

Management’s Discussion and Analysis for the second quarter of 2023 ended June 30, 2023, for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

In the second quarter of 2023, the world economy expanded mainly from service sector improvement, particularly international tourism activity. The major economies such as the US, the EU, Japan, and China had developed since the first quarter while the manufacturing sector contracted through weaker global demand that caused by continuing high inflation. Despite the decrease of inflation, many countries retained their harsh monetary policies. In addition, geopolitical tensions around the world, for instance, the US vs. China and Russia vs. Ukraine were predictable to a bearing on world trade had caused China’s manufacturing and import sector to gradually recover due to high levels of inventories and the US’s trade barriers. Therefore, China's reopening had slight benefit to the Asian economy.

World aviation industry in the second quarter of 2023 continued to recover due to rising international traffic demand following pent-up demand and the reopening of China, while freight traffic had been affected by economic slowdown and trade barriers increasing. According to the report of the International Air Transport Association (IATA), the Revenue Passenger Kilometers (RPK) from April to June 2023 increased by 38.6 %, which was an increase in international passenger traffic 40.9 % while Revenue Freight Ton-Kilometers(RFTK) contracted by 5.1% compared to the same period last year. For the Asia Pacific region The Asia Pacific Airlines Association (AAPA) reported a 194.4% increase in international passenger traffic compared to the same period last year. Passenger traffic (RPK) and passenger production (ASK) increased by 159.9% and 136.8% respectively. Cabin Factor (CF) increased from 73.0% to 80.1%, while Freight traffic (Revenue Freight Ton-Kilometers: RFTK) decreased by 6.9%, Freight production (Available Dead Load Kilometer: ADTK) increased by 5.5%, Freight Load Factor (FLF) decreased from 68.3% to 60.2%

The Thai economy continued to develop more in the second quarter of 2023 resulting from the recovery of the travel and tourism industry, which increased private consumption from the relaxation and removal of travel restrictions all around the world and Thailand, particularly, the reopening of China couple with lower inflation in the first half of the year despite higher energy prices. The total number of foreign visitors to Thailand between April and June 2023 was 6.4 million, up 306.5% from the same period last year. This represents 71.4% of the number of tourists during the pre-crisis period of 2019, with 77.9% of them coming from the Asia-Pacific region, with ASEAN leading the way with 39.0%. The top 5 countries came from Malaysia, China, India, South Korea, and Vietnam. Chinese visitors increased from 2,963 per day in January 2023 to 10,396 per day in June 2023, totaling 1.4 million in the first six months of 2023, in line with the recovery of airline business in Thailand. There were 24.9 million people traveled inbound and outbound Thailand through six major airports during April-June 2023, an increase of 85.2% from 2022. More than half of those were foreign or approximately 13.9 million people, outstandingly increased by 243.0% representing a lucid growth rate compare to the same period last year.

Thai Airways International Public Company Limited (“THAI”) continued to implement and focused on the business recovery plan. The major revenue was primarily driven by improved transportation, more fleet efficiency and the non-core assets utilization.

Significant operations in the second quarter of 2023 were as follows:

- Implementation of the fleet efficiency improvement plan: delivery of 2 Airbus A350-900 aircraft which will start their operations from July 1, 2023 onward to increase flight frequency in important cities such as Guangzhou, Shanghai, Beijing, etc., and to increase fleet efficiency to support the recovery of the aviation industry, and to increase the efficiency of generating revenue both now and in the future.

- Exploitation of none-core assets: sold 1 Boeing B747-400 aircraft and 1 Boeing B737-400, including 4 unused spare engines. In addition, THAI sold 1,868 shares in Fuel Pipeline Transportation Limited Company. THAI received full payment and transferred all of those assets to the buyer.

- Aviation business group restructuring: On May 17, 2023, the creditors' committee resolved to approve the restructuring of THAI's aviation business group according to the guidelines proposed by the rehabilitation plan administrators and the management. The main objective was to increase the efficiency of fleet management, to be able to plan and develop the better network to serve the demand of passengers seamlessly. Finally, the process was expected to be completed by 2023. In the second quarter of 2023, 3 Airbus A320-200 aircraft transferred to the THAI's fleet for preparation to operate on international routes such as Delhi, Mumbai, Yangon and Dhaka, THAI would continue transfer until completion of 20 aircraft.

THAI was also recognized as one of the top 10 airlines in these areas: the World's Best Airline Cabin Crew and the Best Airline Staff in Asia in 2023 from Skytrax (The 2023 Skytrax World Airline Awards). These awards perfectly demonstrated the services level of THAI peered to the international standard. THAI also continued to strive to further improve the quality in all aspects to provide passengers with maximum satisfaction.

As of June 30, 2023, THAI and its subsidiaries had a total of 67 aircraft in operation. In this quarter, the aircraft utilization was 11.8 hours with passenger production (ASK) increasing by 47.2%. Passenger traffic (RPK) increased by 93.1%, Cabin Factor averaged 79.2%, higher than last year's average of 60.3%, and the total number of passengers carried was 3.35 million, a 66.7% increase from the same period year. Freight production (ADTK) was 49.9% higher than last year while the freight traffic (RFTK) was 10.9% higher than the previous year. The average freight load factor was 51.1%, compared to the last year's 69.0%.

In the second quarter of 2023, the operating profit before finance cost exclude the one-time items for THAI and its subsidiaries, represented of THB 8,576 million, THB 9,875 million higher than last year. Total revenue was THB 37,381 million, THB 15,855 million (73.7%). higher than last year from passenger and excess baggage which increased by THB 17,736 million (132.5%). THAI has increased flight frequency on popular routes with 7 more destinations compared to the last year: Beijing, Shanghai, Kunming, Guangzhou, Chengdu, Haneda and Fukuoka. In addition, the revenue from other businesses were increased by THB 332 million (20.6%), mainly due to the increase in passenger number of customer airlines, except the cargo handling services. Total expenses were THB 28,805 million, higher than last year by THB 5,980 million (26.2%), resulting from an increase in variable operating expenses which in line with greater number of production and/or traffic. For the financial costs (the recognition of financial costs according to the Financial Reporting Standards No. 9: TFRS 9) was recognized in the amount of THB 3,967 million, higher than last year by THB 865 million (27.9%).

THAI and its subsidiaries had net one-time items, loss of THB 2,643 million, mainly due to loss on foreign exchange rate and loss from impairment in accordance with TFRS9 (Thai Financial Reporting Standards No. 9), even though there were gains on debt restructuring. Consequently, THAI and its subsidiaries reported a net profit of THB 2,273 million, THB 5,486 million higher than the previous year. Profit attributable to the parent was THB 2,262 million, equivalent to 1.04 Baht per share compared to last year's loss per share of 1.48 Baht. EBITDA after cash paid for lease payment include Power by the Hour, amounted to THB 9,307 million, an increase of THB 7,245 million from last year.

2. Summary of Operating Results: THAI and its subsidiaries

The consolidated financial statements for the second quarter of 2023 consists of THAI's financial statement and 5 subsidiary companies which are 1) THAI-Amadeus Southeast Asia Co., Ltd., 2) Wingspan Services Co., Ltd., 3) Thai Smile Airways Co., Ltd., "(Thai Smile)" 4) THAI Flight Training Co., Ltd., and 5) Tour Eurng Luang Co., Ltd.

