

Thai AirAsia Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2023



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลคร์ชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai AirAsia Company Limited

I have reviewed the accompanying statement of financial position of Thai AirAsia Company Limited as at 31 March 2023, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Emphasis of Matter

I draw attention to Note 1.2 to the interim financial statements, the COVID-19 pandemic has resulted in an adverse impact on the tourism and hospitality industries. This directly affects the Company's aviation business. Despite the improvements in the COVID-19 pandemic situation, the number of flights has yet to reach closed to the pre-pandemic levels. This situation has significantly affected the Company's financial position, operating results, and cash flows. Therefore, the statement of financial position as at 31 March 2023 presented capital deficits and the Company's total current liabilities exceeded its total current assets by significant amount.

Currently, the management is in the process of implementing various measures to modify business plans, reduce costs and postpone repayments to manage the Company's liquidity and its cash flows, and the management believes that the Company will be able to continue as a going concern. The financial statements have been prepared under the going concern basis. However, the success of business plans of the Company and its parent company depends on external factors. This indicates that there are material uncertainties which may raise substantial doubt about the Company's ability to continue as a going concern.

My conclusion is not modified in respect of this matter.



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 12 May 2023

Thai AirAsia Company Limited
Statement of financial position
As at 31 March 2023

		(Unit: Thousand Baht)	
	Note	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Assets			
Current assets			
Cash and cash equivalents		1,618,456	794,058
Trade and other receivables	3	996,708	848,917
Amounts due from related parties	2	2,941,067	2,539,743
Inventories		273,803	401,262
Current tax assets		6,477	5,595
Prepaid expenses		717,592	450,868
Other current financial assets	2	59,593	184,600
Derivative assets	19	749	874
Total current assets		6,614,445	5,225,917
Non-current assets			
Other non-current financial assets	2	909,126	897,255
Derivative assets	19	312	583
Investment in subsidiary		2,500	2,500
Aircraft maintenance reserves	2, 4	2,970,541	3,055,768
Property, building, aircraft, leasehold improvements and equipment	5	4,178,193	4,185,034
Right-of-use assets	6	25,093,573	25,025,902
Intangible assets		2,857	3,467
Investment properties	7	511,442	514,261
Deferred tax assets		4,909,588	5,049,714
Total non-current assets		38,578,132	38,734,484
Total assets		45,192,577	43,960,401

The accompanying notes are an integral part of the financial statements.

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 31 March 2023

		(Unit: Thousand Baht)	
	Note	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity			
Current liabilities			
Short-term borrowings from financial institutions	8	650,000	750,000
Short-term debentures	9	745,264	742,934
Short-term borrowings from parent company	2	-	89,000
Trade payables		981,625	1,463,521
Other payables		387,611	392,276
Amounts due to related parties	2	1,964,795	1,468,793
Current portion of long-term borrowings from financial institutions	10	792,813	827,952
Current portion of long-term debentures	11	999,882	999,757
Current portion of liabilities under lease agreements	2, 12	5,945,056	6,331,068
Unearned income		5,889,305	4,750,937
Accrued expenses		4,697,738	4,136,907
Derivative liabilities	19	83,786	74,154
Total current liabilities		23,137,875	22,027,299
Non-current liabilities			
Long-term borrowings from financial institutions - net of current portion	10	2,394,887	2,560,339
Long-term debentures - net of current portion	11	1,420,053	1,417,798
Liabilities under lease agreements - net of current portion	2, 12	30,027,964	30,125,390
Provision for long-term employee benefits		757,272	732,794
Derivative liabilities	19	1,137	1,650
Total non-current liabilities		34,601,313	34,837,971
Total liabilities		57,739,188	56,865,270

The accompanying notes are an integral part of the financial statements.

Thai AirAsia Company Limited

Statement of financial position (continued)

As at 31 March 2023

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
	(Unaudited but reviewed)	(Audited)
Shareholders' equity		
Share capital		
Registered		
94,618,327 ordinary shares of Baht 10 each	946,183	946,183
Issued and fully paid up		
94,618,327 ordinary shares of Baht 10 each	946,183	946,183
Premium on ordinary shares	12,018,159	12,018,159
Retained earnings (deficits)		
Appropriated - statutory reserve	43,556	43,556
Unappropriated	(25,554,509)	(25,912,767)
Total shareholders' equity (capital deficits)	(12,546,611)	(12,904,869)
Total liabilities and shareholders' equity	45,192,577	43,960,401
	-	-

The accompanying notes are an integral part of the financial statements.

