ASIA AVIATION
Public Company Limited

2Q2026
Management Discussion and Analysis

Asia Aviation Public Company Limited
(AAV:TB)

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AirAsia

WORLD AIRLINE WINNER SKYTRAX AWARDS 2025

สายการบินราคาประหยัด
ที่ดีที่สุดในโลก 16 ปีซ้อน

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16 ปีซ้อน

EXECUTIVE SUMMARY

Thailand tourism saw a slight YoY decline, with growth largely concentrated in Northeast Asia.

In the second quarter of 2026 ("2Q2026"), Thailand welcomed 6.56 million inbound tourists, representing a 4% decrease year-on-year ("YoY") and bringing total arrivals for the first half of 2026 ("1H2026") to 15.87 million. This softening in 2Q2026 was driven by contractions across multiple key regions, with arrivals from the Middle East and ASEAN dropping by 29% and 11%, respectively. Europe and South Asia also saw downturns, declining by 9% and 5% YoY. Conversely, Northeast Asia showed strong momentum, expanding by 10% YoY, led by a 21% increase in arrivals from Greater China (China, Hong Kong, Macau, and Taiwan). Meanwhile, American arrivals remained flat. On the domestic front, travel sentiment remained highly resilient with 90.0 million visits, representing a stable 1% increase YoY, despite domestic flight volumes experiencing a 7% contraction as airlines optimised capacity.

TAA maintained domestic market dominance while executing strategic capacity rationalisation.

In response to softening seasonal demand and severe fuel cost shocks from ongoing Middle East conflicts, TAA executed an agile capacity rationalisation program, reducing overall seat capacity by 13% YoY to 5.14 million seats. As a result, total passengers carried contracted by 16% YoY to 4.03 million guests, achieving an overall load factor of 78%. Despite the lower flight volume, TAA maintained its market dominance, securing the country's highest domestic passenger market share at 37% with an 80% domestic load factor across 3.56 million deployed seats. Concurrently, the airline optimised its international capacity to 1.58 million seats, maintaining a load factor of 76% by strategically balancing high-yield markets. This tactical shift has established Vietnam as TAA's largest international market, followed by China and India. Operationally, TAA demonstrated robust execution, significantly elevating its On-Time Performance (OTP) to 88%, up from 66% in 1Q2026, from an operating fleet of 46 aircraft.

AAV achieved top-line growth through yield optimisation despite severe fuel cost pressures.

Asia Aviation ("AAV") reported revenue from sales and services of Baht 10,045.5 million in 2Q2026, representing a 2% YoY growth. This was driven by an active pricing strategy that successfully raised the overall average fare by 27% YoY to Baht 2,127, offsetting the drop in passenger traffic. However, an unprecedented 124% YoY surge in jet fuel prices to USD 182.50 per barrel drove total fuel expenses up 43% YoY to Baht 5,010.6 million, severely compressing operating margins despite a 19% reduction in fuel consumption. Consequently, EBITDA dropped 96% YoY to Baht 25.1 million, and AAV posted a core operating loss of Baht (2,091.0) million. Factoring in a non-cash foreign exchange loss of Baht (293.1) million resulting from the depreciation of the Thai Baht, AAV reported a net loss of Baht (2,326.0) million for the quarter.

Prudent capacity and cash management remain the focus for 2H2026.

The unprecedented spike in jet fuel prices—which peaked at USD 240 per barrel in early April—necessitated a 20% YoY reduction in capacity during the past May and June to preserve financial liquidity and operational efficiency. Looking ahead to 2H2026, the Company will maintain the pace of these capacity adjustments through 3Q2026 to reflect low seasonality, while easing reductions in 4Q2026 to capture festive demand. To absorb persistent cost pressures, TAA will actively manage yields through disciplined pricing. Operational recovery will also be a key priority; the airline plans to recapture market share by resuming seasonal routes in 3Q2026 and restoring key domestic and international flights in 4Q2026. In the quarter, TAA successfully bolstered its capital position with net proceeds from a new Baht 3,815.3 million debenture issuance in June 2026. The Company will continue to engage business partners on cash management while advancing potential aircraft sale-and-leaseback transactions to ensure financial flexibility. See more outlook on page 9.