Financial Performance: THAI and its subsidiaries

	Apr – Jun			
	2023	2022	Variance	
			MTHB	%
Total operating revenues	37,381	21,526	+15,855	+73.7
- Passenger and excess baggage revenue	31,125	13,389	+17,736	+132.5
- Freight and mail revenue	3,832	6,414	-2,582	-40.3
- Revenue from other businesses	1,943	1,611	+332	+20.6
- Other income	481	112	+369	+329.5
Total operating expenses	28,805	22,825	+5,980	+26.2
- Fuel and oil	10,244	8,946	+1,298	+14.5
- Non-fuel operating expenses	18,561	13,879	+4,682	+33.7
Operating Profit (Loss) before finance cost exclude the one-time items	8,576	(1,299)	+9,875	+760.2
Finance cost	3,967	3,102	+865	+27.9
Operating Profit (Loss) exclude the one-time items	4,609	(4,401)	+9,010	+204.7
Gains from debt restructuring	942	5,482	-4,540	-82.8
Gains from sale of asset	4	325	-321	-98.8
Share of gain (loss) of associates using the equity method	5	(5)	+10	+200.0
Adjust Employee Benefit	-	237	-237	-100.0
Gain from sale of investment	-	13	-13	-100.0
Severance Pay	-	(11)	+11	+100.0
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(1)	(8)	+7	+87.5
Mutual Separation Plan (MSP)	(76)	274	-350	-127.7
Adjustment of holiday compensation for retired employees	(92)	-	-92	-
Impairment loss in accordance with TFRS 9	(95)	(35)	-60	-171.4
Loss on foreign currency exchange	(3,330)	(4,290)	+960	+22.4
Profit (Loss) before tax	1,966	(2,419)	+4,385	+181.3
Net Profit (Loss)	2,273	(3,213)	+5,486	+170.7
Profit (Loss) attribute to owners of the parent	2,262	(3,221)	+5,483	+170.2
Net Profit (Loss) per share (THB)	1.04	(1.48)	+2.52	+170.3

		Apr - Jun			
		2023	2022	Variance	
				MTHB	%
Significant operating data					
EBITDA - Aircraft Lease Payment	(MTHB)	9,307	2,062	+7,245	+351.4
Number of passengers	(Million)	3.35	2.01	+1.34	+66.7
Available Seat-Kilometers	(Million)	13,206	8,972	+4,234	+47.2
Revenue Passenger-Kilometers	(Million)	10,457	5,414	+5,043	+93.1
Cabin Factor	(%)	79.2	60.3		+18.9
Passenger Yield	(THB/RPK)	2.97	2.46	+0.51	+20.7
Available Dead Load Ton-Kilometers	(Million)	697	465	+232	+49.9
Revenue Freight Ton-Kilometers	(Million)	356	321	+35	+10.9
Freight Load Factor	(%)	51.1	69.0		-17.9
Freight carried	(Ton)	82,279	88,257	-5,978	-6.8
Freight Yield	(THB/RFTK)	10.53	19.78	-9.25	-46.8
Number of aircraft (As of Jun 30)	(Aircraft)	74	91	-17	-18.7
Flight hours	(Hours)	65,345	45,690	+19,655	+43.0
Aircraft utilization	(Hours/Aircraft/Day)	11.8	9.8	+2.0	+20.4
Average foreign currency exchange rate					
1 USD	: THB	34.4783	34.3970	+0.0813	+0.2
1 EUR	: THB	37.5072	36.6388	+0.8684	+2.4
100 JPY	: THB	25.1250	26.5415	-1.4165	-5.3
Average jet fuel price	(USD/BBL)	100.42	150.12	-49.70	-33.1

Note: EBITDA-Aircraft Lease Payment = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from sale of investment) - Expenses (Excluded Power by the Hour, finance cost, tax, depreciation and amortization, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9 and loss on foreign currency exchange) after cash paid for lease liabilities included Power by the Hour.

Summary of THAI and its subsidiaries

Revenues

The total revenue (excluded the one-time items) was THB 37,381 million, an increase of THB 15,855 million (73.7%). As the following details:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue amounted to THB 31,125 million, THB 17,736 million (132.5%) higher than last year's resulting from

- Passenger traffic (RPK) increased by 93.1% or approximate THB 12,400 million compared to last year while Production traffic (ASK) increased by 47.2%. Average cabin factor was 79.2% higher than last year's 60.3%.

- Average passenger yield (included fuel and insurance surcharges) increased by 0.51 THB (20.7%) or around THB 5,300 million.

- **Freight and mail revenue**

Freight and mail revenue amounted to THB 3,832 million, a decrease of THB 2,582 million (40.3%) resulting from freight yield (included fuel and insurance surcharges) was THB 10.53, decreased by THB 9.25 (46.8%) or around THB 3,300 million. Freight load factor average at 51.1% lower than last year's 69.0%. While there was an increase in freight traffic (RFTK) by 10.9% or approximate by THB 700 million.

- **Revenue from other businesses**

Revenue from other businesses consisted of revenues from business units which were Ground services, Catering, Cargo handling services, and other supporting activities totalled THB 1,943 million, an increase of THB 332 million (20.6%) over last year mainly due to the increase in passenger number of customer airlines, except the cargo handling services.

- **Other income**

Other income was higher than last year by THB 369 million mainly from more interest income from an increasing in cash and cash equivalents.

Expenses

Total expenses (excluded the one-time items) amounted to THB 28,805 million, an increase of THB 5,980 million (26.2%). A summary of the operating expenses was as follows:

- **Fuel and oil expenses**, amount of THB 10,244 million or represented 35.6% of total expenses, an increase of THB 1,298 million (14.5%) from more operating flights resulting more oil consumption couple with the depreciation of Thai Baht against the US dollars compared to the previous year triggered higher fuel expense when translated to Thai Baht while average oil prices decreased by 33.1%.

- **Non-fuel operating expenses** totaled THB 18,561 million, an increase of THB 4,682 million (33.7%), details as follows:

Unit: Million Baht	Apr - Jun			
	2023	2022	Variance	
			MTHB	%
Expense				
Employee benefit expenses	2,430	1,976	+454	+23.0
Flight service expenses	3,366	2,016	+1,350	+67.0
Crew expenses	1,000	574	+426	+74.2
Aircraft maintenance and overhaul costs	3,771	2,555	+1,216	+47.6
Depreciation and amortization expenses	2,765	2,692	+73	+2.7
Lease of aircraft and spare parts	685	1,309	-624	-47.7
Inventories and supplies	1,344	635	+709	+111.7
Selling and advertising expenses	1,642	1,181	+461	+39.0
Other expenses	1,558	941	+617	+65.6
Non-fuel Operating Expense	18,561	13,879	+4,682	+33.7

Summary of expenses that have changed significantly are as follows:

- Variable cost consisted of flight service expenses, crew expenses, aircraft maintenance and overhaul cost, inventories and supplies and selling and advertising expenses including of Power by the Hour which THAI had entered the Letter of Intent (LOI) totalled THB 11,808 million, higher than the previous year THB 3,538 million (42.8%) resulting from an increasing in production and/or traffic. However, aircraft lease payment under Power by the Hour agreement has decrease due to the expiration of the contract.

- Fixed cost comprised of Employee benefits expenses, depreciation, and amortization expenses, and other expenses totaled THB 6,753 million, THB 1,144 million (20.4%) higher than last year. Details are as follows:

- Employee benefits expenses (excluding compensation reserves for employees participating in Mutual Separation Program and the adjustments of holiday compensation for retired employees) amounted to THB 2,430 million, an increase of THB 454 million (23.0%) resulting from the adjustment in salary increment of pilot and cabin crew which were changed caused by the COVID-19 situation. In addition, there were a base salary modification and hiring more outsource.

- Depreciation and amortization amounted to THB 2,765 million, an increase of THB 73 million (2.7%), mainly due to depreciation of aircraft adjustment and impairment reversal at the end of 2022. In addition, the right to use of aircraft under the lease agreement were adjusted as per the interest rate specified in contract.

- Other expenses amounted to THB 1,558 million, an increase of THB 617 million (65.6%) due to the increase in outsource and utilities cost, resulting from increasing in production and also electricity variable charge rate.

- **Finance cost** amounted to THB 3,967 million, an increase of THB 865 million (27.9%) based on the TFRS 9.

Gains on debt restructuring amounted to THB 942 million, comprising of gain from termination of onerous contracts and gain on de-recognition of financial liabilities measured at amortized cost. However, there were loss from liabilities adjustments in accordance with an Order from the Official Receiver. (Also see Note to the financial statements No. 4.2).

Gains on sale of assets amounted to THB 4 million, comprising of

- Gains on the sale of assets THB 22 million
- Loss on sale of spare engines THB 14 million (4 Trent 500 spare engines)
- Loss on sale of aircraft THB 4 million.

