

Management's Discussion and Analysis for the first six months period ended June 30, 2021, for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

The World Bank's Global Economic Prospects (June 2021) report forecasted the global economy to expand by 5.6 percent from the severe recession in the past year. However, the recovery capability is unequal by large economies especially China and the United States. They recovered faster from the success of vaccine development and economic stimulus measures. In the meantime, some developing and emerging economy countries continued to face outbreaks and increased infections including the shortage of vaccines which delayed the recovery. However, global trade continued to recover in line with economic activities. The world trade volumes were expected to grow 8.0% in 2021 while the services sector would recover much slower from the measures to limit the entry and exit until the level of disease transmission would be reduced worldwide.

The global aviation industry indicated the recovery from 2020 but still much different from the pre-pandemic period. Moreover, the recovery varied by region and airline. According to the International Air Transport Association (IATA), this year's financial results would be lower than expected due to the difficulties in controlling the spread of the virus and delays in vaccination in some regions. Passenger transport has started to be quiet since the beginning of the year due to the rapid spread of the Covid-19 virus, travel restrictions, and vaccination delays. Meanwhile, freight remained very strong for airlines in 2021 as the global economy recovers. According to data from the Asia-Pacific Airlines Association (AAPA), international passenger traffic remains at a low level. The strict entry restrictions by each country causing the number of international passengers during Jan-Jun 2021, down to 88.7% compared to the same period last year. Revenue Passenger Kilometers (RPK) and Production of Available Seat Kilometers (ASK) during the first six months of 2021 decreased by 87.4% and 69.6%, respectively, resulting in a decrease in Cabin Factor from the previous year 68.7% to 28.6% as international air freight demand soars Revenue Freight Ton-Kilometers (RFTK) increased by 18.9%, while Available Dead Load Kilometer (ADTK) increased 1.6% due to limited cargo space affecting average Freight Load Factor increased by 62.7% year-on-year to 73.4%.

For the Thai economy, the World Bank has revised its economic growth forecast in 2021 to 2.2% from 3.4% from the previous projection in March which is in line with the monthly report of the Bank of Thailand (BOT) in June stated that the Thai economy was recovering slower and much unevenly compared to the previous projection with 1.8% growth. In the past 6 months, the Thai economy had been affected by the COVID-19 outbreak from the beginning of the year until the second, and the third wave In April 2021 resulting in the decline of quarterly expansion figures while the service and tourism sector decreased with the weak purchasing power of tourists. To mitigate these problems, the government announced economic stimulus measures. Although the situation started to improve somewhat at the end of the first quarter, the third wave of the outbreak was more severe than expected affecting the recovery of foreign tourists. The number of tourists of the Ministry of Tourism and Sports from January to June 2021 indicated that there were 40,447 people, a 99.4% reduction from the previous year. However, the export sector is still a positive factor for the Thai economy. The value of Thai merchandise exports is likely to grow at 17.3% in 2021 in line with the recovery of major trading partners and the global economic outlook.

Thai aviation industry during the first six months of 2021, a new wave of COVID-19 pandemic since April 2021 had becoming much more severe because it directly affected the domestic travel and the confidence of foreign tourists. Although foreign routes were allowed to fly with semi-commercial flights, the uncertainty about the situation resulting in the number of international passengers could not be expanded as it should be while the air cargo growth rate had decreased.

During the first 6 months of 2021 THAI and its Subsidiaries could not normally operate due to the temporary cancellation of both domestic and international flights since the end of March, 2020. Thai Smile Airways Company Limited (“ThaiSmile”), a subsidiary, was able to operate some domestic flights from June 2020 onwards. However, the less passenger demand, the new epidemic, and travel restrictions forced to reduce the number of flights. At present, most of the income came from international freight forwarding services on certain routes. and flights to pick up passengers back to the country.

According to THAI filed a petition for business rehabilitation with the Central Bankruptcy Court. and the Central Bankruptcy Court has issued an order accepting the petition for business rehabilitation on May 27, 2020. On June 15, 2021, the Central Bankruptcy Court has issued an order approving the resolution of a meeting of creditors on May 19, 2021, resulting in executives' plan being nominated under the rehabilitation plan and the request for any amendment to the plan was made by the plan administrator. The two plan administrators have the power to sign jointly to bind the company. as well as the further implementation of the business rehabilitation plan the essence of the business rehabilitation plan is capital restructuring debt settlement by a group of creditors and the success of the business rehabilitation plan (Details are in the notes to the financial statements No. 4).

The operation of THAI during business rehabilitation realized various problems in the past and trying to resolve, improve, and initiated more than 600 projects starting with the business reform plan as well as suitable reorganizational structure to prepare for services and increase the competitiveness when the COVID-19 situation easing while other actions related to maintain financial liquidity and increase the efficiency of future operations sustainably, including:

1. Human Resource Cost Reduction: THAI has announced projects such as the Leave without pay and compensation Scheme (Together We Can Project), Mutual Separate Plan (MSP), which has reduced the number of employees as well as improving welfare in accordance with business and industry.
2. Lease of aircraft cost reduction: THAI has prepared a Letter of Intent (LOI) with the aircraft lessor to express the intention of the parties to amend the current operating and financial lease agreements which also stipulates that rent payments for the specified period must be calculated based on the actual operating hours of the aircraft known as Power by the Hour.
3. Operating costs Reduction in other areas: THAI has reduced the use of products and services according to the current situation and negotiating with trade creditors and service providers to negotiate the terms of the contract and manage budgets more efficiently.
4. Revenue increasing when the flight situation has not returned to normal by
 - 4.1 Revenue from aviation business: THAI operates cargo and repatriation Flight, the special flights to pick up passengers back to the country.
 - 4.2 Revenue from supporting business: THAI is trying to adjust and initiate new notions to increase revenue such as the Delicious in the sky and Flight Simulator.
 - 4.3 Other revenues to increase cash flow: THAI has taken various actions to increase cash flow to use as working capital and to prepare to support if the business situation recovers, such as filing a petition to the court for permission to sell secondary assets that are not needed for operations or are unused assets and has the burden of maintenance expenses such as shares that the company holds in the company Bangkok Aviation Fuel Services Public Company Limited (“BAFS”) and Nok Airlines Public Company Limited (“NOK”) and Land with buildings used as training center buildings at Laksi and engines that are no longer in use.

In the first six-month period of 2021, compared to the same period last year when the first quarter was still operating normally due to the start of the COVID-19 pandemic, THAI, and its subsidiaries had a decrease production traffic (ASK) by 80.6 % while passenger traffic (RPK) decreased by 95.4 %. The average Cabin Factor was 16.2 % lower than 68.7 % of last year's. The numbers of passengers carried totaled 0.72 million, 84.2 % down from the previous year. The cargo production (ADTK) was 78.5 % lower than last year while freight traffic (RFTK) was 59.1 % lower than the year while Freight Load Factor was 104.4 % higher than the previous year at an average of 54.8%.