FINANCIAL PERFORMANCE SUMMARY

Asia Aviation Public Company Limited ("the Company" or "AAV") is the sole shareholder of Thai AirAsia Company Limited ("TAA"), an airline operator of Thai AirAsia.

AAV's financial performance for the three-month period ended 30 June 2025 and 2026 is summarised below:

STATEMENT OF COMPREHENSIVE INCOME

Asia Aviation Public Company Limited (Unit: Baht million)	Consolidated For the three-month period ended 30 June		Change	Consolidated For the six-month period ended 30 June		Change
	2026	2025		2026	2025	
Total revenues	10,368.4	11,349.2	-9%	24,425.4	24,903.7	-2%
Total expenses	11,873.3	10,657.8	+11%	24,209.0	21,839.0	+11%
Profit (loss) from operating activities	(1,504.9)	691.4	N.A.	216.4	3,064.7	-93%
Profit (loss) for the period	**(2,325.8)**	**214.2**	**N.A.**	**(1,485.2)**	**1,601.5**	**N.A.**
Basic earnings (loss) per share (Baht)	**(0.1810)**	**0.0167**	**N.A.**	**(0.1156)**	**0.1246**	**N.A.**
EBITDA Reconciliation						
Profit (loss) from operating activities	**(1,504.9)**	**691.4**	**N.A.**	**216.4**	**3,064.7**	**-93%**
Gain (loss) on exchange rate	(293.1)	1,324.4	N.A.	(1,306.9)	1,435.1	N.A.
Gain (loss) on derivatives	35.9	(79.4)	N.A.	299.6	(74.9)	N.A.
Gain (loss) from disposal assets	0.5	0.2	+94%	0.4	(0.5)	N.A.
Depreciation and amortisation	1,273.2	1,188.3	+7%	2,535.8	2,282.9	+11%
EBITDA	25.0	634.5	-96%	3,758.9	3,987.8	-6%

OPERATING STATISTICS

In 2Q2026, TAA executed disciplined capacity management in response to seasonal low-season softness and severe fuel price spikes from the Middle East conflict, carrying 4.03 million passengers, a 16% decrease YoY, out of 5.14 million seats, down 13% YoY. As a result, the overall load factor was 78%, down 4 percentage points ("ppts") compared to 2Q2025. Available Seat Kilometres ("ASK") contracted by 19% YoY to 4,910 million seats-km. The average number of operating aircraft stood at 46, down from 52 in 2Q2025 out of a total fleet of 62 aircraft, with aircraft utilisation slightly dropping to 11.0 hours per day. Demonstrating operational excellence, On-Time Performance ("OTP") rebounded significantly to 88%, improving from 85% in 2Q2025 and 66% in 1Q2026.

Domestically, TAA rationalised seat capacity by 10% YoY to 3.56 million seats, transporting 2.83 million passengers (-15% YoY). During the quarter, TAA temporarily suspended flight operations out of BKK, maintaining only CNX and HKT routes, while maintaining core flight schedules and frequencies from its primary hub at DMK. Consequently, the domestic load factor stood at 80% (-4 ppts YoY). Through active yield management, the average domestic fare grew significantly by 28% YoY to Baht 1,636.

Internationally, TAA implemented strategic capacity right-sizing, with seat capacity reduced by 19% YoY to 1.58 million seats as the airline prioritised route profitability and yield preservation amid high fuel costs, leading to temporary flight suspensions in certain cities across India, Nepal, China, Hong Kong, Singapore, and Indonesia. International passenger volume reached 1.20 million guests (-19% YoY), maintaining a stable international load factor of 76%, while the average international fare surged by 28% YoY to Baht 3,279. Profitability was successfully sustained across CLMV, whereas routes to India faced intense competition. Vietnam remained TAA's largest international market, followed closely by China, both of which successfully achieved strong growth in average fares. Furthermore, capacity adjustments in Japan and Taiwan supported solid load factors, while fifth-freedom routes continued to perform well.