Mutual Separation Plan (“MSP”)

THAI paid the compensation for employees granted approval to extend the term of retirement to MSP B, C and D amount to THB 76 million.

Adjustment of holiday compensation for retired employees amounted to THB 92 million.

Impairment loss on aircraft, right-of-use assets and rotatable aircraft’s spare parts amounted to THB 1 million from deteriorate.

Impairment loss in accordance with TFRS 9 amounted to THB 95 million.

Loss on foreign currency exchange was THB 3,330 million consisted of THB 2,845 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 US Dollar and the Euro as of June 30, 2023, when compare to March 31, 2023, and realized FX loss of THB 485 million.

- **Share of profits of associates** amounted to THB 5 million, higher than the previous year by THB 10 million. Details as follow:

- Suvarnabhumi Airport Hotel Ltd.’s profit of THB 2 million, increased by THB 1 million from last year.
- Don Mueang International Airport Hotel Ltd.’s profit of THB 3 million, where last year’s loss of THB 2 million.
- Phuket Air Catering Ltd.’s no profit/loss for this period, while last year’s loss of THB 4 million.

EBITDA after cash paid for lease payment include Power by the Hour for the second quarter of 2023 amounted to THB 9,307 million, increased by THB 7,245 million from last year (351.4%).

**Summary of performance: THAI and its subsidiaries for the first 6 months of 2023
(January 1 - June 30, 2023)**

	Jan – Jun			
	2023	2022	Variance	
			MTHB	%
Total operating revenues	78,889	32,706	+46,183	+141.2
- Passenger and excess baggage revenue	66,103	17,865	+48,238	+270.0
- Freight and mail revenue	8,195	11,634	-3,439	-29.6
- Revenue from other businesses	3,903	2,950	+953	+32.3
- Other income	688	257	+431	+167.7
Total operating expenses	57,280	37,175	+20,105	+54.1
- Fuel and oil	22,296	13,193	+9,103	+69.0
- Non-fuel operating expenses	34,984	23,982	+11,002	+45.9
Operating Profit (Loss) before finance cost exclude the one-time items	21,609	(4,469)	+26,078	+583.5
Finance cost	7,515	5,293	+2,222	+42.0
Operating Profit (Loss) exclude the one-time items	14,094	(9,762)	+23,856	+244.4
Gain from debt restructuring	3,582	6,995	-3,413	-48.8
Gains on sale of asset	366	617	-251	-40.7
Share of gain (loss) of associates using the equity method	29	(17)	+46	+270.6
Mutual Separation Plan (MSP)	(141)	633	-774	-122.3
Severance Pay	-	(115)	+115	+100.0
Adjust Employee Benefit	-	237	-237	-100.0
Gains from sale of investment	-	16	-16	-100.0
Mileage accumulation adjustment	-	(628)	+628	+100.0
Items adjustment related to the right of use in aircraft	-	(656)	+656	+100.0
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(66)	(8)	-58	-725.0
Adjustment of holiday compensation for retired employees	(92)	-	-92	-
Impairment loss in accordance with TFRS 9	(120)	(103)	-17	-16.5
Loss on foreign currency exchange	(3,214)	(2,946)	-268	-9.1
Profit (Loss) before tax	14,438	(5,737)	+20,175	+351.7
Net Profit (Loss)	14,795	(6,457)	+21,252	+329.1
Profit (Loss) attribute to owners of the parent	14,776	(6,467)	+21,243	+328.5
Net Profit (Loss) per share (THB)	6.77	(2.96)	+9.73	+328.7

		Jan - Jun			
		2023	2022	Variance	
				MTHB	%
Significant operating data					
EBITDA – Aircraft Lease Payment	(MTHB)	23,361	684	+22,677	+3,315.4
Number of passengers	(Million)	6.87	3.03	+3.84	+126.7
Available Seat-Kilometers	(Million)	26,505	14,979	+11,526	+76.9
Revenue Passenger-Kilometers	(Million)	21,567	7,366	+14,201	+192.8
Cabin Factor	(%)	81.4	49.2		+32.2
Passenger Yield	(THB/RPK)	3.05	2.41	+0.64	+26.6
Available Dead Load Ton-Kilometers	(Million)	1,393	778	+615	+79.0
Revenue Freight Ton-Kilometers	(Million)	690	579	+111	+19.2
Freight Load Factor	(%)	49.5	74.4		-24.9
Freight carried	(Ton)	159,709	152,279	+7,430	+4.9
Freight Yield	(THB/RFTK)	11.65	19.88	-8.23	-41.4
Number of aircraft (As of Jun 30)	(Aircraft)	74	91	-17	-18.7
Flight hours	(Hours)	132,264	76,216	+56,048	+73.5
Aircraft utilization	(Hours/Aircraft/Day)	12.0	8.9	+3.1	+34.8
Average foreign currency exchange rate					
1 USD : THB		34.1952	33.7250	+0.4702	+1.4
1 EUR : THB		36.9477	36.8669	+0.0808	+0.2
100 JPY : THB		25.3920	27.5080	-2.1160	-7.7
Average jet fuel price	(USD/BBL)	108.72	132.98	-24.26	-18.2

Note: EBITDA-Aircraft Lease Payment = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from sale of investment) - Expenses (Excluded Power by the Hour, finance cost, tax, depreciation and amortization, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9 and loss on foreign currency exchange) after cash paid for lease liabilities included Power by the Hour.

In the first six months of 2023, THAI and its subsidiaries reported operating profit before finance cost exclude the one-time items of THB 21,609 million, THB 26,078 million (583.5%) over the last year. Total revenue amounted to THB 78,889 million, an increase of THB 46,183 million (141.2%) from transportation activity, an increase of THB 44,799 million (151.9%). Passenger and excess baggage revenue (included fuel and insurance surcharges) increased by 270.0% from growth of passenger traffic as well as passenger yield. On the other hand, Freight and mail revenue were decreased by 29.6% resulting from a decrease in freight yield by 41.4%. However, Revenue Freight Ton-Kilometers (RFTK) has increased by 19.2%. In addition, revenue from other businesses increased by 32.3% mainly due to the increase in number of customer airlines and passenger number of customer airlines.

Total expenses (excluded the one-time items) amounted to THB 57,280 million, an increase of THB 20,105 million (54.1%) mainly from the increase in fuel expense by THB 9,103 million (69.0%) from increasing in traffic, couple with the depreciation of US Dollar compared to the same period last year caused more expense in Baht term while average fuel price decreased by 18.2%. Variable cost increased in line with increasing production/traffic and also fixed cost increased by 18.9% which partially from increase in employee benefits by 15.9%. Other expenses increased by 58.8%.

THAI and its subsidiaries had net one-time revenue mainly due to gains on debt restructuring and gains on sales of assets. However, there were impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss on assets per TFRS9, loss on foreign currency exchange and reorganization with employee benefits structure. Therefore, THAI and its subsidiaries reported net one-time revenue totaled THB 344 million causing the net profit of THB 14,795 million, increased by THB 21,252 million than last year's. Profit attributable to owners of the parent amounted to THB 14,776 million. Profit per share was THB 6.77 THB 9.73 higher than last year's.

EBITDA deducted aircraft lease payment included Power by the Hour for the first six month of 2023 amounted to THB 23,361 million increased by THB 22,677 million.

3. Financial Position and Liquidity

Capital Expenditures

Unit: Million Baht	Jan - Jun	
	2023	2022
Aircraft and aircraft spare parts	2,703	174
Non-Aircraft	468	13
Total	3,171	187

In the first six months of 2023, capital expenditures were THB 3,171 million, an increase of THB 2,984 million from last year. Most of the investment expenses were mainly from procurements of aircraft spare engines and rotatable aircraft spare parts.

Liquidity

As of June 30, 2023, THAI and its subsidiaries had cash and cash equivalent amount of THB 51,153 million or represented 22.9% of total assets, increased from December 31, 2022, by THB 16,613 million (48.1%).