The total revenue of THAI and its Subsidiaries was THB 10,220 million, lower than last year's THB 30,273 million or 74.8%, mainly due to a decrease in both passenger and cargo revenue by THB 30,486 million (84.2%), a decrease of THB 1,417 million (35.5%) from other services due to international travel restrictions both in Thailand and other countries. Moreover, other incomes increased THB 1,630 million. Total expenses totaled THB 24,555 million, THB 34,246 million (58.2%) lower than the previous year, mainly due to the variable operating expenses. However, fixed expenses were still high which was insufficient to offset decreasing revenue. As a result, the operating loss was THB 14,335 million, a decrease of THB 3,973 million (21.7%) from the previous year.

In the first six months of 2021, THAI and its subsidiaries are one-time items totaled THB 25,899 million consisted of

- Profit from the sale of shares in Bangkok Aviation Fuel Services Public Company Limited amounting to THB 2,004 million,
- Profit from the sale of shares in Nok Air Public Company Limited, amounting to THB 95 million,
- Profit from debt restructuring amounted to THB 8,675 million,
- Compensation for the Mutual Separation Plan amounted to THB 4,896 million,
- Compensation for termination of employment amounted to THB 613 million,
- Employee benefit adjustment amounted to THB 8,323 million from the reorganization structure and amendment in employee benefits,
- Impairment Loss of aircraft, rights-of-use assets and rotatable spare parts amounted to THB -18,459 million,
- Impairment loss under Thai Financial Reporting Standard No. 9 amounted to THB -163 million,
- Loss on foreign exchange amounted to THB 6,311 million, mainly from estimated book value valuation of foreign currency liabilities including total liabilities under aircraft operating leases under TFRS 16.

THAI and its subsidiaries reported THB 11,121 million net profit while last year reported a net loss of THB 28,030 million. Profit attributable to owners of the parent amounted to THB 11,125 million. Profit per share was THB 5.10 per share compared to last year's loss per share THB 12.84. EBITDA was THB -6,788 million decreased THB 6,963 million from last year with an EBITDA Margin equal -66.3% compared with the previous year was 0.4 %.

2. Management's Decision and Analysis of Operating Results for the first six months of 2021

The consolidated financial statements for the first six months of 2021 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 Flight Training Co., Ltd, 4) Tour Eurng Luang Co., Ltd., and 5) THAISmile Airways Co., Ltd.

Financial Performance: THAI and its subsidiaries

	Jan - Jun			
	2021	2020	Variance	
			MTHB	%
Total operating revenues	10,220	40,493	-30,273	-74.8
- Passenger and excess baggage revenue	1,888	31,133	-29,245	-93.9
- Freight and mail revenue	3,842	5,083	-1,241	-24.4
- Revenue from other activities	2,575	3,992	-1,417	-35.5
- Other income	1,915	285	+1,630	+571.9
Total operating expenses	24,555	58,801	-34,246	-58.2
- Fuel and oil	1,718	11,502	-9,784	-85.1
- Non-fuel operating expenses	19,990	43,128	-23,138	-53.6
- Net finance cost	2,847	4,171	-1,324	-31.7
Operating profit	(14,335)	(18,308)	+3,973	+21.7
<u>Add</u> Gain from sale of investment	2,099	-	+2,099	-
<u>Add</u> Gain from debt restructuring	8,675	-	+8,675	-
<u>Add</u> Adjust Employee Benefit	8,323	-	+8,323	-
<u>Less</u> Mutual Separation Plan (MSP)	4,896	-	+4,896	-
<u>Less</u> Severance Pay	613	-	+613	-
<u>Less</u> Impairment loss on aircraft, right-of-use assets and aircraft spare parts	(18,459)	3,054	-21,513	-704.4
<u>Less</u> Impairment loss in accordance with TFRS 9	(163)	151	-314	-207.9
<u>Add</u> Gain from change in ownership interest	-	205	-205	-100.0
<u>Add</u> Gain (Loss) on foreign currency exchange	(6,311)	(1,119)	-5,192	-464.0
<u>Less</u> Loss for hedge of group of items with offsetting risk positions	-	5,258	-5,258	-100.0
Profit (Loss) before tax	11,564	(27,685)	+39,249	+141.8
Net Profit (Loss)	11,121	(28,030)	+39,151	+139.7
Profit (Loss) attribute to owners of the parent	11,125	(28,016)	+39,141	+139.7
Net Profit (Loss) per share (THB)	5.10	(12.84)	+17.94	+139.7
<u>Significant operating data</u>				
EBITDA (MTHB)	(6,788)	175	-6,963	-
Number of passengers (Million)	0.72	4.57	-3.85	-84.2
Available Seat-Kilometers (Million)	4,070	20,944	-16,874	-80.6
Revenue Passenger-Kilometers (Million)	660	14,387	-13,727	-95.4
Cabin factor (%)	16.2	68.7	-52.5	-
Passenger yield (THB/RPK)	2.77	2.12	+0.65	+30.7
Available Dead Load Ton-Kilometers (Million)	198	919	-721	-78.5
Revenue Freight Ton-Kilometers (Million)	206	504	-298	-59.1
Freight load factor (%)	104.4	54.8	+49.6	-
Freight carried (Ton)	53,109	137,591	-84,482	-61.4
Freight Yield (THB/RFTK)	17.86	9.58	+8.28	+86.4
Number of aircraft (As of June 30) (Aircraft)	103	103	-	-
Flight hours (Hours)	22,812	95,230	-72,418	-76.0
Aircraft utilization (Hours/Aircraft/Day)	5.1	5.9	-0.8	-13.6
Average foreign currency exchange rate				
1 USD : THB	30.8061	31.6166	-0.8105	-2.6
1 EUR : THB	37.1307	34.8187	+2.3120	+6.6
100 JPY : THB	28.6363	29.2248	-0.5885	-2.0
Average jet fuel price (USD/BBL)	69.04	76.09	-7.05	-9.3

Note : 1) EBITDA = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from change in ownership interest)
 - Expenses (exclude finance cost, tax, depreciation and amortization, adjust employee benefit, Impairment loss on aircraft, right-of-use assets and aircraft spare parts, estimate service compensation, impairment loss in accordance with TFRS 9, loss for hedge of group of items with offsetting risk positions and loss on foreign currency exchange)

Summary of the operating results of THAI and its subsidiaries

Revenues

In the first six-month period of the year 2021, total revenue was THB 10,220 million, a decrease of THB 30,273 million (74.8%). Details are as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue amounted to THB 1,888 million, THB 29,245 million (93.9 %) down from last year's, mainly from a decrease in passenger traffic by 95.4 % resulting from the temporary cancellation of all regular flights since the second quarter of 2020. Later, ThaiSmile had started to resume its domestic routes again from June 1, 2020. However, due to a new wave of outbreaks at the end of the year and the third wave in April 2021, coupled with international travel restrictions both in Thailand and other countries still existed made it was necessary to consider adjusting the number of flights following the reduced number of passengers was still unable to return to normal.

- **Freight and mail revenue**

Freight and mail revenue amounted to THB 3,842 million, a decrease of THB 1,241 million (24.4%) from the same period last year while freight traffic decreased by 59.1 % resulting from the temporary cancellation of all regular flights as well as passengers. Most of the revenue since the second quarter onwards was charter flights to the destination based on customer demands.