REVENUES

Total revenues amounted to Baht 10,368.4 million in 2Q2026, representing a 9% YoY decrease, primarily due to the unrealised FX gains recorded in the comparative period last year.

- **Revenues from sales and services** increased by 2% YoY to Baht 10,045.5 million, as pricing adjustments offset lower passenger traffic.
  - **Ticket revenue** rose 6% YoY to Baht 8,575.0 million. Although passenger volume fell 16% YoY to 4.03 million following strategic capacity cuts, average fares surged 27% YoY to Baht 2,127 per passenger. This fare growth covered roughly 50% of the additional fuel cost per passenger from pre- to post-conflict periods.
  - **Ancillary income** decreased 16% YoY to Baht 1,470.7 million, accounting for 15% of revenues from sales and services. The reduction was mainly driven by lower checked baggage revenue stemming from reduced passenger volumes and a drop in processing fee income following fee waivers for bookings made through AirAsia MOVE. However, **ancillary revenue per passenger** improved slightly by 1% YoY to Baht 365, supported by higher take-up rates in checked baggage and seat selection following a larger sale proportion via AirAsia MOVE.
- **Other income** stood at Baht 322.9 million, down 79% YoY from Baht 1,528.9 million in 2Q2025, mainly due to a high base from an unrealised FX gain of Baht 1,324.4 million recorded in 2Q2025.

Overall, **Revenue per Available Seat-Kilometre ("RASK")** rose 26% YoY to Baht 2.05, driven by ticket fare increases and optimised flight schedules.

EXPENSES

Total expenses were Baht 11,873.3 million, up 11% YoY, mainly impacted by the global oil price spike.

- **Cost of sales and services** increased by 12% YoY to Baht 10,883.7 million.
  - **Fuel costs** surged 43% YoY to Baht 5,010.6 million, representing 50% of revenue from sales and services. Jet fuel prices spiked 124% YoY from USD 81.4 per barrel to USD 182.5 per barrel, alongside a 3% depreciation YoY of the Thai Baht against the US Dollar. These cost increases were partially mitigated by a 19% reduction in total fuel consumption following capacity reductions.
  - **Staff costs** decreased by 12% YoY to Baht 1,199.6 million, aligning with the capacity adjustment.

- Maintenance and overhaul costs increased slightly by 1% YoY to Baht 2,077.9 million, mainly due to management of the maintenance check cycles.
- Other costs of sales and services stood at Baht 2,595.5 million, down 8% YoY, driven by lower ramp and airport-related expenses resulting from reduced flight activity.

- **Selling and administration expenses ("SG&A")** were Baht 706.4 million, a decrease of 17% YoY, attributed to lower marketing costs and reduced commissions paid to OTAs. Consequently, SG&A to revenue from sales and services stood at 7%, a decrease from 9% in the same period last year.
- **Other expenses** were Baht 283.2 million, compared to Baht 67.4 million in 2Q2025, primarily consisting of an unrealised non-cash foreign exchange loss of Baht (293.1) million due to Thai Baht depreciation.

Overall, **Cost per Available Seat-Kilometre ("CASK")** increased 33% YoY to Baht 1.69, primarily driven by the sharp rise in jet fuel prices amid the conflict in the Middle East, despite a lower ASK resulting from capacity reductions. CASK ex-fuel increased 13% YoY to Baht 1.11, mainly due to reduced ASK capacity, despite ex-fuel costs declining 8% through effective cost control.

PROFIT AND LOSS

Pressured by high jet fuel costs, **EBITDA** fell 96% YoY to Baht 25.0 million, driving the EBITDA margin down to 0.2% from 6.0% in 2Q2025. Excluding an FX loss of Baht (293.1) million, **core loss** widened to Baht (2,091.3) million from Baht (845.3) million in 2Q2025. Reported **net loss** reached Baht (2,325.8) million, a reversal from a net profit of Baht 214.2 million in 2Q2025.