.....

Directors

.....

(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2023

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2023	2022
Profit or loss:			
Revenues			
Revenues from sales and services		9,085,597	1,786,471
Other income	13	729,159	304,495
Total revenues		<u>9,814,756</u>	<u>2,090,966</u>
Expenses			
Cost of sales and services		7,901,482	4,335,754
Selling and distribution expenses		391,110	95,250
Administrative expenses		289,802	250,029
Other expenses	14	246,914	112,375
Total expenses		<u>8,829,308</u>	<u>4,793,408</u>
Profit (loss) from operating activities		985,448	(2,702,442)
Finance income		6,741	5,917
Finance costs		(493,806)	(559,779)
Profit (loss) before income tax revenue (expense)		<u>498,383</u>	<u>(3,256,304)</u>
Income tax revenue (expense)	15	(140,125)	722,046
Profit (loss) for the period		<u>358,258</u>	<u>(2,534,258)</u>
Other comprehensive income:			
<i>Other comprehensive income to be reclassified</i>			
<i>to profit or loss in subsequent periods:</i>			
Gain on cash flow hedges - net of income tax		-	115,900
Net change in cost of cash flow hedges - net of income tax		-	(5,025)
Other comprehensive income for the period	15	<u>-</u>	<u>110,875</u>
Total comprehensive income for the period		<u>358,258</u>	<u>(2,423,383)</u>
Earnings (loss) per share	16		
Basic earnings (loss) per share		<u>3.79</u>	<u>(32.37)</u>
Weighted average number of ordinary shares (Thousand shares)		<u>94,618</u>	<u>78,285</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings (deficits)		Other components of shareholders' equity		Total other components of shareholders' equity	Total shareholders' equity (capital deficits)
			Appropriated	Unappropriated	Other comprehensive income			
					Cash flow hedge reserve	Cost of hedging reserve		
Balance as at 1 January 2022	636,713	6,327,629	43,556	(17,852,071)	(115,900)	5,025	(110,875)	(10,955,048)
Issuance new ordinary shares	309,470	5,690,530	-	-	-	-	-	6,000,000
Loss for the period	-	-	-	(2,534,258)	-	-	-	(2,534,258)
Other comprehensive income for the period	-	-	-	-	115,900	(5,025)	110,875	110,875
Total comprehensive income for the period	-	-	-	(2,534,258)	115,900	(5,025)	110,875	(2,423,383)
Balance as at 31 March 2022	<u>946,183</u>	<u>12,018,159</u>	<u>43,556</u>	<u>(20,386,329)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,378,431)</u>
Balance as at 1 January 2023	946,183	12,018,159	43,556	(25,912,767)	-	-	-	(12,904,869)
Profit for the period	-	-	-	358,258	-	-	-	358,258
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	358,258	-	-	-	358,258
Balance as at 31 March 2023	<u>946,183</u>	<u>12,018,159</u>	<u>43,556</u>	<u>(25,554,509)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,546,611)</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement

For the three-month period ended 31 March 2023

	(Unit: Thousand Baht)	
	2023	2022
Cash flows from operating activities		
Profit (loss) before tax	498,383	(3,256,304)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Allowance for expected credit losses	237,400	12,629
Depreciation and amortisation	1,307,102	1,575,786
(Gain) loss on disposals and write-off of aircraft and equipment	(1)	40,746
Long-term employee benefits expenses	32,208	36,517
Loss on derivatives	9,514	59,000
Unrealised gain on exchange	(522,381)	(216,904)
Finance income	(6,741)	(5,917)
Finance cost	493,806	559,779
(Gain) loss from operating activities before changes in operating assets and liabilities	2,049,290	(1,194,668)
Operating assets (increase) decrease		
Trade and other receivables	(154,859)	(102,045)
Amounts due from related parties	(634,401)	(157,377)
Inventories	127,459	13,072
Prepaid expenses	(266,724)	(79,615)
Other current financial assets	91,824	(81,171)
Other non-current financial assets	(11,871)	(248,658)
Operating liabilities increase (decrease)		
Trade payables	(439,262)	(155,670)
Other payables	(52,462)	(405,682)
Amounts due to related parties	363,416	(416,950)
Unearned income	1,138,368	(52,011)
Accrued expenses	685,421	443,285
Provision for long-term employee benefits	(7,730)	-
Cash flows from (used in) operating activities	2,888,469	(2,437,490)
Cash paid for income tax	(882)	(193)
Net cash flows from (used in) operating activities	2,887,587	(2,437,683)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement (continued)

