

Thai AirAsia Company Limited
Review report and interim financial information
For the three-month and six-month periods ended
30 June 2023



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

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
แขวงคลองมดข เขตคลองเตย กรุงเทพฯ 10110
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0790
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 30 June 2023, the related statements of comprehensive income for the three-month and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows for the six-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 in the past several years 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 pandemic situation, the total number of passengers 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 30 June 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: 11 August 2023

Thai AirAsia Company Limited
Statement of financial position
As at 30 June 2023

| | | (Unit: Thousand Baht) | |
|---|------|-----------------------------|-------------------|
| | Note | 30 June 2023 | 31 December 2022 |
| | | (Unaudited but reviewed) | (Audited) |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 1,189,406 | 794,058 |
| Trade and other receivables | 3 | 1,140,606 | 848,917 |
| Amounts due from related parties | 2 | 3,857,704 | 2,539,743 |
| Inventories | | 270,343 | 401,262 |
| Current tax assets | | 7,226 | 5,595 |
| Prepaid expenses | | 813,425 | 450,868 |
| Other current financial assets | 2 | 68,181 | 184,600 |
| Derivative assets | 18 | 11,950 | 874 |
| Total current assets | | 7,358,841 | 5,225,917 |
| Non-current assets | | | |
| Other non-current financial assets | 2 | 956,427 | 897,255 |
| Derivative assets | 18 | 37 | 583 |
| Investment in subsidiary | | 2,500 | 2,500 |
| Aircraft maintenance reserves | 2, 4 | 2,848,307 | 3,055,768 |
| Property, building, aircraft, leasehold improvements and equipment | 5 | 4,120,291 | 4,185,034 |
| Right-of-use assets | 6 | 24,274,714 | 25,025,902 |
| Intangible assets | | 2,293 | 3,467 |
| Investment properties | 7 | 510,274 | 514,261 |
| Deferred tax assets | | 5,198,672 | 5,049,714 |
| Total non-current assets | | 37,913,515 | 38,734,484 |
| Total assets | | 45,272,356 | 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 30 June 2023

| | | (Unit: Thousand Baht) | |
|--|-------|-----------------------------|-------------------|
| | Note | 30 June 2023 | 31 December 2022 |
| | | (Unaudited but reviewed) | (Audited) |
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Short-term borrowings from financial institutions | 8 | 750,000 | 750,000 |
| Short-term debentures | 9 | 747,619 | 742,934 |
| Short-term borrowings from parent company | 2 | - | 89,000 |
| Trade payables | | 1,382,046 | 1,463,521 |
| Other payables | | 404,947 | 392,276 |
| Amounts due to related parties | 2 | 1,446,288 | 1,468,793 |
| Current portion of long-term borrowings from financial institutions | 10 | 677,893 | 827,952 |
| Current portion of long-term debentures | 11 | 1,422,332 | 999,757 |
| Current portion of liabilities under lease agreements | 2, 12 | 5,876,928 | 6,331,068 |
| Unearned income | | 5,261,371 | 4,750,937 |
| Accrued expenses | | 5,644,252 | 4,136,907 |
| Derivative liabilities | 18 | 34,090 | 74,154 |
| Total current liabilities | | 23,647,766 | 22,027,299 |
| Non-current liabilities | | | |
| Long-term borrowings from financial institutions - net of current portion | 10 | 2,222,265 | 2,560,339 |
| Long-term debentures - net of current portion | 11 | 1,483,120 | 1,417,798 |
| Liabilities under lease agreements - net of current portion | 2, 12 | 30,689,249 | 30,125,390 |
| Provision for long-term employee benefits | | 789,143 | 732,794 |
| Derivative liabilities | 18 | 405 | 1,650 |
| Total non-current liabilities | | 35,184,182 | 34,837,971 |
| Total liabilities | | 58,831,948 | 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 30 June 2023

| | (Unit: Thousand Baht) | |
|--|-----------------------------|---------------------|
| | 30 June 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 | (26,567,490) | (25,912,767) |
| Total shareholders' equity (capital deficits) | (13,559,592) | (12,904,869) |
| Total liabilities and shareholders' equity | 45,272,356 | 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 30 June 2023

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

| | Note | 2023 | 2022 |
|--|------|--------------------|--------------------|
| Profit or loss: | | | |
| Revenues | | | |
| Revenues from sales and services | | 10,036,490 | 2,691,774 |
| Other income | | 362,342 | 81,323 |
| Total revenues | | <u>10,398,832</u> | <u>2,773,097</u> |
| Expenses | | | |
| Cost of sales and services | | 9,038,303 | 4,987,358 |
| Selling and distribution expenses | | 449,984 | 138,351 |
| Administrative expenses | | 202,800 | 223,903 |
| Other expenses | 13 | 1,470,142 | 2,431,912 |
| Total expenses | | <u>11,161,229</u> | <u>7,781,524</u> |
| Loss from operating activities | | (762,397) | (5,008,427) |
| Finance income | | 9,377 | 7,414 |
| Finance costs | | (549,044) | (551,759) |
| Loss before income tax revenue | | (1,302,064) | (5,552,772) |
| Income tax revenue | 14 | 289,083 | 841,361 |
| Loss for the period | | <u>(1,012,981)</u> | <u>(4,711,411)</u> |
| Other comprehensive income: | | | |
| Other comprehensive income for the period | | - | - |
| Total comprehensive income for the period | | <u>(1,012,981)</u> | <u>(4,711,411)</u> |
| Loss per share | 15 | | |
| Basic loss per share | | (10.71) | (49.79) |
| Weighted average number of ordinary shares (Thousand shares) | | <u>94,618</u> | <u>94,618</u> |