A snapshot of Asia Aviation's financial performance for the six-month period ended on 30 June 2025 and 2026 is summarised below:

In 1H2026, Thailand's tourism sector experienced a modest softening, welcoming 15.87 million inbound tourists (-3% YoY). This contraction was primarily driven by downturns in ASEAN (-15%) and the Middle East (-25%). Conversely, Northeast Asia showed a resilient recovery (+5% YoY), led by a 13% increase in arrivals from Greater China (China, Hong Kong, Macau, and Taiwan). South Asia also expanded (+4% YoY), anchored by a 5% increase in Indian visitors, while European and American arrivals remained flat.

For TAA, the Middle East conflict abruptly shifted the operating landscape, as surging fuel prices drove up living costs and slowed overall economic growth. This macro headwind reversed TAA's performance from a strong 1Q2026—which hit a record 42% domestic market share—into a loss-making 2Q2026, leading to an overall 1H loss. For 1H2026, TAA carried 10.2 million guests (-2% YoY) with an 84% load factor on 12.16 million seats (-1% YoY). To mitigate severe fuel cost pressures, TAA right-sized capacity across both domestic and international networks while selectively suspending routes. Stable domestic traffic (+1% YoY to 7.12 million guests) helped cushion an 8% drop in international volume (3.08 million guests), while CLMV and fifth-freedom routes maintained solid performance.

In 1H2026, the Company reported **total revenue** of Baht 24,425.4 million, a decrease of 2% from the same period last year. **Revenue from sales and services** amounted to Baht 23,575.4 million, a 2% increase YoY, largely driven by a 7% increase in the average fare to Baht 1,951. The Company reported an **EBITDA** of Baht 3,758.9 million, a 6% decrease from the previous year. Consequently, the **net loss** for 1H2026 was Baht (1,485.2) million, compared with a profit of Baht 1,601.5 million in 1H2025. Excluding the impact of an unrealised FX loss of Baht (1,306.9) million, **core loss** in 1H2026 was Baht (439.7) million compared to core profit of Baht 453.3 million in the same period last year.

In summary, **RASK** for 1H2026 reached Baht 1.99, up 10% YoY, on average fare gains. However, **CASK** rose 12% YoY to Baht 2.00 due to jet fuel price spikes, while **CASK ex-fuel** increased 4% YoY to Baht 1.24, driven by higher maintenance and depreciation costs.

STATEMENT OF FINANCIAL POSITION

Asia Aviation Public Company Limited	Consolidated		
(Unit: Baht million)	As of 30 June 2026	As of 31 December 2025	Change
Total assets	**78,987.3**	**76,031.1**	**+4%**
Total current assets	21,979.8	16,332.5	+35%
Total non-current assets	57,007.5	59,698.6	-5%
Total liabilities	**66,900.0**	**62,474.8**	**+7%**
Total current liabilities	30,078.7	28,022.7	+7%
Total non-current liabilities	36,821.4	34,452.1	+7%
Total shareholders' equity	**12,087.3**	**13,556.3**	**-11%**

ASSETS

As of 30 June 2026, **total assets** stood at Baht 78,987.3 million, an increase of 4% from Baht 76,031.1 million at year-end 2025.

- **Current assets** amounted to Baht 21,979.8 million, an increase of 35% from the end of 2025. Amounts due from related parties grew by 63% to Baht 14,649.3 million. However, cash and cash equivalents decreased by 21% to Baht 2,885.1 million, mainly due to operating losses and higher net amounts due from related parties.
- **Non-current assets** stood at Baht 57,007.5 million, down 5% from the end of 2025, mainly due to the depreciation of right-of-use assets and a reversal of deferred tax assets, reflecting lower expected utilization of tax loss carryforwards amid current industry developments.

LIABILITIES

As of 30 June 2026, the Company reported **total liabilities** of Baht 66,900.0 million, up 7% from Baht 62,474.8 million at the end of 2025. Excluding lease liabilities, **interest-bearing debt** stood at Baht 15,711.2 million, up 30% from Baht 12,095.0 million at year-end 2025. The average cost of funds stood at 5.9% per annum.