For the three-month period ended 31 March 2023

	(Unit: Thousand Baht)	
	2023	2022
Cash flows from investing activities		
Payments for aircraft maintenance reserves	(162,334)	-
Payments for building, aircraft, leasehold improvements and equipment	(97,926)	(26,135)
Interest received	6,741	-
Proceeds from disposals of aircraft and equipment	126	3,605,071
Net cash flows from (used in) investing activities	(253,393)	3,578,936
Cash flows from financing activities		
Net decrease in short-term borrowings from financial institutions	(100,000)	-
Net decrease in short-term borrowings from parent company	(89,000)	(2,450,000)
Proceeds from long-term borrowing from financial institution	-	30,000
Repayments of long-term borrowings from financial institutions	(200,630)	(173,781)
Cash paid for liabilities under lease agreements	(1,239,089)	(752,788)
Payments for early termination of lease agreements	-	(1,719,197)
Interest paid	(148,823)	(100,628)
Increase capital	-	6,000,000
Net cash flows from (used in) financing activities	(1,777,542)	833,606
Net increase in cash and cash equivalents	856,652	1,974,859
Cash and cash equivalents at beginning of the period	794,058	711,044
Unrealised exchange loss on cash and cash equivalents	(32,254)	(1,494)
Cash and cash equivalents at end of the period	1,618,456	2,684,409
	-	

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement (continued)

For the three-month period ended 31 March 2023

	(Unit: Thousand Baht)	
	2023	2022
Non-cash items:		
Decrease in other payables from acquisitions of equipment	(10,851)	-
Transfer of property, leasehold improvements and equipment to investment properties	(232)	-
Transfer of investment properties to property, leasehold improvements and equipment	-	18,718
Transfer of right-of-use assets to aircraft	-	3,212,137
Increase in right-of-use assets and liabilities under lease agreements from new lease agreements	-	2,415,505
Increase in right-of-use assets from new lease agreements	-	50,707
Increase in right-of-use assets from sales and leaseback aircraft	-	377,663
Increase in right-of-use assets and liabilities under lease agreements from lease remeasurements	885,928	682,095
Transfer of deposits for lease of aircraft to right-of-use assets from lease remeasurement	16,986	-
Decrease in lease liabilities from offsetting with amounts due to related parties	63,617	336,776
Increase in other payables from aircraft maintenance reserves	58,110	-
Increase in amounts due to related parties from aircraft maintenance reserves	68,969	-

The accompanying notes are an integral part of the financial statements.

Thai AirAsia Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2023

1. General information

1.1 The Company's general information

Thai AirAsia Company Limited (“the Company”) is a limited company incorporated and domiciled in Thailand. Its parent company is Asia Aviation Public Company Limited, a company listed in the Stock Exchange of Thailand, and incorporated in Thailand. The Company is principally engaged in low-fare airline business company. Its registered address is at 222, Don Mueang International Airport, Central Office Building, Room no. 3200, 3rd floor, Vibhavadee Rangsit Road, Sanam Bin Sub-District, Don Mueang District, Bangkok.

1.2 Coronavirus 2019 (COVID-19) Pandemic

The COVID-19 pandemic has resulted in an adverse impact on the tourism and hospitality industries. This directly affects the Company's aviation business. Despite the improvements in the COVID-19 pandemic situation, the number of flights has yet to reach closed to the pre-pandemic levels. This situation has significantly affected the Company's financial position, operating results, and cash flows. Therefore, the statement of financial position as at 31 March 2023 presented capital deficits and the Company's total current liabilities exceeded its total current assets by significant amount.