- **Other revenues from other activities**

Other revenues from other activities consisted of revenues from business units which include Ground services, Catering, Cargo handling services, and other supporting activities totaled THB 2,575 million, a decrease of THB 1,417 million (35.5%) over last year mainly due to a decrease in the number of customer airlines, as the Civil Aviation Authority of Thailand (CAAT) has set conditions for allowing aircraft to fly in and out of Thailand to prevent the spread of the COVID-19 virus, resulting in revenue from all business units lower than the previous year.

- **Other income**

Other income amounted to THB 1,915 million, THB 1,630 million higher than last year, mainly due to revenue from offsetting engine service and maintenance with Rolls Royce for USD 45.5 million or approximately THB 1,457 million as specified in the rehabilitation plan.

Expenses

Total expenses of the first six months of 2021 amounted to THB 24,555 million, a decrease of THB 34,246 million (58.2%). A summary of the operating expenses was as follows:

- **Fuel and oil expenses**, amount of THB 1,718 million or represented 7.0% of total expenses a decrease of THB 9,784 million (85.1%) resulting of a decrease in the number of flights. Consequently, oil consumption was lower than the previous year, along with the decrease in oil prices compared to the same period last year by 9.3 %.

- **Non-fuel operating expenses** totaled THB 19,990 million, a decrease of THB 23,138 million (53.6%), details as follows:

Unit: Million Baht	Jan - Jun			
	2021	2020	Variance	
			MTHB	%
Expense				
Employee benefit expenses	5,472	11,155	-5,683	-50.9
Flight service expenses	852	4,583	-3,731	-81.4
Crew expenses	205	1,369	-1,164	-85.0
Aircraft maintenance and overhaul costs	2,560	4,585	-2,025	-44.2
Depreciation and amortization expenses	8,098	14,225	-6,127	-43.1
Lease of aircraft and spare parts	456	44	+412	+936.4
Inventories and supplies	225	1,884	-1,659	-88.1
Selling and advertising expenses	348	1,695	-1,347	-79.5
Other expenses	1,710	3,169	-1,459	-46.0
Share of losses of associates	64	419	-355	-84.7
Non-fuel Operating Expense	19,990	43,128	-23,138	-53.6

Summary of expenses that have changed significantly are as follows:

- Variable cost which consisted of flight service expenses, crew expenses, aircraft maintenance and overhaul cost, inventories and supplies and selling and advertising expenses totaled THB 4,190 million, lower than the previous year THB 9,926 million (70.3%) resulting from the temporary flights' cancellation of THAI and its subsidiaries.

- Fixed cost comprised of Employee benefits expenses, depreciation and amortization expenses, lease of aircraft and spare parts, and other expenses totaled THB 15,736 million, THB 12,857 million (45.0 %) lower than last year. Details are as follows:

- Employee benefits expenses (Excluding compensation reserves for employees participating in Mutual Separation Program and the adjustment of employee benefits from the reorganization restructure) were THB 5,472 million, decreased by THB 5,683 million (50.9%) due to the decrease in the number of employees and outsources. Since the end of 2020, THAI announced two packages consisted of the Mutual Separation Plan A ("MSP A") and Long-Term Leave program ("LW20"). Later in February 2021, THAI declared the 2 additional programs which were Mutual Separation Plan B ("MSP, B ") and Plan C ("MSP C ") with a total of 10,684 staff including layoffs of both domestic and foreign staff.

- Depreciation and amortization amounted to THB 8,098 million, a decrease of THB 6,127 million (43.1%), mainly due to aircraft impairment at the end of 2020.

- Lease of aircraft and spare parts increased by THB 412 million (936.4%) mainly due to the power by the Hour according to THAI had entered the Letter of Intent (LOI) with operating Lease aircraft which stipulates the payment of rent calculated from the actual use of aircraft (Power by the Hour) for 6 months amounted to THB 440 million.

- Other expenses amounted to THB 1,710 million, a decrease of THB 1,459 million (46.0%) due to the strict cost reduction measures. For instance, office rent and utilities, outside labor charge, etc.

- Share of losses of associates amounted to THB 64 million, lower than the previous year by THB 355 million (84.7%) because THAI was no longer recognized the share of loss of Nok Airlines PCL because the investment value under the equity method is equal to zero. However, the situation of Covid-19 causing them to lose. Details are as follows:

- Nok Airlines PCL Share of losses of associates amounted to THB 0, lower than the previous year by THB 393 million.

- Bangkok Aviation Fuel Services PCL's loss of THB 30 million, an increase of THB 9 million from last year.

- Donmuang International Airport Hotel Ltd.'s loss of THB 20 million, an increase of THB 18 million from last year.

- Phuket Air Catering Ltd.'s loss of THB 8 million, while last year had a profit of THB 3 million.

- Suvarnabhumi Airport Hotel Ltd.'s loss of THB 6 million, same as last year.

- **Net finance cost** amounted to THB 2,847 million, a decrease of THB 1,324 million (31.7%) mainly due to The Central Bankruptcy Court's order approving the business rehabilitation plan of THAI. According to the resolution of the creditors' meeting on May 19, 2021, THAI recorded interest expense on all loan contracts recorded from May 2020 until now at the normal rate according to each contract which was a new or exempt-interest rate as specified in the rehabilitation plan while the previous year recorded with the default rate preserved in the interest table expenses for the year 2020. It was recorded as a gain from debt restructuring this year.

Profit from sale of investment amounted to THB 2,099 million, mainly due to

- Gain on sale of shares of Bangkok Aviation Fuel Services Public Company Limited ("BAFS") of THB 2,004 million, THAI sold of 98,983,125 shares to RATCH Group Public Company Limited ("RATCH") or equivalent to 15.53% of total paid-up shares of BAFS at of THB 27.40 per share or THB 2,712 million in the amount, which has a book value of equity method of THB 708 million.

- Gain from the sale of investment in Nok Air Co., Ltd. ("Nok") in the amount of THB 95 million and sold through the stock exchange during June 10-30, 2021, of 119 million shares whose book value amounted to THB 134 million.

Profit from debt restructuring amounted to THB 8,675 million. Most was from the interest expenses from the default rate of all debentures contracts recorded during May-December 2020 as specified in the rehabilitation plan and the obligation adjustment of financial liabilities that the Official Receiver ordered THAI for repayment. (Note to the financial statements No. 4.3)

Employee benefit adjustment amounted to THB 8,323 million from the reorganization structure and amendment in employee benefits including various welfare.

Mutual Separation Plan (“MSP”)

On February 18, 2021, THAI announced two programs which were Mutual Separation Plan B ("MSP, B ") and Plan C ("MSP C "). The “MSP B” is an ongoing project by project. “LW20” of the previous year in which both programs allow employees to express their intention to join and resign from the company voluntarily. The employees will be paid compensation as stated in the resignation, effective on May 1, 2020, with employees participating in all 8,434 people, THAI reserved Severance pay for these programs, a total of THB 4,896 million

The termination compensation amount of THB 613 million, was the severance pay for both domestic and foreign employees after entering the rehabilitation process. THAI must improve every aspect to manage costs, increase competitiveness as well as cashflow under the rehabilitation plan.