- **Current liabilities** were Baht 30,078.7 million, up 7% from the end of 2025, mainly due to increase in unearned income from travel agent top-ups, as well as higher amounts due to related parties and trade payables resulting from extended credit terms received from partners.
- **Non-current liabilities** were Baht 36,821.4 million, up 7% from the end of 2025, primarily driven by the issuance of Baht 3,815.3 million in new debentures in June 2026, partly offset by a reduction in lease liabilities.

EQUITY

As of 30 June 2026, the Company reported **total shareholders' equity** of Baht 12,087.3 million, a 11% decrease from the end of 2025, attributed to net loss recognised during the period.

CASH FLOW STATEMENT

Asia Aviation Public Company Limited	Consolidated	
(Unit: Baht million)	For the six-month period ended 30 June	
	2026	2025
Net cash provided from (used in) operating activities	(305.3)	3,687.1
Net cash provided from (used in) investing activities	(380.9)	(471.4)
Net cash provided from (used in) financing activities	(142.3)	(3,540.2)
Net increase (decrease) in cash and cash equivalents	(828.4)	(324.6)
Unrealised exchange gain (loss) on cash and cash equivalents	49.2	(16.4)
Cash and cash equivalents at the beginning of the period	3,664.4	2,104.6
Cash and cash equivalents at the end of the period	2,885.1	1,763.6

In 1H2026, the Company recorded **net cash used in operating activities** of Baht (305.3) million, impacted by operational losses stemming from the jet fuel price surge. **Net cash used in investing activities** totalled Baht (380.9) million, primarily due to the payments for PPE and deposit for aircraft maintenance. **Net cash used in financing activities** amounted to Baht (142.3) million, largely due to Baht (3,193.7) million paid for lease liabilities and Baht (1,200.0) million for the repayment of maturing debentures, offset by Baht 5,315.3 million in proceeds from new debenture issuances. Overall, the Company had a **net decrease in cash and cash equivalents** of Baht (828.4) million, ending the period with a **cash and cash equivalents** balance of Baht 2,885.1 million.

KEY OPERATING STATISTICS

Thai AirAsia Company Limited	2Q2026	2Q2025	Change	1H2026	1H2025	Change
Passengers carried (Million)	4.03	4.82	-16%	10.20	10.40	-2%
Domestic	*2.83*	*3.33*	*-15%*	*7.12*	*7.05*	*+1%*
International	*1.20*	*1.49*	*-19%*	*3.08*	*3.35*	*-8%*
Capacity (Million seats)	5.14	5.92	-13%	12.16	12.31	-1%
Domestic	*3.56*	*3.95*	*-10%*	*8.39*	*8.05*	*+4%*
International	*1.58*	*1.96*	*-19%*	*3.78*	*4.25*	*-11%*
Load Factor (%)	78	82	-4 ppts	84	84	Flat
Domestic	*80*	*84*	*-4 ppts*	*85*	*88*	*-3 ppts*
International	*76*	*76*	*Flat*	*81*	*79*	*+2 ppts*
Average Fare (Baht)	2,127	1,676	+27%	1,951	1,821	+7%
Domestic	*1,636*	*1,280*	*+28%*	*1,519*	*1,517*	*+0.1%*
International	*3,279*	*2,563*	*+28%*	*2,953*	*2,802*	*+5%*
Revenue Passenger Kilometres (Million seats-km)	3,873	4,793	-19%	9,912	10,450	-5%
Available Seat Kilometres (Million seats-km)	4,910	6,030	-19%	11,876	12,743	-7%
Revenue per Available Seat Kilometres (Baht)	2.05	1.63	+26%	1.99	1.81	+10%
Cost per Available Seat Kilometres (Baht)	2.44	1.83	+33%	2.00	1.78	+12%
Cost per Available Seat Kilometres (ex-fuel) (Baht)	1.43	1.26	+13%	1.24	1.19	+4%
Size of the Fleet at Quarter End (Aircraft)	62	62	Flat	62	62	Flat
Average Operating Aircraft (Aircraft)	46	52	-6	52	53	-1
Aircraft Utilisation (hour/aircraft/day)	11.0	11.6	-5%	11.8	12.2	-3%
On-Time Performance (%)	88	85	+3 ppts	77	79	-2 ppts