Currently, the management is in the process of implementing various measures to modify business plans, reduce costs and postpone repayments to manage the Company's liquidity and its cash flows, and the management believes that the Company will be able to continue as a going concern. The financial statements have been prepared under the going concern basis. However, the success of business plans of the Company and its parent company depends on external factors. This indicates that there are material uncertainties which may raise substantial doubt about the Company's ability to continue as a going concern.

1.3 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

The Company does not present consolidated financial statements since the consolidated financial statements of the Group are prepared by Asia Aviation Public Company Limited (the parent company) which is in accordance with Thai Financial Reporting Standard No.10 Consolidated Financial Statements.

1.4 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Company's financial statements.

2. Related party transactions

During the periods, the Company had significant business transactions with related parties. Such transactions, arose in the ordinary course of business. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period.

Summaries significant business transactions with related parties as follows.

	(Unit: Million Baht)	
	For the three-month periods ended 31 March	
	2023	2022
Transactions with related companies		
Revenues from freight	34	19
Aircraft repair and maintenance expenses	428	177
Service fee expenses	277	64
Aircraft rental expenses	216	352
Management expenses	111	23
Allocated staff cost and other service expenses	95	99
Ground handling service expenses	5	26

As at 31 March 2023 and 31 December 2022, the outstanding balances between the Company and those related parties are as follows.

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
Amounts due from related parties		
Related companies (common shareholders and/or directors)	3,472,772	2,838,372

(Unaudited but reviewed)

	(Unit: Thousand Baht)	
	31 March	31 December
	2023	2022
Less: Allowance for expected credit losses	(531,705)	(298,629)
Total amounts due from related parties - net	<u>2,941,067</u>	<u>2,539,743</u>
Other current financial assets		
<i>Deposits for lease of aircraft</i>		
Related company (common shareholders and directors)	<u>47,715</u>	<u>80,661</u>
Total	<u>47,715</u>	<u>80,661</u>
Other non-current financial assets		
<i>Deposits for lease of aircraft</i>		
Related company (common shareholders and directors)	121,455	114,774
<i>Deposits for fuel price swap agreements</i>		
Related company (common shareholders and directors)	16,967	17,196
<i>Other deposits</i>		
Related company (common directors)	<u>20,000</u>	<u>20,000</u>
Total	<u>158,422</u>	<u>151,970</u>
Aircraft maintenance reserves (Note 4)		
Related company (common shareholders and directors)	<u>2,484,845</u>	<u>2,687,676</u>
Total	<u>2,484,845</u>	<u>2,687,676</u>
Amounts due to related parties		
Parent company	53,500	46,823
Related companies (common shareholders and/or directors)	<u>1,911,295</u>	<u>1,421,970</u>
Total	<u>1,964,795</u>	<u>1,468,793</u>
Lease liabilities (Note 12)		
Related company (common shareholders and directors)	<u>3,191,972</u>	<u>2,353,874</u>
Total	<u>3,191,972</u>	<u>2,353,874</u>

Short-term borrowings from parent company

Short-term borrowings from parent company are unsecured loans with fixed interest rate at 0.25 percent per annum, and payable at call or when the borrower has sufficient cash flow, which full repayment in March 2023.

Directors and management's benefits

During the three-month periods ended 31 March 2023 and 2022, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March	
	2023	2022
Short-term employee benefits	23,508	22,196
Post-employment benefits	1,661	957
Other long-time benefits	6	4
Total	25,175	23,157

3. Trade and other receivables

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
<u>Trade receivables</u>		
Aged on the basis of due dates		
Not yet due	267,988	211,526
Past due		
Up to 3 months	35,270	23,989
3 - 6 months	14,729	21,575
6 - 12 months	13,935	10,787
Over 12 months	55,007	45,946
Total	386,929	313,823
Less: Allowance for expected credit losses	(53,753)	(51,839)
Total trade receivables - net	333,176	261,984
<u>Other receivables</u>		
Aircraft maintenance claimable	558,117	415,374
Value added tax refundable	90,470	150,845
Others	61,139	64,917
Total	709,726	631,136
Less: Allowance for expected credit losses	(46,194)	(44,203)
Total other receivables - net	663,532	586,933
Total trade and other receivables - net	996,708	848,917