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

Unit : Million Baht	Jan – Jun	
	2023	2022
Net cash from operating activities	24,619	6,671
Net cash from (used in) investing activities	(4,470)	2,009
Net cash used in financing activities	(4,488)	(644)
Effect of exchange rate changes on cash and cash equivalents	963	(71)
Effect of changes in credit loss on cash and cash equivalents	(11)	(6)
Increase in cash and cash equivalents	16,613	7,959

In the first six month of 2023, THAI and its subsidiaries had net cash from operating activities totalled THB 24,619 million, an increase of THB 17,948 million over the prior resulting from operating profit. Net cash used in investing activities amounted to THB 4,470 million, over than last year THB 6,479 million from investing in bill of exchange and time deposit and procurement in aircraft spare engines and rotatable aircraft spare parts. Net cash used in financing amounted to THB 4,488 million, increased by THB 3,844 million was mostly due to the repayment of lease liabilities. As a result, cash and cash equivalents as of June 30, 2023 was THB 51,153 million, THB 16,613 million increased from the amount as of December 31, 2022, which was THB 34,540 million.

Fleet

As of June 30, 2023, THAI and its subsidiaries had total 67 active aircraft (including A320-200 under the operation of Thai Smile) with 7 long-termed parking and 26 decommission aircraft which the Business Rehabilitation Plan Administrators approved to sell to the awarded bidder, on process of drafting the contract and property inspection.

Assets of THAI and its subsidiaries

As of June 30, 2023, total assets totaled THB 223,318 million, an increase of THB 25,140 million (12.7%) from December 31, 2022. These comprised of:

	Consolidated					
	Jun 30, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	51,153	22.9	34,540	17.4	+16,613	+48.1
Non-current assets held for sale	3,413	1.5	2,746	1.4	+667	+24.3
Other current assets	26,701	12.0	22,518	11.4	+4,183	+18.6
Current Assets	81,267	36.4	59,804	30.2	+21,463	+35.9
Property, plant and equipment-net	44,961	20.1	45,969	23.2	-1,008	-2.2
Right-of-use Assets	63,291	28.4	61,869	31.2	+1,422	+2.3
Other non-current assets	33,799	15.1	30,536	15.4	+3,263	+10.7
Total Assets	223,318	100.0	198,178	100.0	+25,140	+12.7

Current assets were THB 81,267 million or represented 36.4% of total assets, an increase of THB 21,463 million (35.9%) from as of December 31, 2022. The significant items consisted of

- Cash and cash equivalent increased by THB 16,613 million (48.1%) mainly from net cash from operating activities was higher than net cash used in investing and financing activities.

- Non-current assets held for sale increased by THB 667 million (24.3%), mainly since the Business Rehabilitation Plan Administrators approved to sell 12 aircraft to the awarded bidder which consisted of 6 Boeing B777-200 and 6 Boeing B777-300, with a net total book value of THB 1,386 million and transferred from Property, Plant and Equipment. While land and the office in London, England was transferred to other non-current assets. Finally, 2 Boeing B747-400 aircraft, 1 Boeing B737-400, engine spare parts and other assets were sold with the total net book value of THB 572 million. (Also see Note to the financial statements no. 8 and 10).

- Other current assets increased by THB 4,183 million (18.6 %) mainly due to an increase in bill of exchange and time deposit. (Also see Note to the financial statements no.6.1) including of increasing in trade and other current receivables of THB 879 million (5.2%) from increasing in sale volume.

- Property, Plant and Equipment-net amounted to THB 44,961 million or 20.1% of total assets, a decrease from December 31, 2022, by THB 1,008 million (2.2%) since the resolution of the Business Rehabilitation Plan Administrator approved 12 aircraft to be sold to the awarded bidder and then transferred to none-current assets held for sale including of depreciation for the period. Even though in the first quarter there was procurement of 3 engines consisted of 2 Trent XWB and 1 IAE-V2527-A5. (Also see Note to the financial statements No.10).

- Right-of-use assets amounted to THB 63,291 million or 28.4% of total assets which consists of assets under finance lease agreements and obligations under the aircraft operating lease agreement and other fixed asset under operating leases increased from December 31, 2022, amounting to THB 1,422 million (2.3%), resulting from taking delivery of 2 Airbus A350-900 leased aircraft, although there were termination of 2 Airbus A330-300 contract which returned the aircraft to lessors including

of depreciation for the period that caused the reducing in assets value. (Also see Note to the financial statements No.11).

- Other non-current assets increased by THB 3,263 million (10.7%) mainly from
 - Maintenance reserve increased by THB 855 million (6.0%) mainly due to the adjustments of foreign exchange. (Also see Note to the financial statements No.12).
 - Security deposit under aircraft lease agreements increased by THB 1,016 million. (Also see Note to the financial statements No.13).
 - Non-performing assets increased by THB 142 million (61.5%) from receiving transfer of land and the office in London, England. (Also see Note to the financial statements No.8 and No.13).

Return on Asset of the first six months of 2023 reported 7.02 % while last year's -3.84%.

Liabilities of THAI and its subsidiaries

Total liabilities as of June 30, 2023, were THB 279,571 million, an increase of THB 10,369 million (3.9%) from December 31, 2022. These comprised of:

	Consolidated					
	Jun 30, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	67,304	24.1	61,222	22.7	+6,082	+9.9
Current portion of long-term liabilities	4,026	1.4	2,434	0.9	+1,592	+65.4
Long-term liabilities	156,676	56.0	159,532	59.3	-2,856	-1.8
Other non-current liabilities	51,565	18.5	46,014	17.1	+5,551	+12.1
Total Liability	279,571	100.0	269,202	100.0	+10,369	+3.9

Current liabilities which accounted for 24.1% of the total liabilities amounted to THB 67,304 million, an increase of THB 6,082 million (9.9%) from December 31, 2022, due to an increase in trade and other payables amount of THB 4,897 million. (Also see Note to the financial statements No. 16).

Long-term liabilities (including the current portion of long-term liabilities) represented 57.5% of total liabilities, a decrease of THB 1,264 million (0.8%) resulting from decrease in lease liabilities, THB 3,672 million from debt repayments and reclassified liabilities of the A380-800 aircraft to payable. However, THAI took delivery of 2 new Airbus A350-900 aircraft under operational lease. In addition, the accounting value of debentures increased by THB 2,033 million due to TFRS 9. (Also see Note to the financial statements No.5.2, 6.3, 14.1, 14.2, 15).

Other non-current liabilities accounted for 18.5% of total liabilities, an increase of THB 5,551 million (12.1%). The main reason was the increasing of trade payables and other non-current payables by THB 3,590 million. (Also see Note to the financial statements No.16) The provisions from the estimated overhaul costs airframe, engines and other components for the future obligation per contract terms increased by THB 1,911 million under the aircraft utilization. (Also see Note to the financial statements No.19).

As of June 30, 2023, the Interest Bearing Debt to equity was -2.86 times, compare to as of December 31, 2022, at -2.28 times and total debt to equity ratio of -4.97 times, and compared to the same period last years was -3.25 times.

Shareholders' Equity of THAI and its subsidiaries

As of June 30, 2023, the shareholders' equity of The Group amounted to THB -56,253 million, a negative decrease from December 31, 2022 by THB 14,771 million caused by this year's profit.

Contingent Liabilities

As of June 30, 2023, THAI and its subsidiaries had contingent liabilities arising from obligations that are not presented in the financial statements from the guaranteed letter issued by local and foreign banks. Also, Thai also had an obligated payment for an operating lease agreement. (Also see Note to the financial statements No.24).

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

In the second quarter of 2023, THAI had total revenues (excluded one-time items) of THB 34,954 million, higher than the previous year by THB 15,218 million (77.1%). Revenue from Passenger and excess baggage revenue increased in total of THB 16,999 million (149.8%) resulting from increased production and traffic that THAI has increased flight frequency on popular routes including of the opening of more 5 destinations in China and 2 destinations in Japan that had not yet been flown to those destinations. In addition, revenue from other businesses were increased by THB 512 million (27.6%) mainly due to the increase in passenger number of customer airlines, except the cargo handling services.

Total expenses (excluded one-time items) totaled THB 26,255 million, an increase of THB 6,490 million (32.8%) from last year, mainly due to an increase in non-fuel operating expenses by 41.5%, variable expenses increased by 51.9% and fuel expenses increased by 19.7%. As a result, the operating profit before finance cost exclude the one-time items was THB 8,699 million, an increase of THB 8,728 million from the same period last year. THAI had reported continual operating profit four quarters in a row.