KEY FINANCIAL RATIO

Asia Aviation Public Company Limited	2Q2026	2Q2025	1H2026	1H2025
Current Ratio (excluding lease liabilities)	0.9x	0.7x	0.9x	0.7x
EBITDA Margin	0.2%	6%	16%	17%
Net Profit Margin	(23%)	2%	(6%)	7%
Return on Assets	(3%)	0.3%	(2%)	2%
Return on Equity	(19%)	2%	(14%)	17%
Net Interest-Bearing Debt-to-Equity Ratio	1.1x	0.6x	1.1x	0.6x
Interest Coverage Ratio	0.04x	0.9x	2.8x	2.9x

DEBT REPAYMENT SCHEDULE

(Unit: Baht million)	2026	2027	2028	2029	2030
Debentures	1,500	3,500	4,488	3,478	-
Short-term Borrowings	1,750	-	-	-	-
Long-term Borrowings	181	363	324	130	98
Total	3,431	3,863	4,812	3,608	98

BUSINESS OUTLOOK

Persistent Middle East volatility and high fuel prices heighten macroeconomic risks

The geopolitical conflict in the Middle East remains highly volatile and unpredictable, directly driving energy price spikes and disrupting global trade routes. In July 2026, jet fuel prices averaged USD 139 per barrel, reaching a peak of USD 161 per barrel. With the Strait of Hormuz experiencing intermittent disruptions and the heightened risk of closures across other critical transit chokepoints, global jet fuel prices are expected to remain elevated. This sustained energy surge has alerted broader economic channels, increasing inflationary risks that directly threaten consumer purchasing power. In response, Thailand's projected 2026 GDP growth has been revised downward to below 2%, reflecting weakened domestic consumption. To mitigate these fuel cost pressures, Thai AirAsia has hedged approximately 13% of its expected 3Q2026 fuel consumption at USD 89 per barrel and will seek opportunities to increase coverage toward year-end.

Tactical capacity rationalisation and yield management to mitigate operational losses

Following a 20% YoY capacity reduction across May and June, the airline currently expects to maintain a similar rate of capacity contraction in 3Q2026 before easing to a low-teen percentage reduction in 4Q2026. Seat rationalisation will primarily target international routes—notably India, China, Hong Kong, and select fifth-freedom services—subject to ongoing developments in fuel prices. Despite these capacity adjustments, Thai AirAsia still targets a load factor exceeding 80% across the network. The airline remains committed to rationalising fares through dynamic pricing, with a particular focus on the domestic market, targeting an average fare above Baht 1,600, while reinforcing market leadership through stronger on-time performance and strategic initiatives such as the SilverCare campaign for senior travellers.

Government stimulus to support 2H2026 tourism sentiment amid economic headwinds

Against this challenging backdrop, management anticipates neutral travel sentiment in 3Q2026 due to seasonal weakness, uneven macroeconomic growth, and cautious consumer spending, with conditions expected to improve in 4Q2026. Government tourism stimulus campaigns—including the "Tourism Co-Pay Scheme" and "Fly Thai All the Feelings," both launching in September—are expected to support inbound and domestic travel demand. In addition, Thai AirAsia plans to engage travellers at several major public and private events across Thailand to capture additional demand.

Strict operational cost discipline and active liquidity preservation

To navigate the current environment, management is enforcing stringent cost controls and disciplined headcount management. To align fleet deployment with lower capacity requirements, Thai AirAsia plans to operate an average of 41 aircraft in 3Q2026 and 52 aircraft in 4Q2026. With plans to return 2–4 aircraft in 2H2026, associated redelivery expenses are expected to drive maintenance and overhaul (MRO) costs up by roughly 10% in the remaining quarters compared to 2Q2026 levels. To safeguard business resilience and preserve market leadership, management remains focused on cash flow sustainability and is evaluating additional liquidity measures, including aircraft sale-and-leaseback transactions, if required.