Impairment loss on aircraft, right-of-use assets and aircraft spare parts amounted to THB -18,459 million, a decrease of THB 21,513 million mainly due to the reduction in the value of the new right of use by the conditions in the letter of intent (LOI) resulting in reverse the impairment loss of 12 Airbus A350-900, 14 Boeing B777 -300ER, and 6 Boeing B787-8, 2 B787-9 aircraft.

The result of the measurement of financial instruments from the adoption of TFRS No.9, amounting to THB 163 million, was mainly due to the adjustment of allowance for credit losses of trade and other receivables were set too high in the previous year.

Loss on foreign currency exchange was THB 6,311 million consisted of THB 6,365 million unrealized FX loss resulting from the revaluation of foreign currency loans for operating lease aircraft, assets, and liabilities, especially the depreciation of Thai Baht against the Euro as of June 30, 2021, when compared to December 31, 2020, and realized FX gain of THB 54 million.

EBITDA for the six-month period of 2021 amounted to THB -6,788 million, decreased by THB 6,963 million. EBITDA Margin -66.3% compared with the previous year was 0.4 %

3. Financial Position and Liquidity

Capital Expenditures

Unit: Million Baht	Jan - Jun	
	2021	2020
Aircraft and aircraft spare parts	5	468
Non-Aircraft	5	382
Total	10	850

In the first six-month period of 2021, Capital expenditures totaled THB 10 million, a decrease of THB 840 million from last year. The investment expenses were mainly from procurements of rotatable aircraft spare part.

Financing

In the first six months of 2021, THAI does not provide additional funding since it is in the process of restoring the business.

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

Unit : Million Baht	Jan – Jun	
	2021	2020
Net cash from (used in) operating activities	(4,601)	(4,866)
Net cash from (used in) investing activities	3,210	(71)
Net cash from (used in) financing activities	(676)	(2,661)
Effect from changing in exchange rate on cash and cash equivalents	121	(93)
Effect of changes in credit loss on cash and cash equivalents	2	(9)
Increase(decreases) in cash and cash equivalents	(1,944)	(7,700)

In the first six-month period of 2021, THAI and its subsidiaries had cash used in operating activities of THB 4,601 million due to operating losses closed to last year's. The net cash used in financing activities amounted to THB 676 million while last year's cash used in financing activities amounted to THB 2,661 million mainly due to less cash paid for debt repayments than the previous year from the automatic stay. The net cash received from investing activities amounted to THB 3,210 million, THB 3,281 million higher than last year's from the cash received from the sale of investments in BAFS amounted to THB 2,712 million and in Nok amounted to THB 229 million. As a result, cash and cash equivalents as of June 30, 2021, amounted to THB 6,730 million, decreased by THB 1,944 million from cash and cash equivalents as of December 31, 2020, amounted to THB 8,674 million.

Fleet

In the first half of 2021, the total active aircraft was 103 aircraft (including 20 Airbus A320-200 under the operation of ThaiSmile) which equaled to the numbers of aircraft as of December 2020. THAI had 13 decommissioned aircraft and held for sale comprised of 3 Airbus A340-500, 6 Airbus A340-600, 1 Airbus A300-600, and 3 Boeing B737-400 aircraft.

Assets of Thai Airways International PCL. and its subsidiaries

As of June 30, 2021, total assets totaled THB 168,582 million, a decrease of THB 40,715 million (19.5%) from December 31, 2020.

	Consolidated					
	Jun 30, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	6,730	4.0	8,674	4.1	-1,944	-22.4
Non-current assets held for sale	1,422	0.8	793	0.4	+629	+79.3
Other current assets	12,823	7.6	10,784	5.2	+2,039	+18.9
Current Assets	20,975	12.4	20,251	9.7	+724	+3.6
Property, plant and equipment-net	38,764	23.0	42,127	20.1	-3,363	-8.0
Right-of-use Assets	79,569	47.2	116,822	55.8	-37,253	-31.9
Other non-current assets	29,274	17.4	30,097	14.4	-823	-2.7
Total Assets	168,582	100.0	209,297	100.0	-40,715	-19.5

Current assets were THB 20,975 million or represented 12.4% of total assets, an increase of THB 724 million (3.6%) from as of December 31, 2020. The significant items consisted of

- Cash and cash equivalent decreased by THB 1,944 million (22.4%) mainly from less net cash from operating activities. However, there were cash received from the sale of investments in BAFS and NOK.

- Non-current assets held for sale increased by THB 629 million (79.3%), mainly due to the transfer of land and Laksi Training Center buildings sold to Energy Complex Company Limited, with a book value of THB 1,387 million (Also see Note No. 8,10 to financial statements) from the Property, Plant, and Equipment to reclassified as non-current assets as held for sale and disposing of investment in BAFS with book value under the equity method of THB 708 million.

- Other current assets increased by THB 2,039 million (18.9%) mainly due to an increase in trade and other current receivables of THB 2,049 million (33.7%). They were from the sale of land and buildings of Laksi Training Center amounting to THB 1,629 million. Moreover, there were receivables from government agencies resulting in the adjustment of allowance for doubtful accounts from a decrease in average debt aging together with the increase in prepaid expenses from maintenance and fuel.

Property, Plant and Equipment-net amounted to THB 38,764 million or 23.0% of total assets, a decrease from 31 December 2020 by THB 3,363 million (8.0%), mainly due to the transfer of land and buildings of Laksi Training Center. Sold to Energy Complex Company Limited with a book value of THB 1,387 million (Also see Notes to the financial statements No. 8, 10) were classified as non-current assets held for sale coupled with the depreciation estimate of the aircraft.

Right of use amounted to THB 79,569 million or 47.2% of total assets which consisted of finance lease assets and commitment under operating lease of aircraft and other lease assets in accordance with TFRS 16 adoption decreased from December 31, 2020, by THB 37,253 million (31.9%) resulting from the new conditions in the letter of intent (LOI) for 15 aircraft under finance lease and the 39 operating lease aircraft and the depreciation estimate.

Other non-current assets amounted to THB 29,274 million or represented 17.4% of total assets which decreased from December 31, 2020, in the amount of THB 823 million (2.7%), mainly due to the pension fund payments to employees amount of THB 1,254 million and the increase in aircraft maintenance reserve amount of THB 796 million (5.6%), mainly due to adjustment of the exchange rate of the aircraft maintenance deposit under return condition agreement. Even, there was a partial reduction in the maintenance reserve for the aircraft according to the conditions stipulated in the LOI.