4. Aircraft maintenance reserves

Movements of the aircraft maintenance reserves account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	3,055,768
Payment for aircraft maintenance reserves	289,413
Amortisation for the period	<u>(374,640)</u>
Net book value as at 31 March 2023	<u><u>2,970,541</u></u>

5. Property, building, aircraft, leasehold improvements and equipment

Movements of the property, building, aircraft, leasehold improvements and equipment account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	4,185,034
Acquisitions - at cost	87,075
Disposals - net book value as at disposed date	(125)
Transfer to investment properties - net book value as at transfer date	(232)
Depreciation for the period	<u>(93,559)</u>
Net book value as at 31 March 2023	<u><u>4,178,193</u></u>

As at 31 March 2023, the Company has mortgaged its land and building constructed thereon and 3 aircraft (31 December 2022: land and buildings constructed thereon and 3 aircraft) with net book value amounting to approximately Baht 3,506 million (31 December 2022: Baht 3,553 million) as collateral against credit facilities received from financial institutions as described in Note 10.

6. Right-of-use assets

Movement of right-of-use assets account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 1 January 2023	25,025,902
Increase from lease remeasurement	902,914
Depreciation for the period	<u>(835,243)</u>
Net book value as at 31 March 2023	<u><u>25,093,573</u></u>

7. Investment properties

As at 31 March 2023, the Company has mortgaged its land and buildings constructed thereon with net book value amounting to approximately Baht 511 million (31 December 2022: Baht 514 million) as collateral against credit facilities received from financial institutions as described in Note 10.

The Company as a lessor

The Company entered into a lease agreement for investment properties consisting of building's spaces with a term of 3 - 14 years.

Future minimum lease payments required under non-cancellable lease agreements as at 31 March 2023 are as follows.

	(Unit: Thousand Baht)
In up to 1 year	16,774
In over 1 year and up to 5 years	63,677
In over 5 years	147,402
Total	<u>227,853</u>

8. Short-term borrowings from financial institutions

As at 31 March 2023, short-term borrowings from financial institutions were in the form of promissory notes and carried fixed interest at rates between 3.65 and 4.30 percent per annum (31 December 2022: fixed interest at rates between 3.15 and 3.40 percent per annum).

9. Short-term debentures

The Company issued 750,000 units of short-term unsubordinated debentures guaranteed by parent company at a unit price of Baht 1,000 each, carrying interest at a rate of 6.00 percent per annum. These debentures were not credit-rated.

10. Long-term borrowings from financial institutions

	(Unit: Thousand Baht)	
	<u>31 March 2023</u>	<u>31 December 2022</u>
Current portion of long-term borrowings from financial institutions	792,967	828,106
Less: Front end fee	(154)	(154)
Total current portion of long-term borrowings - net	<u>792,813</u>	<u>827,952</u>
Long-term borrowings from financial institutions - net of current portion	2,395,605	2,561,095
Less: Front end fee	(718)	(756)
Total non-current portion of long-term borrowings - net	<u>2,394,887</u>	<u>2,560,339</u>

(Unaudited but reviewed)

Total long-term borrowings from financial institutions	<u>3,187,700</u>	<u>3,388,291</u>
--	------------------	------------------

As at 31 March 2023 and 31 December 2022, the long-term borrowings are secured by the mortgages of the Company's land and buildings constructed thereon, and pledges of the Company's aircraft as described in Note 5 and Note 7.

Movements of long-term borrowings from financial institutions account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
Balance as at 1 January 2023		3,388,291
Amortisation of front end fee		39
Repayment of borrowings		<u>(200,630)</u>
Balance as at 31 March 2023		<u>3,187,700</u>

The loan agreement contains covenants which, among other things, require the Company to maintain. Banks review a Net Interest-Bearing Debt-to-Equity Ratio at the rate prescribed in the agreement on the annual financial statements and the interim financial information for the six-month period ended and review Debt-Service Coverage Ratio (DSCR) more than the rate prescribed in the agreement on the annual financial statements.