THAI had net one-time items, as expenses, totaling THB 3,208 million, an increase of THB 4,097 million, mainly due to the provision for the maintenance of the Airbus A320-200 aircraft from the transfer of 3 Thai Smile aircraft according to the business reform plan, THB 1,033 million. THAI recognized loss from foreign exchange rates, THB 2,930 million, while gaining from debt restructuring.

THAI had a net profit of THB 2,030 million compared to last year's loss of THB 2,795 million, representing a profit per share of 0.93 Baht while last year's loss of 1.28 Baht per share. EBITDA deducted aircraft lease payment included Power by the Hour for the second quarter of 2023 was THB 8,198 million, higher than last year's by THB 5,359 million.

Financial Performance: THAI

	Apr – Jun			
	2023	2022	Variance	
			MTHB	%
Total operating revenues	34,954	19,736	+15,218	+77.1
- Passenger and excess baggage revenue	28,350	11,351	+16,999	+149.8
- Freight and mail revenue	3,836	6,401	-2,565	-40.1
- Revenue from other businesses	2,370	1,858	+512	+27.6
- Other income	398	126	+272	+215.9
Total operating expenses	26,255	19,765	+6,490	+32.8
- Fuel and oil	9,433	7,879	+1,554	+19.7
- Non-fuel operating expenses	16,822	11,886	+4,936	+41.5
Operating Profit (Loss) before finance cost exclude the one-time items	8,699	(29)	+8,728	+30,096.6
Finance cost	3,774	2,864	+910	+31.8
Operating Profit (Loss) exclude the one-time items	4,925	(2,893)	+7,818	+270.2
Gain from debt restructuring	942	5,482	-4,540	-82.8
Gain from sale of asset	4	325	-321	-98.8
Severance Pay	-	(11)	+11	+100.0
Adjust Employee Benefit	-	237	-237	-100.0
Gain from sale of investment	-	13	-13	-100.0
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(1)	(8)	+7	+87.5
Impairment loss in accordance with TFRS 9	(22)	(1,442)	+1,420	+98.5
Mutual Separation Plan (MSP)	(76)	274	-350	-127.7
Adjustment of holiday compensation for retired employees	(92)	-	-92	-
Overhaul provision of Airbus A320 aircraft transferred from Thai Smile	(1,033)	-	-1,033	-
Loss on foreign currency exchange	(2,930)	(3,981)	+1,051	+26.4
Profit (Loss) before tax	1,717	(2,004)	+3,721	+185.7
Net Profit (Loss)	2,030	(2,795)	+4,825	+172.6
Net Profit (Loss) per share (THB)	0.93	(1.28)	+2.21	+172.7

		Apr - Jun			
		2023	2022	Variance	
				MTHB	%
Significant operating data					
EBITDA – Aircraft Lease Payment	(MTHB)	8,198	2,839	+5,359	+188.8
Number of passengers	(Million)	2.12	0.92	+1.20	+130.4
Available Seat-Kilometers	(Million)	12,056	7,936	+4,120	+51.9
Revenue Passenger-Kilometers	(Million)	9,529	4,649	+4,880	+105.0
Cabin Factor	(%)	79.0	58.6		+20.4
Passenger Yield	(THB/RPK)	2.97	2.42	+0.55	+22.7
Available Dead Load Ton-Kilometers	(Million)	697	465	+232	+49.9
Revenue Freight Ton-Kilometers	(Million)	356	321	+35	+10.9
Freight Load Factor	(%)	51.1	69.0		-18.0
Freight carried	(Ton)	79,228	75,645	+3,583	+4.7
Freight Yield	(THB/RFTK)	10.54	19.74	-9.20	-46.6
Number of aircraft (As of Jun 30)	(Aircraft)	57	71	-14	-19.7
Flight hours	(Hours)	51,253	33,139	+18,114	+54.7
Aircraft utilization	(Hours/Aircraft/Day)	13.8	10.4	+3.4	+32.7
Average foreign currency exchange rate					
1 USD : THB		34.4783	34.3970	+0.0813	+0.2
1 EUR : THB		37.5072	36.6388	+0.8684	+2.4
100 JPY : THB		25.1250	26.5415	-1.4165	-5.3
Average jet fuel price	(USD/BBL)	100.42	150.12	-49.70	-33.1

Note: EBITDA-Aircraft Lease Payment = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from sale of investment) - Expenses (Excluded Power by the Hour, finance cost, tax, depreciation and amortization, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9 and loss on foreign currency exchange) after cash paid for lease liabilities included Power by the Hour.

In the first six months of 2023, THAI had total revenues (excluded one-time items) of THB 73,907 million, higher than the previous year by THB 43,970 million (146.9%). Revenue from Passenger and Cargo transportation increased in total of THB 42,249 million (160.9%) resulting from an increasing in production and traffic. In addition, revenue from other businesses increased by THB 1,385 million (40.4%) due to the increase in number of customer airlines and passenger number of customer airlines. Total expenses (excluded one-time items) totaled THB 52,631 million, an increase of THB 20,405 million (63.3%), mainly due to an increase in production and/or traffic. As a result, the operating profit before finance cost exclude the one-time items was THB 21,276 million, an increase of THB 23,565 million from the same period last year (1,029.5%).

THAI had net one-time items, as expenses, totaling THB 611 million. Therefore, THAI had a net profit of THB 13,909 million compared to last year's loss of THB 4,420 million, representing a profit per share of 6.37 Baht while last year's loss of 2.02 Baht per share. EBITDA deducted aircraft lease payment included Power by the Hour was THB 21,613 million, higher than last year's by THB 19,108 million (762.8%).

Accumulated Financial Performance: THAI

	Jan – Jun			
	2023	2022	Variance	
			MTHB	%
Total operating revenues	73,907	29,937	+43,970	+146.9
- Passenger and excess baggage revenue	60,304	14,646	+45,658	+311.7
- Freight and mail revenue	8,199	11,608	-3,409	-29.4
- Revenue from other businesses	4,813	3,428	+1,385	+40.4
- Other income	591	255	+336	+131.8
Total operating expenses	52,631	32,226	+20,405	+63.3
- Fuel and oil	20,492	11,593	+8,899	+76.8
- Non-fuel operating expenses	32,139	20,633	+11,506	+55.8
Operating Profit (Loss) before finance cost exclude the one-time items	21,276	(2,289)	+23,565	+1,029.5
Finance cost	7,125	4,770	+2,355	+49.4
Operating Profit (Loss) exclude the one-time items	14,151	(7,059)	+21,210	+300.5
Gain from debt restructuring	3,582	6,995	-3,413	-48.8
Gain from sale of asset	366	617	-251	-40.7
Adjust Employee Benefit	-	237	-237	-100.0
Gain from sale of investment	-	16	-16	-100.0
Severance Pay	-	(115)	+115	+100.0
Mileage accumulation adjustment	-	(628)	+628	+100.0
Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts	(66)	(8)	-58	-725.0
Adjustment of holiday compensation for retired employees	(92)	-	-92	-
Mutual Separation Plan (MSP)	(141)	633	-774	-122.3
Impairment loss in accordance with TFRS 9	(428)	(1,647)	+1,219	+74.0
Provision of overhaul for Airbus A320 aircraft transferred from Thai Smile	(1,033)	-	-1,033	-
Loss on foreign currency exchange	(2,799)	(2,747)	-52	-1.9
Profit (Loss) before tax	13,540	(3,706)	+17,246	+465.4
Net Profit (Loss)	13,909	(4,420)	+18,329	+414.7
Net Profit (Loss) per share (THB)	6.37	(2.02)	+8.39	+415.3