Return on Asset for the first six months of 2021 was 7.6% while last year's -8.2%

Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of June 30, 2021 were THB 285,066 million a decrease of THB 52,896 million (15.7%) from December 31, 2020. These comprised of:

	Consolidated					
	Jun 30, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	74,169	26.0	83,285	24.6	-9,116	-10.9
Current portion of long-term liabilities	541	0.2	218,811	64.8	-218,270	-99.8
Long-term liabilities	183,803	64.5	5	-	+183,798	-
Other non-current liabilities	26,553	9.3	35,861	10.6	-9,308	-26.0
Total Liability	285,066	100.0	337,962	100.0	-52,896	-15.7

On June 15, 2021, due to the Central Bankruptcy Court's order approving the business rehabilitation plan following the resolution of the creditor's meeting on May 19, 2021, it is, therefore, a reason that short-term loans under the rehabilitation plan, the business has not received payment within one year, amounting to THB 14,990 million, has been classified as a non-current liability under long-term liabilities according to the conditions specified in the rehabilitation plan. The same is true for long-term loans, debentures, and lease liabilities, the portion of the previous year was classified as current liabilities due to THAI entered the rehabilitation process. This is the reason why the financial institution has the right to claim the loan debt under the contract immediately. This year, it was reclassified as non-current liabilities under long-term liabilities under the conditions stipulated in the rehabilitation plan resulting from the reclassification types of debt.

Current liabilities which accounted for 26.0 % of the total liabilities amounted to THB 74,169 million, a decrease of THB 9,116 million (10.9%) from December 31, 2020, due to a decrease in short-term borrowings of THB 14,990 million from moving to the long-term loan according to the rehabilitation plan while trade payables and other current payables increased by THB 6,013 million, it was an accrued expense in compensation for employees participating in the MSP project totaling THB 4,604 million including aircraft overhaul and maintenance payable because it is in the process of negotiating with creditors.

Long-term liabilities (including the current portion of long-term liabilities) represented 64.7 % of total liabilities, a decrease of THB 34,472 million (15.8%) resulting from the new conditions in the letter of intent (LOI) amount of THB 48,363 million and the debt adjustment, amount of THB 1,304 million, that THAI has been ordered by the Official Receiver for repayment. However, excluding the lease liabilities, the long-term liabilities would increase by THB 15,195 million resulting from changing the group of short-term borrowings amount of THB 14,990 million mentioned above and the currency adjustment of foreign lease liabilities into Baht term.

Other non-current liabilities accounted for 9.3% of total liabilities, a decrease of THB 9,308 million (26.0%). The main reason was a decrease in non-current liabilities for employee benefits by THB 10,395 million due to the reorganization structure and change in employee benefits based on the new regulations, while other non-current liabilities increased by THB 1,960 million from the estimated overhaul and maintenance and heavy maintenance, engine, and other components provisions for operating lease aircraft.

At the end of the first six months of 2021, the Interest Bearing Debt to equity was -1.6 times, this is higher than as of December 31, 2020, at -1.8 times and total debt to equity ratio of -2.5 times, while the first six months of 2020 was -18.3 times.

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

As of June 30, 2021, the shareholders' equity of THAI and its subsidiaries amounted to THB -116,484 million, a negative decrease from December 31, 2020, amounting to THB 12,181 million, mainly due to profit from the operations of THAI and its subsidiaries

Liquidity

As of June 30, 2021, THAI and its subsidiaries had cash and cash equivalents of THB 6,730 million, accounting for 4.0% of total assets, decreasing from 31 December 2020 by THB 1,944 million from the use in business operations. Therefore, the cash received from the sale of investment in BAFS and NOK was the specific purposed from the Central Bankruptcy Court in the business rehabilitation, to use in the main operations, for passenger transport, cargo operating cost and allocate to retired employees who were in the Mutual Separation Plan (MSP), that was set in the rehabilitation plan and was approved from the creditor's meeting and the Central Bankruptcy Court.

Contingent Liabilities

As of June 30, 2021, THAI and its subsidiaries had contingent liabilities arising from obligations that are not presented in the financial statements from the letter of guarantee issued by local and foreign banks and commitments from 3 lease aircraft for a period of 10 years which were not yet due for delivery (Details are in the notes to the financial statements No. 26).

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

In the first six months of 2021, THAI had total revenue of THB 9,553 million, lower than the previous year by THB 30,265 million or 76.0%, a decrease totaling THB 30,142 million or 86.7% resulting from lower production and traffic from suspended regular flights since the second quarter of 2020. In addition, other service revenues decreased by THB 1,505 million or 33.0% due to a decrease in the number of customer airlines while other income increased by THB 1,382 million. Total expenses were THB 21,458 million, lower than last year's THB 34,772 million (61.8%), mainly due to lower operating expenses in line with lower production and traffic and the strict reduction of other operating expenses. However, it was not enough to offset the decreasing revenue as mentioned earlier. These resulted in an operations loss of THB 11,905 million, a decrease of THB 4,507 million from the previous year (27.5%).

In addition, in the first six-month period of 2021, THAI had a net one-time item of THB 25,683 million consisting of

- Profit from the sale of investment in BAFS amounting to THB 2,633 million,
- Profit from the sale of investment in NOK amounting to THB 95 million,
- Profit from debt restructuring of THB 8,675 million,
- Compensation for the Mutual Separation Plan amounted to THB 4,896 million,
- The termination compensation of employment amounted to THB 613 million,
- Employee benefit adjustment amounted to THB 8,323 million from the reorganization structure and amendment in employee benefits,
- Impairment Loss of aircraft and right to use and rotatable flight equipment amounted to THB -18,459 million, due to the reduction in the new right of use followed Letter of Intent: LOI resulting in the reversed amount in an impairment loss of operating Lease aircraft,
- The result of the measurement of financial instruments from the adoption of TFRS No.9 amounted to THB 1,039 million mainly due to the allowance for impairment on receivables of ThaiSmile amounting to THB 1,259 million,
- Loss on Foreign Exchange of THB 5,954 million, comprising of unrealized FX loss of THB 6,003 million, which was caused by the adjustment of the total amount of liabilities of operating lease aircraft and assets and liabilities denominated in foreign currencies in Baht at the end of the period, especially the depreciated of Baht against Euro compared to December 31, 2020, and realized FX gain of THB 49 million.

THAI had a net profit of THB 13,336 million compared to last year's loss of THB 34,414 million, representing a profit per share of 6.11 baht while last year's loss of 15.77 baht per share.

EBITDA was THB -4,473 million, lower than last year's THB 5,712 million, with EBITDA Margin of -46.8% compared to the previous year which was 3.1%.