11. Long-term debentures

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
Current portion of long-term debentures	<u>1,000,000</u>	<u>1,000,000</u>
Less: Front end fee	<u>(118)</u>	<u>(243)</u>
Total current portion of long-term debentures - net	<u>999,882</u>	<u>999,757</u>
Long-term debentures - net of current portion	1,431,500	1,431,500
Less: Front end fee	<u>(11,447)</u>	<u>(13,702)</u>
Total non-current portion of long-term debentures - net	<u>1,420,053</u>	<u>1,417,798</u>
Total long-term debentures	<u>2,419,935</u>	<u>2,417,555</u>

Long-term debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 31 March 2023 amounted to Baht 2,423 million (31 December 2022: Baht 2,399 million).

Movements of long-term debentures account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
Balance as at 1 January 2023		2,417,555
Amortisation of front end fee		<u>2,380</u>

(Unaudited but reviewed)

Balance as at 31 March 2023 2,419,935

12. Liabilities under lease agreements

(Unit: Thousand Baht)

	31 March 2023	31 December 2022
Liabilities under lease agreements	44,776,241	45,599,890
Less: Deferred interest expenses	(8,803,221)	(9,143,432)
Total	35,973,020	36,456,458
Less: Portion due within one year	(5,945,056)	(6,331,068)
Liabilities under lease agreements - net of current portion	<u>30,027,964</u>	<u>30,125,390</u>

Movements of liabilities under lease agreements account during the three-month period ended 31 March 2023 are summarised below.

(Unit: Thousand Baht)

Balance as at 1 January 2023	36,456,458
Increase from lease remeasurements	885,928
Repayments for liabilities under lease agreements during the period	(1,302,706)
Accretion of interest	419,770
Impact of exchange rate difference	(486,430)
Balance as at 31 March 2023	<u>35,973,020</u>

13. Other income

(Unit: Thousand Baht)

For the three-month
periods ended 31 March

	2023	2022
Gain on exchange	562,587	209,966
Others	166,572	94,529
Total	<u>729,159</u>	<u>304,495</u>

14. Other expenses

(Unit: Thousand Baht)

For the three-month
periods ended 31 March

	2023	2022
Loss on expected credit losses	237,400	12,629
Loss on derivatives	9,514	59,000
Loss on disposals and write-off of aircraft and equipment	-	40,746

(Unaudited but reviewed)

Total	<u>246,914</u>	<u>112,375</u>
-------	----------------	----------------

15. Income tax

Interim corporate income tax was calculated on profit (loss) before income tax for the periods, using the estimated effective tax rate for the year.

Income tax revenue (expense) for the three-month periods ended 31 March 2023 and 2022 are made up as follows.

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Interim corporate income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(140,125)</u>	<u>722,046</u>
Income tax revenue (expense) reported in profit or loss	<u>(140,125)</u>	<u>722,046</u>
Income tax expense included in other comprehensive income	<u>-</u>	<u>(4,446)</u>

16. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the periods (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the periods.

17. Segment information

The Company is organised into business units. During the current period, the Company has not changed the organisation of the reportable segments.

Revenues and profit (loss) information regarding the Company's operating segments for the three-month periods ended 31 March 2023 and 2022 are as follows.

	(Unit: Thousand Baht)		
	Scheduled flight operations	Charter flight operations	Total segments
For the three-month period ended 31 March 2023			
Revenues			
Revenues from sales and services	<u>8,911,059</u>	<u>174,538</u>	<u>9,085,597</u>
Total revenues	<u>8,911,059</u>	<u>174,538</u>	<u>9,085,597</u>
Operating result			
Segment profit	438,231	64,972	503,203
Other income			729,159
Other expenses			(246,914)
Finance income			6,741
Finance costs			<u>(493,806)</u>

(Unaudited but reviewed)

Profit before income tax	498,383
Income tax expense	(140,125)
Profit for the period	<u>358,258</u>

(Unit: Thousand Baht)

	Scheduled flight operations	Charter flight operations	Total segments
For the three-month period ended 31 March 2022			
Revenues			
Revenues from sales and services	1,785,383	1,088	1,786,471
Total revenues	<u>1,785,383</u>	<u>1,088</u>	<u>1,786,471</u>
Operating result			
Segment profit (loss)	(2,895,006)	444	(2,894,562)
Other income			304,495
Other expenses			(112,375)
Finance income			5,917
Finance costs			(559,779)
Loss before income tax			(3,256,304)
Income tax revenue			722,046
Loss for the period			<u>(2,534,258)</u>

18. Commitments and contingent liabilities

18.1 Building construction commitments

As at 31 March 2023, the Company had capital commitments of Baht 15 million (31 December 2022: Baht 15 million), relating to the decoration of a project's buildings.