SUSTAINABILITY CORNER

KEY SUSTAINABILITY STATISTICS

Thai AirAsia Company Limited	2026 Target	2Q2026	2Q2025	Change	1H2026	1H2025	Change
Scope 1 Flight and Ground Operations							
Fuel Usage from Flight Operation (Tonnes)		96,167.7	119,124.9	-19%	236,702.8	254,222.0	-7%
Fuel Usage from Ground Operation (Tonnes)		258.8	295.7	-12%	601.9	578.0	+4%
GHG Emissions from Flight Operations (tCO_2)		303,890.1	376,434.6	-19%	747,981.0	803,341.6	-7%
GHG Emissions from Ground Operations (tCO_2)		827.4	945.5	-12%	1,924.3	1,848.0	+4%
Carbon Intensity (gCO_2/ASK)		61.9	62.4	-1%	63.0	63.0	Flat
Scope 2 Energy Usage							
Electricity Usage (kWh)		1,066,552.0	1,095,340.0	-3%	2,028,997.7	2,081,726.3	-3%
GHG Emissions (tCO_2)		412.8	457.9	-10%	785.2	870.2	-10%
Others							
On-Time Performance (%)	85	88	85	+3 ppts	77	79	-2 ppts
Net Promoter Score (NPS)	50	61	60	+1	49	56	-7

Note: The numbers shown in the table above will be subject to annual verification and audit.

In 2Q2026, Scope 1 GHG emissions from flight and ground operations decreased YoY by 19% and 12%, respectively, primarily driven by a lower volume of flight operations and reduced fuel consumption during the quarter. Consequently, for 1H2026, flight GHG emissions dropped by 7% YoY, while ground GHG emissions increased by 4% YoY due to heightened ground support activities in the first quarter. Carbon intensity improved by 1% YoY to 61.9 gCO2/ASK in 2Q2026 and remained flat at 63.0 gCO2/ASK for 1H2026. Additionally, the Company saw improvements in Scope 2 energy usage, as electricity-related GHG emissions decreased by 10%.

Operationally, OTP recovered strongly in 2Q2026 to 88%, surpassing the 85% full-year target through schedule optimisation. Although 1H2026 OTP averaged 77% due to 1Q2026 operational headwinds, second quarter momentum highlights TAA's commitment to punctuality leadership. This recovery lifted 2Q2026 NPS to 61. While 1H2026 NPS averaged 49 due to first quarter's service challenges in post-flight support, TAA is actively optimising operations, accelerating AI solutions, strengthening communication channels, and enhancing service capabilities to better meet customer needs and elevate overall performance.

2Q2026 ESG HIGHLIGHTS

- *Thai AirAsia participated in a panel discussion entitled 'Aviation Thailand towards Net Zero 2050', held at Rangsit University.*

On 9 April 2026, Thai AirAsia participated in a panel discussion entitled 'Aviation Thailand towards Net Zero 2050', hosted by the Aviation Business and Transport Management, College of Tourism and Hospitality, Rangsit University. The discussion focused on the airline's readiness and adaptation towards achieving the Net Zero emissions target. The session highlighted the need to align airline strategies with government policies and increase passenger awareness of environmental costs, empowering the younger generation to champion this cause. Additionally, the discussion addressed upcoming industry challenges, focusing on infrastructure and carbon market development, alongside fleet and route optimisation for peak fuel efficiency.

- *Thai AirAsia has collaborated with the Tourism Authority of Thailand on the 'Village to the World' project for the second consecutive year.*

Thai AirAsia has partnered with the Tourism Authority of Thailand (TAT) and eight other partners in the ‘Village to the World Season 5’ project. This collaborative project aims to elevate nine Royal Project areas nationwide into high-quality, sustainable tourism destinations.