Financial Performance: THAI

	Jan-Jun			
	2021	2020	Variance	
			MTHB	%
Total operating revenues	9,553	39,818	-30,265	-76.0
- Passenger and excess baggage revenue	795	29,723	-28,928	-97.3
- Freight and mail revenue	3,844	5,058	-1,214	-24.0
- Revenue from other activities	3,056	4,561	-1,505	-33.0
- Other income	1,858	476	+1,382	+290.3
Total operating expenses	21,458	56,230	-34,772	-61.8
- Fuel and oil	1,406	10,714	-9,308	-86.9
- Non-fuel operating expenses	17,323	41,458	-24,135	-58.2
- Net finance cost	2,729	4,058	-1,329	-32.8
Operating Profit (Loss)	(11,905)	(16,412)	+4,507	+27.5
<u>Add</u> Gain from sale of investment	2,728	-	+2,728	-
<u>Add</u> Gain from debt restructuring	8,675	-	+8,675	-
<u>Add</u> Adjust Employee Benefit	8,323	-	+8,323	-
<u>Less</u> Mutual Separation Plan (MSP)	4,896	-	+4,896	-
<u>Less</u> Severance Pay	613	-	+613	-
<u>Less</u> Impairment loss on aircraft, right-of-use assets and aircraft spare parts	(18,459)	3,054	-21,513	-704.4
<u>Less</u> Impairment loss in accordance with TFRS 9	1,039	6,169	-5,130	-83.2
<u>Less</u> Impairment loss from investment in subsidiaries and associates	-	2,144	-2,144	-100.0
<u>Add</u> Gain (Loss) on foreign currency exchange	(5,954)	(1,032)	-4,922	-476.9
<u>Less</u> Loss for hedge of group of items with offsetting risk positions	-	5,258	-5,258	-100.0
Profit (Loss) before tax	13,778	(34,069)	+47,847	+140.4
Net Profit (Loss)	13,336	(34,414)	+47,750	+138.8
Net Profit (Loss) per share (THB)	6.11	(15.77)	+21.88	+138.7
Significant operating data				
EBITDA (MTHB)	(4,473)	1,239	-5,712	-461.0
Number of passengers (Million)	0.04	3.50	-3.46	-98.9
Available Seat-Kilometers (Million)	3,376	19,501	-16,125	-82.7
Revenue Passenger-Kilometers (Million)	251	13,482	-13,231	-98.1
Cabin factor (%)	7.4	69.1	-61.7	-61.7
Passenger yield (THB/RPK)	2.94	2.09	+0.85	+40.7
Available Dead Load Ton-Kilometers (Million)	198	919	-721	-78.5
Revenue Freight Ton-Kilometers (Million)	206	504	-298	-59.1
Freight load factor (%)	104.4	54.8	+49.6	+49.6
Freight carried (Ton)	50,915	134,814	-83,899	-62.2
Freight Yield (THB/RFTK)	17.87	9.53	+8.34	+87.5
Number of aircraft (As of June 30) (Aircraft)	83	83	-	-
Flight hours (Hours)	14,126	78,478	-64,352	-82.0
Aircraft utilization (Hours/Aircraft/Day)	4.8	6.1	-1.3	-21.3
Average foreign currency exchange rate				
1 USD : THB	30.8061	31.6166	-0.8105	-2.6
1 EUR : THB	37.1307	34.8187	+2.3120	+6.6
100 JPY : THB	28.6363	29.2248	-0.5885	-2.0
Average jet fuel price (USD/BBL)	69.04	76.09	-7.05	-9.3

Note : 1) EBITDA = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from change in ownership interest) - Expenses (exclude finance cost, tax, depreciation and amortization, adjust employee benefit, Impairment loss on aircraft, right-of-use assets and aircraft spare parts, estimate service compensation, impairment loss in accordance with TFRS 9, loss for hedge of group of items with offsetting risk positions and loss on foreign currency exchange)

Assets of Thai Airways International PCL.

As of June 30, 2021, total assets totaled THB 170,732 million, a decrease of THB 38,757 million (18.5%) from December 31, 2020.

	Separate Financial Statement					
	Jun 30, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	6,338	3.7	7,961	3.8	-1,623	-20.4
Non-current assets held for sale	1,422	0.9	164	0.1	+1,258	+767.1
Other current assets	16,781	9.8	14,398	6.9	+2,383	+16.6
Current Assets	24,541	14.4	22,523	10.8	+2,018	+9.0
Property, plant and equipment-net	38,731	22.7	42,093	20.1	-3,362	-8.0
Right-of-use Assets	74,380	43.5	110,921	52.9	-36,541	-32.9
Other non-current assets	33,080	19.4	33,952	16.2	-872	-2.6
Total Assets	170,732	100.0	209,489	100.0	-38,757	-18.5

Current assets increased by THB 2,018 million (9.0%) mainly due to trade and other current receivables and an increase in prepaid expenses. Moreover, non-current assets held for sale increased by THB 1,258 million due to the transfer of land and Laksi Training Center buildings sold to Energy Complex Company Limited while cash and cash equivalents decreased by THB 1,623 million (20.4%) from use in business operations.

Land, Plant, and Equipment-net, a decrease of THB 3,362 million (8.0%), mainly due to the transfer of land and Laksi Training Center buildings sold to Energy Complex Company Limited, whose book value was THB 1,387 million to non-current assets classified as held for sale coupled with the depreciation estimate of the aircraft.

Right of use consists of assets under finance lease and operating lease aircraft and other fixed assets decreased from December 31, 2020, by THB 36,541 million resulting from the new conditions in the letter of intent (LOI) and the depreciation estimate.

Liabilities of Thai Airways International PCL.

Total liabilities as of June 30, 2021 were THB 283,572 million a decrease of THB 53,152 million (15.8%) from December 31, 2020. These comprised of:

	Jun 30, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	73,777	26.0	82,598	24.5	-8,821	-10.7
Current portion of long-term liabilities	531	0.2	218,802	65.0	-218,271	-99.8
Long-term liabilities	183,797	64.8	-	-	+183,797	-
Other non-current liabilities	25,467	9.0	35,324	10.5	-9,857	-27.9
Total Liabilities	283,572	100.0	336,724	100.0	-53,152	-15.8

- Current liabilities decreased by THB 8,821 million (10.7%), mainly due to short-term loans decreased by THB 14,990 from the reclassification to the business rehabilitation plan while trade and other payables increased by THB 6,219 million.

- Long-term liabilities (including the current portion of long-term liabilities) decreased by THB 34,474 million (15.8%) from the reduction in lease obligation and the debt adjustment of long-term loans as mentioned above. In addition, a change in the grouping of short-term loans increased the long-term liabilities by THB 14,990 million.

- Other non-current liabilities decreased by THB 9,857 million (27.9%). The main reason was a decrease in non-current liabilities for employee benefits by THB 10,404 million due to the reorganization structure and adjustment in employee benefits based on new regulations. However, other non-current liabilities increased by THB 1,341 million from the estimated overhaul and maintenance and heavy maintenance, engine, and other components provisions for operating lease aircraft.

Shareholders' Equity of Thai Airways International PCL.

As of June 30, 2021, THAI had shareholders' equity of THB -112,840 million, a negative decrease from December 31, 2020 by THB 14,395 million, mainly due to profit from the operations for the first 6 months of this year.

4. Outlook

The world economy in the second half of the year is still full of uncertainties. The success of economic recovery will depend on these three key considerations: 1. effective economic policies that can control the damage from the impact of the virus pandemic; 2. global inflationary pressures that are likely to increase and may cause higher financial costs and debt burden and 3. The mutation of the virus and the cumulative number of casualties raise concerns. These may result in many countries returning to lockdown measures; thus, delaying the recovery causing fragile businesses may encounter bankruptcy, and affect the financial stability of some countries. For the aviation industry, "vaccination" will be a critical variable because it affects the opening policy of Thailand and the world and influences the confidence of tourists in travel. According to the predictions of the International Air Transport Association (IATA), global air travel will return to normal in 2024. As for the export sector, in 2021, the global economy is expected to recover even though many countries have implemented more stringent lockdown measures. However, the impact is expected to be more limited than the first round. In addition, the atmosphere of the world trade war is likely to ease.