18.2 Aircraft maintenance service commitments

As at 31 March 2023 and 31 December 2022, the Company had commitments under aircraft maintenance service agreements with related companies, and other aircraft lessors. The Company agrees to pay aircraft maintenance service fees at the rates in USD currency stipulated in the agreements, which vary for each aircraft depending on flight hours and the age of the aircraft.

18.3 Service commitments

As at 31 March 2023, the Company had significant service commitments as follows.

- 1) The Company had commitments from using human resource, legal and other services rendered with related company. The Company was to pay the fees at the agreed rates. During the three-month period ended 31 March 2023, the fees under this agreement amounted to Baht 95 million (31 March 2022: Baht 102 million).
- 2) The Company had a commitment from using marketing, booking system and other services rendered with related company. The Company was to pay the fees depending on the rates stipulated in the agreements. During the three-month period ended 31 March 2023, the fees under this agreement amounted to Baht 277 million (31 March 2022: Baht 64 million).

(Unaudited but reviewed)

- 3) The Company had a commitment from using data consultancy and management services rendered with related companies. The Company was to pay the fees at the agreed rates.

18.4 Other commitments

The Company had the future minimum lease payments in respect of short-term leases, insurance agreements and other service agreements as follows.

(Unit: Thousand Baht)

	31 March 2023
Payable:	
In up to 1 year	71,230
In over 1 year and up to 5 years	17,918
Total	<u>89,148</u>

18.5 Guarantees

The Company had commitments from letters of guarantee in respect of ground handling, technical support and other flight operating activities including maintenance reserve fund in the ordinary course of business as follows.

(Unit: Million)

	31 March 2023				31 December 2022			
	USD	SGD	INR	Baht	USD	SGD	INR	Baht
Guarantees relating to								
flight operating activities	0.16	2.20	75.93	15.92	0.16	2.20	73.43	15.92
Guarantees relating to								
maintenance reserve fund	1.28	-	-	-	1.28	-	-	-
Total	<u>1.44</u>	<u>2.20</u>	<u>75.93</u>	<u>15.92</u>	<u>1.44</u>	<u>2.20</u>	<u>73.43</u>	<u>15.92</u>
Total equivalent to Thai Baht	<u>49.18</u>	<u>57.18</u>	<u>33.77</u>	<u>15.92</u>	<u>49.86</u>	<u>57.24</u>	<u>32.80</u>	<u>15.92</u>

18.6 Litigations

During the current period, there have been no additional significant litigations as disclosed in the financial statements for the year ended 31 December 2022.

19. Fair value hierarchy

As at 31 March 2023 and 31 December 2022, the Company had financial assets and financial liabilities in USD and Baht currencies that were measured or disclosed at fair value using level 2 of input hierarchy as follows.

(Unit: Thousand Baht)

	31 March 2023		31 December 2022	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht

Financial assets measured at fair value

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 March 2023		31 December 2022	
	Contract currency		Contract currency	
	USD	Baht	USD	Baht
Derivatives				
Interest rate swap agreements	-	1,061	-	1,457
Financial liabilities measured or disclosed at fair value				
Derivatives				
Interest rate swap agreements	-	2,653	-	3,299
Foreign exchange forward contracts	82,270	-	72,505	-
Long-term borrowings from financial institutions	-	3,187,700	-	3,388,291
Long-term debentures	-	2,423,434	-	2,398,552

During the current period, there were no changes in the methods and the assumptions used to estimate the fair value of financial instruments and there were no transfers within the fair value hierarchy.

20. Events after the reporting period

On 27 April 2023, the Company issued unsubordinated and secured long-term debentures No. 1/2566. The debentures were offered in the amount of 1.5 million units at a price of Baht 1,000 per unit, totaling Baht 1,500 million. The debentures have a 2-year term and will mature on 27 April 2025. The Company has the rights to the early redemption of the debentures starting from 27 October 2023 onwards. The debentures are subject to a fixed interest rate of 7 percent per annum, payable every three months throughout the life of the debentures.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 May 2023.