		Jan - Jun			
		2023	2022	Variance	
				MTHB	%
Significant operating data					
EBITDA - Aircraft Lease Payment	(MTHB)	21,613	2,505	+19,108	+762.8
Number of passengers	(Million)	431	1.15	+3.16	+274.8
Available Seat-Kilometers	(Million)	24,108	13,230	+10,878	+82.2
Revenue Passenger-Kilometers	(Million)	19,646	6,117	+13,529	+221.2
Cabin Factor	(%)	81.5	46.2		+35.3
Passenger Yield	(THB/RPK)	3.06	2.38	+0.68	+28.6
Available Dead Load Ton-Kilometers	(Million)	1,393	778	+615	+79.0
Revenue Freight Ton-Kilometers	(Million)	690	579	+111	+19.2
Freight Load Factor	(%)	49.5	74.4		-24.9
Freight carried	(Ton)	153,744	131,290	+22,454	+17.1
Freight Yield	(THB/RFTK)	11.66	19.84	-8.18	-41.2
Number of aircraft (As of Jun 30)	(Aircraft)	57	71	-14	-19.7
Flight hours	(Hours)	102,924	54,717	+48,207	+88.1
Aircraft utilization	(Hours/Aircraft/Day)	140	9.4	+4.6	+48.9
Average foreign currency exchange rate					
1 USD : THB		34.1952	33.7250	+0.4702	+1.4
1 EUR : THB		36.9477	36.8669	+0.0808	+0.2
100 JPY : THB		25.3920	27.5080	-2.1160	-7.7
Average jet fuel price	(USD/BBL)	108.72	132.98	-24.26	-18.2

Note: EBITDA-Aircraft Lease Payment = Total Revenue (exclude gain on foreign exchange, gain from debt restructuring and gain from sale of investment) - Expenses (Excluded Power by the Hour, finance cost, tax, depreciation and amortization, impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9 and loss on foreign currency exchange) after cash paid for lease liabilities included Power by the Hour.

Assets of THAI

As of June 30, 2023, total assets totaled THB 222,912 million, an increase of THB 24,613 million (12.4%) from December 31, 2022. These comprise of:

	Separate Financial Statement					
	Jun 30, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	50,323	22.6	34,042	17.1	+16,281	+47.8
Non-current assets held for sale	3,413	1.5	2,746	1.4	+667	+24.3
Other current assets	26,844	12.0	22,582	11.4	+4,262	+18.9
Current Assets	80,580	36.1	59,370	29.9	+21,210	+35.7
Property, plant and equipment-net	44,506	20.0	45,918	23.2	-1,412	-3.1
Right-of-use Assets	58,083	26.1	56,296	28.4	+1,787	+3.2
Other non-current assets	39,743	17.8	36,715	18.5	+3,028	+8.2
Total Assets	222,912	100.0	198,299	100.0	+24,613	+12.4

- Current assets increased by THB 21,210 million (35.7%), mainly due to an increase in cash and cash equivalents of THB 16,281 million, bill of exchange and time deposit (Also see Note to the financial statements No. 6.1) and trade and other current receivables increased by THB 1,008 million. Non-current assets held for sale increased by THB 667 million, mainly due to the transfer of total 12 aircrafts, B777-200 and B777-300 aircraft that the rehabilitation plan administrators had resolution and approved to sell them to the awarded bidder, resulting the transfer them from Property, Plant and Equipment. However, there was a reclassification of land and office at London, England to other non-current assets. Finally, there was the sale of aircraft, engine spare parts and other assets (Also see Note to the financial statements No.8 and 10).

- Property, Plant and Equipment-net decreased by THB 1,412 million (3.1%) mainly due to the transfer aircraft per the resolution of Business Rehabilitation Plan Administrators to sell them to the awarded bidder as non-current assets held for sale. Even though there was procurement of 2 Trent XWB for Airbus A350-900 aircraft. (Also see Note to the financial statements No.10).

- Right-of-use assets consisted of assets under finance lease agreements and obligations under the aircraft operating lease agreement and other fixed asset under operating leases increased from December 31, 2022, amounting to THB 1,787 million (3.2%), resulting from taking delivery of 2 Airbus A350-900 leased aircraft, although there were termination of 2 Airbus A330-300 contract which returned the aircraft to lessors including of depreciation for the period. (Also see Note to the financial statements No.11).

Liabilities of THAI

Total liabilities as of June 30, 2023 were THB 272,507 million an increase of THB 10,715 million (4.1%) from December 31, 2022. These comprised of:

	Separate Financial Statement					
	Jun 30, 2023		Dec 31, 2022		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	64,752	23.7	58,956	22.5	+5,796	+9.8
Current portion of long-term liabilities	4,018	1.5	2,430	0.9	+1,588	+65.3
Long-term liabilities	156,674	57.5	159,531	61.0	-2,857	-1.8
Other non-current liabilities	47,063	17.3	40,875	15.6	+6,188	+15.1
Total Liabilities	272,507	100.0	261,792	100.0	+10,715	+4.1

- Current liabilities increased by THB 5,796 million (9.8%), mainly due to an increase in trade payables and other current payable amount of THB 4,751 million. (Also see Note to the financial statements No. 16).

- Long-term liabilities (including the current portion of long-term liabilities) decreased by THB 1,269 million (0.8%) resulting from decrease in lease obligation, debt repayments, and reclassified liabilities of the A380-800 aircraft to payable, although THAI took delivery of 2 new Airbus A350-900 leased aircraft (Also see Note to the financial statements No.5.2, 6.3, 14.1, 14.2, 15).

Shareholders' Equity of THAI

As of June 30, 2023, THAI had shareholders' equity of THB -49,595 million, a negative decrease from December 31, 2022 by THB 13,898 million, mainly due to the operations profit in this year.

4. Outlook

For 2023, IATA forecasts that the aviation industry will continue to grow from the reopening of China faster than expected and fuel price that tend to decrease from the previous year, with increase passenger traffic (RPK) which presume for 87.8% of the pre-crisis level in 2019, while freight traffic (RFTK) decreased from the previous year by 3.8% and will be lower than the pre-COVID 19 by 5.5% due to the impact of the long conflict between Russia and Ukraine and China's long-standing shutdown following its zero-COVID-19 policy. Moreover, sea freight has decreased faster than air freight. These affect the world's main air cargo routes. This is the supporting for the United Nations World Tourism Organization (UNWTO) that forecasts that tourism in 2023 will recover strongly and there will be a average number of foreign tourists worldwide will be 80-95% of the pre-COVID period, with a continued recovery from the first quarter of 2023 when the number of international tourists worldwide recovered to 80% of the year 2019. However, IATA analyzes that the airline industry still encounter several challenges such as the impact of high fare from high fuel prices which impact a decrease in traffic demand as well as supply chain and labor shortages that may reduce traffic demand. The airline's ability to respond to traffic demand, such as delayed delivery of aircraft shortage of pilot and air traffic controller.

The Bank of Thailand forecasts that the Thai economy in the second half of 2023 will continue to expand following the recovery of tourism sector while the economy of trading partners is expected to gradually improve resulting recovery of Thai exports sector. There are both external and domestic risk factors that must be monitored such as the global economy and monetary markets that are highly uncertain and volatile as well as establishment and policies of the new government. As for airline industry, it tends to confront more intense competition from new rivals and existing rivals which continue their expansion. The Civil Aviation Authority of Thailand forecasts that Thailand's aviation industry as a whole will recover in the same number of passengers as before crisis in 2025 with domestic routes expected to recover first in 2024 while international market will later recover in 2025 under the assumption that airports and airlines are able to increase their ground service capacity and be allocated some additional flights in their winter schedule during June - October 2023.

Based on the above influences, THAI manages and improves its fleet with 2 Airbus A350-900 aircraft which are expected to be delivered in August and September 2023 and begin their operations in the fourth quarter in Europe, Japan, and China to accommodate more traffic demand during the high season and the recovery of the airline industry, especially the China's reopening. In addition, THAI has established a time frame to start implementing the guidelines for the restructuring of the aviation business group from July 2023 onwards. The objective of integrating resources such as increasing the efficiency of fleet management to bring the existing aircraft to use with maximum efficiency and benefit both in the part of the A320-200 aircraft that Thai Smile sublease from THAI and other aircraft in the fleet which currently available and will be added in the future including relevant personnel in the area of flight management, traffic rights, etc. for maximum benefit as well as improving the overall performance of THAI and its subsidiary and mitigate the limitation of aircraft shortage to support the recovery of the airline industry and the expansion in traffic demand both now and in the future in order to comply with the Company's business rehabilitation plan. Furthermore, during the process, THAI would proceed with care without any impact on passenger service.