As for the rehabilitation process of THAI, it will drive its business according to the business rehabilitation plan approved by the court on June 15, 2021, with a new vision: "A Private High-Quality Full-Service Carrier with a Strong Thai Brand, connecting Thailand to the World and consistently generating a sustainable profit margin", under the following pillars: "Being the preferred Customer base, Excellent Commercial, Cost competitiveness, Leading in operating and safety performance, connecting with region". For the third quarter to the fourth quarter of this year, THAI also joins the government's policy to stimulate and drive the economy under the Phuket Sandbox model by opening the country to invite tourists who have been vaccinated against any quarantined which will launch the program in the third quarter including 5 cities from Europe: Frankfurt, London, Copenhagen, Paris, and Zurich, will fly directly to Phuket. and if the Covid-19 situation improves, there will be more direct flights to Phuket. Moreover, THAI closely monitored the situation and evaluated the impact for resuming commercial flights following the control measures of each country when the situation would improve.

5. Financial Ratios

		Jan-Jun			
		Consolidated		The Company	
		2021	2020	2021	2020
Liquidity Ratio					
Current Ratio	(times)	0.33	0.11	0.39	0.12
Profitability Ratio					
Operating Profit (Loss) Margin	%	(140.99)	(45.12)	(124.46)	(41.13)
Net Profit (Loss) Margin	%	108.69	(69.07)	139.42	(86.24)
Return on Equity	%	(9.07)	(877.38)	(11.11)	-
Efficiency Ratio					
Return on Total Assets	%	7.63	(8.24)	8.69	(10.43)
Financial Policy Ratio					
Interest Bearing Debt to Equity	(times)	(1.58)	(13.33)	(1.63)	(14.13)
Total Debt to Equity	(times)	(2.45)	(18.30)	(2.51)	(19.34)
Interest Coverage Ratio	(times)	(2.37)	0.04	(1.63)	0.30
Net Debt to EBITDA	(times)	(41.01)	-	(62.00)	256.39
Debt Service Coverage Ratio	(times)	(1.70)	0.01	(1.17)	0.18

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, gain on change in ownership interest and profit from debt restructuring)

Net Profit(Loss) Margin = Net Profit(Loss) / Total Revenue (excluded gain on foreign currency exchange, gain on change in ownership interest and profit from debt restructuring)