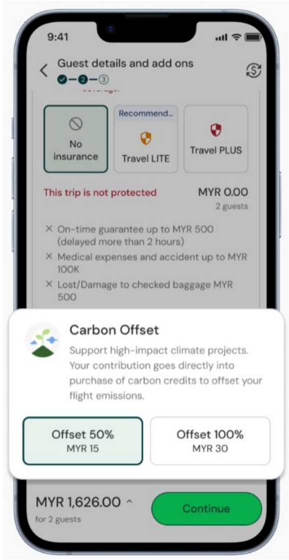
On 22 May 2026, the opening ceremony was taking place at Baan Sa Juk-Sa Kiang in Nan Province, where Ms Thapanee Kiatphaibool, Governor of the TAT, was the chairperson. During the launch event, the Company and its partners participated in constructing check dams to slow water run-off, retain soil moisture and trap sediment, effectively restoring the community's local ecosystem and natural resources.

Going forward, the Company will focus on the development in Songkhla province according to a mutual agreement with the TAT. The Company aims to expand its ‘Journey D’ project to ‘Khlong Hoi Khong Farm’, a Royal Initiative Project of Her Majesty Queen Sirikit The Queen Mother in Khlong Hoi Khong District, Songkhla Province, alongside the ‘Ecotourism Songkhla Thailand Community Enterprise’ in Hua Khao Sub-district, Singhanakhon District, Songkhla

Province. This initiative is targeted at adding value to local products and accelerating income distribution to revitalise the local economy following floods earlier this year. The project is scheduled to commence in July 2026.

- *Voluntary Carbon Offsetting*

In April 2026, Thai AirAsia launched its Voluntary Carbon Offsetting initiative, integrated digitally through the 'AirAsia MOVE' application. This feature enables passengers to actively share environmental responsibility by voluntarily contributing to offset either 50% or 100% of their flight's carbon emissions, available both during the booking process and post-booking. All passenger contributions are directed towards supporting internationally certified greenhouse gas reduction projects. Beyond fostering sustainable aviation alongside our passengers, this programme serves as a critical strategic tool to manage and mitigate cost risks related to environmental regulations and potentially stricter carbon tax policies, strongly aligning with the Company's ESG framework and its ultimate commitment to Net Zero emissions.



GLOSSARY

Load factor: The number of passengers carried as a proportion of capacity, which is the number of seats available for passengers

Available seat kilometres (ASK): Total number of seats available on all flights multiplied by the number of kilometres these seats were flown

Revenue passenger kilometres (RPK): The number of paying passengers carried on all flights multiplied by the number of kilometres those seats were flown

Average fare: Thai AirAsia's total passenger revenues and fuel surcharge divided by total number of passengers carried

Revenue per ASK (RASK): Thai AirAsia's revenues divided by ASK

Cost per ASK (CASK): The sum of Thai AirAsia's operating costs, selling expenses and administrative expenses divided by ASK

Cost per ASK (CASK ex-fuel): The sum of Thai AirAsia's operating costs, selling expenses and administrative expenses less fuel costs divided by ASK

Average stage length (kilometres): The average number of kilometres flown per flight

Aircraft utilisation: The average block hours per day per aircraft during the relevant period. Lock hours are calculated by measuring the duration between an aircraft's departure time and arrival at its destination.

Debt-to-equity ratio (D/E): Total interest-bearing debt divided by total equity

Net interest-bearing debt-to-equity ratio: Total interest-bearing debt (excluding lease liabilities) less cash and cash equivalents divided by total equity

Interest coverage ratio: EBITDA divided by finance costs

Gross profit margin: Revenues from sales and services less cost of sales and services divided by revenues from sales and services.

The earnings before interest and tax, depreciation, and amortisation (EBITDA) margin: Total income (excluding dividend income, gain on sale of investments, gain on sale of assets, finance income, gain on exchange rate, and gain on derivative) less total expenses plus depreciation and amortisation expenses divided by revenues from sales and services

Net profit margin: Profit for the period divided by revenues from sales and services

Core profit/loss: Net profit/loss adjusted with FX gain/loss

Return on assets: Calculated as profit for the period divided by average of total assets

Return on equity: Calculated as profit for the period divided by average of shareholders' equity

ASIA AVIATION
Public Company Limited

For More Information

taa_investorrelations@airasia.com

+662 562 5745-6

www.aavplc.com