THAI has established the "TG Upcycled Uniform" project to raise awareness, a part of implementation of the Sustainable Development Goals (SDGs) framework based on the ESG concept (Environment, Social & Governance) corresponding to goals of United Nations Sustainable Development in an environmental measurement that aims to develop business towards a low carbon society, especially the aviation business as ICAO member countries that have agreement to have a

common long-term goal, Net zero emissions (Net-zero emissions), by the year 2050. It is public relations for employees can return old uniforms or deliver old clothes that are no longer used to THAI for upcycle process for new outfits, 1 kilogram of the old can produce 2 new one in order to create awareness and motivate employees to save resources and environmental protection. This may lead to incineration and air pollution. This activity is expected to directly or indirectly affect the implementation of the sustainable development framework and able to implement the long-term goals of the said ICAO member countries.

5. Financial Ratios

		Jan - Jun			
		Consolidated		The Company	
		2023	2022	2023	2022
Liquidity Ratio					
Current Ratio	(times)	2.24	1.06	2.35	1.17
Profitability Ratio					
Operating Profit (Loss) Margin	%	17.87	(29.84)	19.15	(23.57)
Net Profit (Loss) Margin	%	18.75	(19.74)	18.82	(14.76)
Return on Equity	%	(23.25)	(8.67)	(24.60)	(6.42)
Efficiency Ratio					
Return on Total Assets	%	7.02	(3.84)	6.60	(2.60)
Financial Policy Ratio					
Interest Bearing Debt to Equity	(times)	(2.86)	(1.89)	(3.24)	(2.07)
Total Debt to Equity	(times)	(4.97)	(3.25)	(5.49)	(3.50)
Interest Coverage Ratio	(times)	3.60	0.17	3.55	0.57
Net Debt to EBITDA	(times)	8.45	269.51	8.78	86.94
Debt Service Coverage Ratio	(times)	2.13	0.35	2.07	0.62

GLOSSARY

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

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

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

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

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

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

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

Interest Coverage ratio = EBITDA / Interest

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

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

6. Related Party Transactions

6.1 Significant related party transactions carried between the company and major shareholders and entities that may have conflicts of interest for the six months period ended June 30, 2023 are detailed as follow:

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Ministry of Finance (MOF)	MOF is the major shareholder of THAI with 47.86% shares.	<p>1. International loans take through the MOF consist of:</p> <ul style="list-style-type: none"> - Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests <p>2. THAI leased the lands from the Treasury Department.</p>	<p>12,141.48</p> <p>0.00</p> <p>0.00</p> <p>419.70</p> <p>4.36</p>	<p>11,721.78</p> <p>0.00</p> <p>0.00</p> <p>135.90</p> <p>8.63</p>	<p>6,082.08</p> <p>0.00</p> <p>0.00</p> <p>351.95</p> <p>8.03</p>	<p>- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.</p> <p>- Also see Notes No.1 and 2</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Government Savings Bank (GSB)	GSB is controlled by the MOF, a major shareholder of THAI.	<p>1. THAI entered into a committed revolving credit line with GSB credit limit up to THB 3.5 billion, the credit line was used.</p> <p>- Outstanding loans - Commitment fee - Interest expenses - Accrued interests</p> <p>2. THAI sold tickets, rented out space, and other services to GSB.</p> <p>- Total revenue - Account receivable</p>	<p>3,500.00 0.00 59.12 59.12</p> <p>0.29 0.00</p>	<p>3,500.00 0.00 119.22 119.22</p> <p>0.63 0.00</p>	<p>3,500.00 0.00 212.96 212.96</p> <p>0.18 0.00</p>	<p>- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.</p> <p><u>Note:</u> - The interest rate for the year 2021-23 were the effective interest rate according to the original contract. - The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>
Export-Import Bank of Thailand (EXIM)	EXIM is controlled by the MOF, a major shareholder of THAI.	<p>1. THAI entered into a long-term loan agreement with EXIM:</p> <p>- Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests</p>	<p>- - - -</p>	<p>605.90 37.45</p>	<p>568.48 19.44</p>	<p>- The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.</p> <p>- Also see Notes No.1 and 3</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
		<p>2. THAI entered into a committed revolving credit line with EXIM credit limit up to THB 1.5 billion, the credit line was used.</p> <ul style="list-style-type: none"> - Outstanding loans - Outstanding loans under the rehabilitation plan - Commitment fee - Interest expenses - Accrued interests - Deferred interests 	<p>1,496.73</p> <p>11.18</p>	<p>1,485.55</p> <p>22.18</p>	<p>1,452.83</p> <p>11.93</p>	<p>- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.</p> <p>- Also see Notes No.1</p>
Islamic Bank of Thailand (IBANK)	IBANK is controlled by the MOF, a major shareholder of THAI.	<p>1. THAI entered into a long-term loan agreement with IBANK:</p> <ul style="list-style-type: none"> - Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests 	<p>1,507.17</p> <p>67.75</p>	<p>1,273.73</p> <p>78.36</p>	<p>1,195.37</p> <p>54.06</p>	<p>- The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.</p> <p>- Also see Notes No.1 and 3</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Krung Thai Bank Public Company Limited (KTB)	MOF controlled via the Bank of Thailand and Financial Institutions Development Fund, which is the major shareholder of KTB.	1. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.0 billion, the credit line was used.				- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		- Outstanding loans - Interest expenses - Accrued interests	2,260.73 38.12 38.12	2,260.73 76.86 76.86	2,260.73 63.84 63.84	<u>Note:</u> - The interest rate for the year 2021-23 were the effective interest rate according to the original contract.
		2. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.5 billion, the credit line was used.				- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		- Outstanding loans - Interest expenses - Accrued interests	3,500.00 19.79 19.79	3,500.00 39.90 39.90	3,500.00 128.63 128.63	<u>Note:</u> - The interest rate for the year 2021-23 were the effective interest rate according to the original contract.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
		3. THAI sold debentures to KTB. - Debenture value - Interest expenses - Accrued interests - Interest in accordance with the business rehabilitation plan 4. THAI provided office space rental, ATM space, utilities, and leased line to KTB. - Total revenue - Account receivable 5. THAI paid service fees to KTB for cash delivery and debentures distribution fee. - Total expenses - Account payable	832.00 6.19 1.28 0.01 0.00 0.13	832.00 12.48 2.72 0.16 0.00 0.13	832.00 6.80 3.30 0.22 2.84 0.13	- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. - Also see Notes No.1 - 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.
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	0.14 0.01	0.27 0.00	0.14 0.00	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
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 0.54	0.00 0.52	0.00 0.24	- 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	3.01 0.59	16.17 5.23	10.15 1.13	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
MCOT Public Company Limited (MCOT)	MCOT and THAI have a common major shareholder, namely MOF.	1. THAI paid for advertising to MCOT. - Total expenses - Account payable - Outstanding loans under the rehabilitation plan - Deferred interests	0.00 0.00 1.02 0.19	0.00 0.87 - -	0.00 0.87 - -	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
PTT Public Company Limited (PTT)	PTT and THAI have a common major shareholder, namely MOF.	<p>1. THAI bought fuel and lubricant for its vehicles from PTT.</p> <p>- Total expenses 0.00</p> <p>- Account payable 0.10</p> <p>- Account payable under the rehabilitation plan 1.50</p> <p>- Deferred interests 0.28</p> <p>2. THAI sold tickets and provided AC dielectric tester service to PTT.</p> <p>- Total revenue 12.67</p> <p>- Account receivable 6.14</p>	<p>0.00</p> <p>0.17</p> <p>1.17</p> <p>0.33</p> <p>16.33</p> <p>-</p>	<p>0.06</p> <p>1.66</p> <p>-</p> <p>-</p>	<p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p> <p>- Also see Notes No.1</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>	
Airports of Thailand Public Company Limited (AOT)	AOT and THAI have a common major shareholder, namely MOF.	<p>1. AOT provided space rental at several airports for THAI's offices, aircraft/ vehicle parking, cargo loading/ unloading, stores for ground service equipment, containers, and other services.</p> <p>- Total expenses 3,423.73</p> <p>- Account payable 1,090.28</p> <p>2. THAI sold tickets to AOT and received 2% of passenger service charge collected for AOT.</p> <p>- Total revenue 24.94</p> <p>- Account receivable 57.41</p>	<p>3,865.62</p> <p>890.11</p> <p>18.52</p> <p>33.70</p>	<p>8,642.18</p> <p>891.05</p> <p>0.51</p> <p>13.97</p>	<p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p> <p>- The pricing is on an arms' length basis and on commercial terms as unrelated parties.</p>	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
CAT Telecom Public Company Limited (CAT)	CAT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to CAT.				- The pricing, terms, interest rates and Commitment fees are on an arms' length basis and on commercial term as unrelated parties. - Also see Notes No.1
		- Debenture value	933.00	933.00	933.00	
		- Interest expenses				
		- Accrued interests				
		- Interest in accordance with the business rehabilitation plan	6.94	13.99	17.48	
		2. THAI rents communication channels from CAT.				- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total expense	0.00	0.00	0.25	
		- Account payable	2.51	2.51	2.51	
TOT Public Company Limited (TOT)	TOT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to TOT				- The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. - Also see Notes No.1
		- Debenture value	415.00	415.00	415.00	
		- Interest expenses				
		- Accrued interests				
		- Interest in accordance with the business rehabilitation plan	3.09	6.22	7.11	
		2. THAI rents optical fibers from TOT				- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total expense	0.00	0.00	0.42	
		- Account payable	7.09	7.09	7.07	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Civil Aviation Training Center (CATC)	CATC is controlled by the MOF, a major shareholder of THAI.	1. CATC provided aviation training for THAI's pilots. - Total expenses - Account payable - Account payable under the rehabilitation plan - Deferred interests	 0.00 0.00 9.01 1.22	 0.00 10.00 	 0.00 10.00 	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
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; - Mr. Korakot Chatasingha is a Director of Thai-Amadeus Southeast Asia; - Mr. Tras Prommobol 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	 1.65 0.32	 6.20 1.04	 6.62 0.99	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Wingspan Services Company Limited (WSC) (Subsidiary Company)	THAI is the major shareholder of WSC, with 49% shares and controlling authority.	1. WSC outsourced its staff to THAI. - Total expenses - Account payable	449.96 235.88	376.97 166.36	178.60 128.93	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	THAI's executive officers: - Mrs. Chuntarica Jotikasthira is a Director of WSC.	2. THAI provided office space and equipment rental to WSC. - Total revenue - Account receivable	1.37 1.58	3.56 1.37	0.50 1.59	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	THAI is the major shareholder of TFTA, with 49% shares and controlling authority	1. THAI provided aviation training equipment, office space and equipment rental to TFTA. - Total revenue - Account receivable	11.47 0.41	22.14 4.23	15.08 1.19	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
	THAI's executive officers: - Lt.JG. Supoj Charoensuk is a Director of TFTA;	2 TFTA provided flight attendant training to THAI - Total expenses -Account payable	0.34 0.00	0.00	0.39	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
	- Mrs. Onanong Junhaman is a Director of TFTA.					
Tour Eurng Luang Company Limited (Subsidiary Company)	THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority. THAI's executive officers: - Mr. Korakot Chatasingha is a Director of Tour Eurng Luang Co., Ltd.	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang. - Total expenses 2. THAI sold Eurng Luang tours to Tour Eurng Luang. - Total revenue - Account receivable	0.55 0.00 0.00	2.05 12.31 0.00	0.00 0.04 1.55	- The pricing is on an arms' length basis and on commercial terms as unrelated parties. - The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Thai Smile Airways Company Limited (Subsidiary Company)	THAI wholly owns Thai Smile Airways. THAI's executive officers: - Mr. Chai Eamsiri is a Director of Thai Smile Airways; - Mr. Korakot Chatasingha is a Director of Thai Smile Airways; - Mrs. Chuntarica Jotikasthira is a Director of Thai Smile Airways; - Mrs. Cherdchome Therdsteerasukdi is a Director of Thai Smile Airways.	1. THAI bought Block Space and other services from Thai Smile Airways. - Total expenses - Account payable	2,250.46 340.87	2,995.72 490.16	342.06 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	2,063.37 11,235.63	3,346.78 10,885.92	1,323.53 8,384.46	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Don Mueang International Airport Hotel Company Limited (Associated Company)	THAI holds 40% shares in Don Mueang International Airport Hotel. THAI's executive officers: - Mrs. Cherdchome Therdsteerasukdi is a Director of Don Mueang International Airport Hotel.	1. THAI bought hotel rooms for its passengers from Donmueang International Airport Hotel. - Total expenses	0.00	0.00	0.00	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Phuket Air Catering Company Limited (PACCO) (Associated Company)	THAI holds 30% shares in PACCO. THAI's executive officers: - Mrs. Varangkana Luerojvong is a Director of PACCO; - Mr. Tras Prommobol is a Director of PACCO.	1. THAI bought catering services from PACCO. - Total expenses - Account payable - Account payable under the rehabilitation plan - Deferred interests	95.93 0.00 16.57 3.87	38.93 0.00 15.95 1.19	0.04 20.44	- The pricing is on an arms' length basis and on commercial terms as unrelated parties. - Also see Notes No.1
		2. THAI sold raw materials and services to PACCO. - Total revenue - Account receivable	0.00 0.00	0.00 0.00	0.00 0.00	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)			Terms / Pricing Policy
			For the six months period ended June 30 , 2023	For the year ended December 31 , 2022	For the year ended December 31 , 2021	
Suvarnabhumi Airport Hotel Company Limited (Associated Company)	THAI holds 30% shares in Suvarnabhumi Airport Hotel. THAI's executive officer: - Mrs. Varangkana Luerojvong is a Director of Suvarnabhumi Airport Hotel; - Mr. Cherdphan Chotikhun is a Director of Suvarnabhumi Airport Hotel.	1. THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel. - Total expenses - Account payable - Account payable under the rehabilitation plan - Deferred interests	0.00 1.75 0.41	0.16 2.16	0.00 2.16	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Aeronautical Radio of Thailand Limited (AEROTHAI) (Joint-Venture Company)	AEROTHAI and THAI have a common major shareholder, namely MOF. THAI holds 0.24% shares in AEROTHAI.	1. THAI bought navigation services and rented communication equipment from AEROTHAI - Total expense - Account payable - Account payable under the rehabilitation plan - Deferred interests	331.02 0.00 91.77 12.38	438.31 107.31	145.30 105.14	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided transportation services to AEROTHAI. - Total revenue	0.00	0.00	0.00	- The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Notes:

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

- The interest rate for the year 2021-23 were the rate according to the court's order approving the business rehabilitation plan (June 15, 2021)

2. Debts from foreign financial institutions through major shareholders is a facility that the Ministry of Finance "(MOF)" which has entered into a facility agreement with a foreign financial institution and the MOF has extended the facility period to THAI. Later, on October 20, 2022, the Central Bankruptcy Court approved the amended plan for Group 4 creditors and debt from major shareholders who are not financial institutions by changing the repayment method to receive debt repayment by converting debt to equity accordance with the amended business rehabilitation plan. Therefore, THAI adjusts the amount of debt according to the order from the official receiver. Financial liabilities are re-measured to fair value using a discounted cash flow method using the market interest rate.

3. On October 20, 2022, the Central Bankruptcy Court ordered to approve the plan amendment of THAI's rehabilitation plan for Group 6 Creditors, unsecured financial institution creditors, by changing their payment methods to convert debt to equity accordance with the amendment of business rehabilitation plan. For this reason, as of December 31, 2022, THAI adjusted the debt according to the order from the official receiver. Financial liabilities are re-measured to fair value using a discounted cash flow method using the market interest rate.

6.2 Necessity and reasonableness of related party transactions

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

6.3 Connected Transaction Approval Procedures

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

6.4 Future related party transaction policy

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