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

Return on Total Assets = Profit (Loss) before interest and tax/ 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 first six months period ended June 30, 2021 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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Ministry of Finance (MOF)	MOF is the major shareholder of THAI with 47.86% shares.	1. International loans taken through the MOF consist of:				The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		- Outstanding loans	12,921.51	12,496.88	11,977.44	
		- Interest expenses	148.65	1,158.94	310.92	
		- Accrued interest expenses	148.65	1,146.23	128.54	
		- Commitment fees/ Accrued commitment fees.	0.00	0.00	0.00	
		2. THAI leased the lands from the Treasury Department.	4.11	8.47	9.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
		3. THAI sold tickets to the MOF. - Total revenue - Account receivable	0.00 0.00	0.00 0.16	0.14 0.16	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Government Savings Bank (GSB)	GSB is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a committed revolving credit line with GSB credit limit up to THB 3.5 billion, the credit line was used. - Outstanding loans - Commitment fee - Accrued commitment fee - Interest expenses - Accrued interest expenses	3,500.00 0.00 56.02 56.02	3,500.00 1.37 0.00 530.08 522.89	0.00 6.18 2.23 0.00 0.00	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI sold tickets, rented out space, and other services to GSB. - Total revenue - Account receivable	0.01 0.00	2.51 2.03	7.56 0.47	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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Export-Import Bank of Thailand (EXIM)	EXIM is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with EXIM: - Outstanding loans - Interest expenses - Accrued interests	398.12 35.04 35.04	398.74 39.92 37.62	437.31 11.41 0.02	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI entered into a committed revolving credit line with EXIM credit limit up to THB 1.5 billion, the credit line was used. - Outstanding loans - Commitment fee - Accrued commitment fee - Interest expenses - Accrued interest expenses	1,500.00 0.00 0.00 15.40 15.40	1,500.00 1.50 0.00 170.67 165.38	0.00 3.49 0.04 45.78 0.00	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
		3. THAI sold tickets to EXIM. - Total revenue	0.00	0.04	0.32	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Islamic Bank of Thailand (IBANK)	IBANK is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with IBANK: - Outstanding loans - Interest expenses - Accrued Interests	2,000.00 18.62 18.62	2,000.00 186.79 168.59	2,000.00 64.84 5.14	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI entered into a committed revolving credit line with IBANK credit limit up to THB 0.5 billion, the credit line was used. - Outstanding loans - Interest expenses - Accrued Interests	500.00 4.81 4.81	500.00 66.93 65.09	0.00 25.36 0.00	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
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. In 2020, the credit line was used. - Outstanding loans - Commitment fee - Interest expenses - Accrued interest expenses		2,260.73 0.86 284.66 260.69	0.00 3.23 31.82 0.00	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.5 billion, the credit line was used. - Outstanding loans - Interest expenses - Accrued interest expenses		3,500.00 385.11 378.00	3,500.00 12.11 5.26	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
		3. THAI sold debentures to KTB. - Debenture value - Interest expenses - Accrued interest expenses		832.00 32.15 33.33	832.00 10.60 3.38	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		4. THAI provided office space rental, ATM space, utilities, and leased line to KTB. - Total revenue - Account receivable		3.05 0.11	3.58 0.33	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		5. THAI paid service fees to KTB for cash delivery and debentures distribution fee. - Total expenses - Account payable		3.92 0.15	10.93 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Thailand Post Company Limited	Thailand Post and THAI have a common major shareholder, namely MOF.	1. THAI bought postal services, both domestic and international, and postal tools from Thailand Post. - Total expenses - Account payable	0.00 0.00	0.62 0.01	1.37 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to Thailand Post. - Total revenue - Account receivable	0.00 0.00	0.22 0.00	1.73 0.14	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	0.00 0.11	0.00 0.11	1.51 0.11	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided office space rental to TAT. - Total revenue - Account receivable	5.19 0.91	18.17 0.73	63.47 14.70	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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
MCOT Public Company Limited (MCOT)	MCOT and THAI have a common major shareholder, namely MOF.	1. THAI paid for advertising to MCOT.				The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total expenses	0.00	1.63	1.97	
		- Account payable	0.87	0.87	0.00	
PTT Public Company Limited (PTT)	PTT and THAI have a common major shareholder, namely MOF.	1. THAI bought fuel for its aircraft and vehicles from PTT.				The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total expenses	0.00	18.60	120.50	
		- Account payable	1.50	1.50	0.00	
		2. THAI sold tickets and provided AC dielectric tester service to PTT.				
- Total revenue	0.00	3.37	30.64			
		- Account receivable	0.00	0.00	4.22	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Airports of Thailand Public Company Limited (AOT)	AOT and THAI have a common major shareholder, namely MOF.	1. AOT provided space rental at several airports for THAI's offices, aircraft/ vehicle parking, cargo loading/ unloading, stores for ground service equipment, containers, and other services. - Total expenses - Account payable	527.21 6.27	4,577.76 4.02	6,432.68 168.15	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to AOT and received 2% of passenger service charge collected for AOT. - Total revenue - Account receivable	23.18 13.42	23.18 13.42	99.49 18.36	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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
CAT Telecom Public Company Limited (CAT)	CAT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to CAT. - Debenture value - Interest expenses - Accrued interest expenses	933.00 13.95 13.95	933.00 46.54 49.47	933.00 14.96 4.79	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
TOT Public Company Limited (TOT)	TOT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to TOT - Debenture value - Interest expenses - Accrued interest expenses	415.00 5.55 5.55	415.00 15.93 16.80	415.00 5.92 1.72	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
Civil Aviation Training Center (CATC)	CATC is controlled by the MOF, a major shareholder of THAI.	1. CATC provided aviation training for THAI's pilots. - Total expenses - Account payable	0.00 10.00	9.34 10.00	14.95 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to CATC. - Total revenue	0.00	0.00	0.18	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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	THAI is the major shareholder of Thai-Amadeus Southeast Asia, with 55% shares. THAI's executive officers: Mr. Chai Eamsiri is a Director of Thai-Amadeus Southeast Asia.	1. THAI sold tickets and provided office space and computer rental to Thai-Amadeus Southeast Asia Co., Ltd. - Total revenue - Account receivable	3.54 0.62	9.26 0.78	11.02 0.17	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Wingspan Services Company Limited (WSC) (Subsidiary Company)	THAI is the major shareholder of WSC, with 49% shares and controlling authority. THAI's executive officers: Mr. Suvadhana Sibunruang is a Director of WSC.	1. WSC outsourced its staff to THAI. - Total expenses - Account payable - Advance wages	71.64 125.97	604.38 138.81 0.00	1,119.93 298.79 238.86	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided office space and equipment rental to WSC. - Total revenue - Account receivable	0.19 2.22	2.02 2.05	4.33 1.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	THAI is the major shareholder of TFTA, with 49% shares and controlling authority THAI's executive officers: Sqn. Ldr. Anirute Sangrit is a Director of TFTA; Mr. Krisana Jaemkrajang is a Director of TFTA on March 19, 2021.	1. THAI provided aviation training equipment, office space and equipment rental to TFTA. - Total revenue	9.17	19.14	20.23	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 and according to market price
		- Account receivable	1.54	4.18	2.58	
		2 TFTA provided flight attendant training to THAI - Total expenses	0.04	0.45	0.00	
		- Account payable	0.45	0.45	0.00	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Tour Eurng Luang Company Limited (Subsidiary Company)	THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority.	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang. - Total expenses	0.00	0.00	0.11	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold Eurng Luang tours to Tour Eurng Luang. - Total revenue - Account receivable	0.02 1.56	11.79 1.55	47.60 0.33	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai Smile Airways Company Limited (Subsidiary Company)	THAI wholly owns Thai Smile Airways. THAI's executive officers: Mr. Chansin Treenuchagron, Mr. Suvadhana Sibunruang and Mr. Nond Kalinta are Directors of Thai Smile Airways.	1. THAI bought Block Space and other services from Thai Smile Airways. - Total expenses - Account payable	1,884.16 2.93	1,884.16 2.93	7,011.84 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided aircraft rental, ground services, parking space, aircraft insurance premium, boarding passes, pilot training and catering to Thai Smile Airways. - Total revenue - Account receivable	1,638.01 8,959.01	5,015.00 7,763.06	9,328.93 5,486.27	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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Don Mueang International Airport Hotel Company Limited (Associated Company)	THAI holds 40% shares in Don Mueang International Airport Hotel.	1. THAI bought hotel rooms for its passengers from Donmueang International Airport Hotel. - Total expenses	0.00	0.00	0.10	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Bangkok Aviation Fuel Services Public Company Limited (BAFS) (Associated Company)	THAI holds 22.59% shares in BAFS. THAI's executive officers:	1. THAI bought Jet fuels from BAFS. - Total expenses - Account payable	12.38 22.22	128.84 22.22	362.57 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	Mr. Cherdphan Chotikhun and Mr.Chai Eamsiri are Directors of BAFS.	2. THAI provided transportation and catering services to BAFS. - Total revenue	0.00	0.00	0.01	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	1. THAI bought catering services from PACCO. - Total expenses - Account payable	0.00 20.44	99.02 20.52	125.92 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
	Director of PACCO.	2. THAI sold raw materials and services to PACCO. - Total revenue - Account receivable	0.00 0.00	0.06 0.00	0.29 0.01	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 and Ms. Piyanee Sungtong are Director of Suvarnabhumi Airport Hotel	1. THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel. - Total expenses - Account payable	0.00 2.16	5.69 2.16	26.03 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the first six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Joint-Venture Company)	AEROTHAI and THAI have a common major shareholder, namely MOF. THAI holds 0.79% shares in AEROTHAI. THAI's executive officer: Sqn. Ldr. Anirute Sangrit is a Director of AEROTHAI	1. THAI bought navigation services and rented communication equipment from AEROTHAI - Total revenue - Account payable	47.02 118.63	364.52 105.53	1,388.29 115.32	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided transportation services to AEROTHAI. - Total revenue - Account receivable	0.00 0.00	0.12 0.00	0.20 0.05	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 six months period ended June 30 , 2021	For the year ended December 31 , 2020	For the year ended December 31 , 2019	
Nok Airlines Public Company Limited	THAI holds 10.46% shares in Nok Airlines.	1. THAI paid for ground service equipment at Ubon Ratchathani and engineering licenses to Nok Airlines. - Total expenses - Account payable		0.00 0.00	1.16 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided aviation services such as aircraft and equipment maintenance and Jet fuels to Nok Airlines. - Total revenue - Account receivable		233.15 164.89	176.40 56.44	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Note 1. Krung Thai Bank Public Company Limited is controlled through the Bank of Thailand and the Financial Institutions Development Fund holding 55 percent of the shares instead of the Ministry of Finance in 2020.

2. Nok Airlines Public Company Limited. The company has less than 20% shareholding and has no control. From November 4, 2020

In addition, THAI also has related transactions which are expenses related to utilities services (including electricity, water, and telephone bills) that THAI has transactions with government agencies, and/or state enterprises acting as service providers of such utilities in the amount of 1.07 million baht for the six-month period ended June 30, 2021, and the outstanding balance of 6.13 million baht as of June 30, 2021.

6.2 Necessity and reasonableness of related party transactions

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

6.3 Connected Transaction Approval Procedures

Entering the above related transactions This is in line with the normal business of the company, and has been approved according to the company's procedures which has strict measures including directors and executives who have interests in such matters will not be involved in the approval of the transaction

6.4 Future related party transaction policy

Audit Committee and THAI will jointly take care of the aforementioned related transactions that may occur in the future to be reasonable and with a fair rate of return as well as being approved in accordance with the relevant procedures and regulations properly and will disclose the type and value of the connected transactions of the Company with persons who may have conflicts of interest under the announcements and regulations of the Securities and Exchange Commission (SEC), the Capital Market Supervisory Board, the SEC Office and the Stock Exchange of Thailand (SET).