to THB 1.5 billion, the credit line was used.</p> <ul style="list-style-type: none"> <li>- Outstanding loans</li> <li>- Outstanding loans under the rehabilitation plan</li> <li>- Commitment fee</li> <li>- Interest expenses</li> <li>- Accrued interests</li> <li>- Deferred interests</li> </ul>	1,491.10	1,485.55	1,452.83	<p>- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.</p> <p>- Also see Notes No.1</p>
			5.55	22.18	11.93	
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"> <li>- Outstanding loans</li> <li>- Outstanding loans under the rehabilitation plan</li> <li>- Interest expenses</li> <li>- Accrued interests</li> <li>- Deferred interests</li> </ul>	1,472.72	1,273.73	1,195.37	<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 and 3</p>
			33.30	78.36	54.06	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
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.	1. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.0 billion, the credit line was used.				- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		<ul style="list-style-type: none"> <li>- Outstanding loans</li> <li>- Commitment fee</li> <li>- Interest expenses</li> <li>- Accrued interests</li> </ul>	2,260.73	2,260.73	2,260.73	<p>Note:</p> <ul style="list-style-type: none"> <li>- The interest rate for the year 2021-23 were the effective interest rate according to the original contract.</li> </ul>
		2. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.5 billion, the credit line was used.				- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		<ul style="list-style-type: none"> <li>- Outstanding loans</li> <li>- Interest expenses</li> <li>- Accrued interests</li> </ul>	3,500.00	3,500.00	3,500.00	<p>Note:</p> <ul style="list-style-type: none"> <li>- The interest rate for the year 2021-23 were the effective interest rate according to the original contract.</li> </ul>



Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
		2. THAI sold tickets to Thailand Post.  - Total revenue - Account receivable	0.00 0.00	0.00 0.00	0.00 0.00	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
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  2. THAI sold tickets and provided office space rental to TAT.  - Total revenue - Account receivable	0.00 0.52  16.23 8.19	0.00 0.52  16.17 5.23	0.00 0.24  10.15 1.13	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.  - The pricing is on an arms' length basis and on commercial terms as unrelated parties.
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 0.53	0.00 0.87	0.00 0.87	- 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 first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
PTT Public Company Limited (PTT)	PTT and THAI have a common major shareholder, namely MOF.	<p>1. THAI bought fuel and lubricant for its vehicles from PTT.</p> <p>- Total expenses - Account payable - Outstanding loans under the rehabilitation plan - Deferred interests</p> <p>2. THAI sold tickets and provided AC dielectric tester service to PTT.</p> <p>- Total revenue - Account receivable</p>	<p>0.00 0.10 1.19 0.31</p> <p>6.61 6.56</p>	<p>0.00 0.17 1.17 0.33</p> <p>16.33 -</p>	<p>0.06 1.66</p> <p>-</p> <p>-</p>	<p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p> <p>- Also see Notes No.1</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>
Airports of Thailand Public Company Limited (AOT)	AOT and THAI have a common major shareholder, namely MOF.	<p>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.</p> <p>- Total expenses - Account payable</p> <p>2. THAI sold tickets to AOT and received 2% of passenger service charge collected for AOT.</p> <p>- Total revenue - Account receivable</p>	<p>1,828.10 1,090.28</p> <p>14.40 46.09</p>	<p>3,865.62 890.11</p> <p>18.52 33.70</p>	<p>8,642.18 891.05</p> <p>0.51 13.97</p>	<p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
CAT Telecom Public Company Limited (CAT)	CAT and THAI have a common major shareholder, namely MOF.	<p>1. THAI sold debentures to CAT.</p> <ul style="list-style-type: none"> <li>- Debenture value</li> <li>- Interest expenses</li> <li>- Accrued interests</li> <li>- Interest in accordance with the business rehabilitation plan</li> </ul> <p>2. THAI rents communication channels from CAT.</p> <ul style="list-style-type: none"> <li>- Total expense</li> <li>- Account payable</li> </ul>	<p>933.00</p> <p>3.45</p> <p>0.00</p> <p>2.51</p>	<p>933.00</p> <p>13.99</p> <p>0.00</p> <p>2.51</p>	<p>933.00</p> <p>17.48</p> <p>0.25</p> <p>2.51</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>- Also see Notes No.1</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>
TOT Public Company Limited (TOT)	TOT and THAI have a common major shareholder, namely MOF.	<p>1. THAI sold debentures to TOT</p> <ul style="list-style-type: none"> <li>- Debenture value</li> <li>- Interest expenses</li> <li>- Accrued interests</li> <li>- Interest in accordance with the business rehabilitation plan</li> </ul> <p>2. THAI rents optical fibers from TOT</p> <ul style="list-style-type: none"> <li>- Total expense</li> <li>- Account payable</li> </ul>	<p>415.00</p> <p>6.22</p> <p>0.00</p> <p>7.09</p>	<p>415.00</p> <p>6.22</p> <p>0.00</p> <p>7.09</p>	<p>415.00</p> <p>7.11</p> <p>0.42</p> <p>7.07</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>- Also see Notes No.1</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Civil Aviation Training Center (CATC)	CATC is controlled by the MOF, a major shareholder of THAI.	<p>1. CATC provided aviation training for THAI's pilots.</p> <p>- Total expenses - Account payable</p>	<p>0.00 10.00</p>	<p>0.00 10.00</p>	<p>0.00 10.00</p>	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	<p>THAI is the major shareholder of Thai-Amadeus Southeast Asia, with 55% shares.</p> <p>THAI's executive officers: - Mr. Chai Eamsiri is a Director of Thai-Amadeus Southeast Asia; - Mr. Korakot Chatasingha is a Director of Thai-Amadeus Southeast Asia; - Mr. Tras Prommobol is a Director of Thai-Amadeus Southeast Asia.</p>	<p>1. THAI sold tickets and provided office space and computer rental to Thai-Amadeus Southeast Asia Co., Ltd.</p> <p>- Total revenue - Account receivable</p>	<p>1.21 1.77</p>	<p>6.20 1.04</p>	<p>6.62 0.99</p>	- 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 first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Wingspan Services Company Limited (WSC) (Subsidiary Company)	THAI is the major shareholder of WSC, with 49% shares and controlling authority.	1. WSC outsourced its staff to THAI.  - Total expenses - Account payable	187.07 189.85	376.97 166.36	178.60 128.93	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	THAI's executive officers: - Mrs. Chuntarica Jotikasthira is a Director of WSC.	2. THAI provided office space and equipment rental to WSC.  - Total revenue - Account receivable	0.89 1.86	3.56 1.37	0.50 1.59	- 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	1. THAI provided aviation training equipment, office space and equipment rental to TFTA.  - Total revenue - Account receivable	5.45 0.44	22.14 4.23	15.08 1.19	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	THAI's executive officers: - Lt.JG. Supoj Charoensuk is a Director of TFTA;	2 TFTA provided flight attendant training to THAI - Total expenses -Account payable	0.34 0.45	0.00	0.39	



Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
	- Mrs. Onanong Junhaman is a Director of TFTA.					
Tour Eurng Luang Company Limited (Subsidiary Company)	THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority.  THAI's executive officers: - Mr. Korakot Chatasingha is a Director of Tour Eurng Luang Co., Ltd.	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang.  - Total expenses  2. THAI sold Eurng Luang tours to Tour Eurng Luang.  - Total revenue - Account receivable	0.00   0.00 0.00	2.05   12.31 0.00	0.00   0.04 1.55	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.     - 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 first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Don Mueang International Airport Hotel Company Limited (Associated Company)	THAI holds 40% shares in Don Mueang International Airport Hotel.  THAI's executive officers: - Mrs. Cherdchome Therdsteerasukdi is a Director of 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.
Phuket Air Catering Company Limited (PACCO) (Associated Company)	THAI holds 30% shares in PACCO.  THAI's executive officers: - Mrs. Varangkana Luerojvong is a Director of PACCO; - Mr. Tras Prommobol is a Director of PACCO.	1. THAI bought catering services from PACCO.  - Total expenses - Account payable - Outstanding loans under the rehabilitation plan - Deferred interests	41.16 0.00 16.25 4.18	38.93 0.00 15.95 1.19	0.04 20.44	- The pricing is on an arms' length basis and on commercial terms 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 first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
		2. THAI sold raw materials and services to PACCO.  - Total revenue - Account receivable	  0.00 0.00	  0.00 0.00	  0.00 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: - Mrs. Varangkana Luerojvong is a Director of Suvarnabhumi Airport Hotel; - Mr. Cherdphan Chotikhun is a Director of Suvarnabhumi Airport Hotel.	1. THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel.  - Total expenses - Account payable - Outstanding loans under the rehabilitation plan - Deferred interests	  0.00   1.72 0.44	  0.16 2.16	  0.00 2.16	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
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	  164.23 104.14	  438.31 107.31	  145.30 105.14	- 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 first three months period ended March 31 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
		2. THAI sold tickets and provided transportation services to AEROTHAI. - Total revenue	0.00	0.00	0.00	- 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 2021-23 were the rate according to the court's order approving the business rehabilitation plan (15 June 2021)
2. Debts from foreign financial institutions through major shareholders is a facility that the Ministry of Finance "(MOF)" which has entered into a facility agreement with a foreign financial institution and the MOF has extended the facility period to THAI. Later, on October 20, 2022, the Central Bankruptcy Court approved the amended plan for Group 4 creditors and debt from major shareholders who are not financial institutions by changing the repayment method to receive debt repayment by converting debt to equity accordance with the amended business rehabilitation plan. Therefore, THAI adjusts the amount of debt according to the order from the official receiver. Financial liabilities are re-measured to fair value using a discounted cash flow method using the market interest rate.
3. On October 20, 2022, the Central Bankruptcy Court ordered to approve the plan amendment of THAI's rehabilitation plan for Group 6 Creditors, unsecured financial institution creditors, by changing their payment methods to convert debt to equity accordance with the amendment of business rehabilitation plan. For this reason, as of December 31, 2022, THAI adjusted the debt according to the order from the official receiver. Financial liabilities are re-measured to fair value using a discounted cash flow method using the market interest rate.

## 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).