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Statement of comprehensive income

For the six-month period ended 30 June 2023

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

| | Note | 2023 | 2022 |
|--|------|-------------------|--------------------|
| Profit or loss: | | | |
| Revenues | | | |
| Revenues from sales and services | | 19,122,087 | 4,478,245 |
| Other income | | 519,400 | 148,889 |
| Total revenues | | <u>19,641,487</u> | <u>4,627,134</u> |
| Expenses | | | |
| Cost of sales and services | | 16,939,785 | 9,323,112 |
| Selling and distribution expenses | | 841,094 | 233,601 |
| Administrative expenses | | 492,602 | 473,932 |
| Other expenses | 13 | 1,144,955 | 2,307,358 |
| Total expenses | | <u>19,418,436</u> | <u>12,338,003</u> |
| Profit (loss) from operating activities | | 223,051 | (7,710,869) |
| Finance income | | 16,118 | 13,331 |
| Finance costs | | (1,042,850) | (1,111,538) |
| Loss before income tax revenue | | (803,681) | (8,809,076) |
| Income tax revenue | 14 | 148,958 | 1,563,407 |
| Loss for the period | | <u>(654,723)</u> | <u>(7,245,669)</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 | | - | 115,899 |
| Net change in cost of cash flow hedges - net of income tax | | - | (5,025) |
| Other comprehensive income for the period | 14 | <u>-</u> | <u>110,874</u> |
| Total comprehensive income for the period | | <u>(654,723)</u> | <u>(7,134,795)</u> |
| Loss per share | 15 | | |
| Basic loss per share | | (6.92) | (83.77) |
| Weighted average number of ordinary shares (Thousand shares) | | <u>94,618</u> | <u>86,497</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 six-month period ended 30 June 2023

(Unit: Thousand Baht)

| | Issued and paid-up share capital | Premium on ordinary shares | Retained earnings (deficits) | | Other components of shareholders' equity | | | Total shareholders' equity (capital deficits) |
|---|-------------------------------------|-------------------------------|------------------------------|---------------------|--|----------------------------|--|---|
| | | | Appropriated | Unappropriated | Other comprehensive income | | Total other components of shareholders' equity | |
| | | | | | Cash flow hedge reserve | Cost of hedging reserve | | |
| Balance as at 1 January 2022 | 636,713 | 6,327,629 | 43,556 | (17,852,071) | (115,899) | 5,025 | (110,874) | (10,955,047) |
| Loss for the period | - | - | - | (7,245,669) | - | - | - | (7,245,669) |
| Other comprehensive income for the period | - | - | - | - | 115,899 | (5,025) | 110,874 | 110,874 |
| Total comprehensive income for the period | - | - | - | (7,245,669) | 115,899 | (5,025) | 110,874 | (7,134,795) |
| Issuance new ordinary shares | 309,470 | 5,690,530 | - | - | - | - | - | 6,000,000 |
| Balance as at 30 June 2022 | <u>946,183</u> | <u>12,018,159</u> | <u>43,556</u> | <u>(25,097,740)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(12,089,842)</u> |
| Balance as at 1 January 2023 | 946,183 | 12,018,159 | 43,556 | (25,912,767) | - | - | - | (12,904,869) |
| Loss for the period | - | - | - | (654,723) | - | - | - | (654,723) |
| Other comprehensive income for the period | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | (654,723) | - | - | - | (654,723) |
| Balance as at 30 June 2023 | <u>946,183</u> | <u>12,018,159</u> | <u>43,556</u> | <u>(26,567,490)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(13,559,592)</u> |

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement

For the six-month period ended 30 June 2023

| | (Unit: Thousand Baht) | |
|---|-----------------------|--------------------|
| | 2023 | 2022 |
| Cash flows from operating activities | | |
| Loss before tax | (803,681) | (8,809,076) |
| Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities: | | |
| Allowance for expected credit losses | 316,917 | 45,719 |
| Depreciation and amortisation | 2,558,488 | 3,178,466 |
| (Gain) loss on disposals and write-off of aircraft and equipment | (1,585) | 40,747 |
| Long-term employee benefits expenses | 64,079 | 70,210 |
| (Gain) loss on derivatives | (51,839) | 32,037 |
| Unrealised loss on exchange | 1,185,794 | 2,426,053 |
| Finance income | (16,118) | (13,331) |
| Finance cost | 1,042,850 | 1,111,538 |
| Gain (loss) from operating activities before changes in operating assets and liabilities | 4,294,905 | (1,917,637) |
| Operating assets (increase) decrease | | |
| Trade and other receivables | (285,372) | 90,805 |
| Amounts due from related parties | (1,624,613) | (460,009) |
| Inventories | 130,919 | (35,046) |
| Prepaid expenses | (362,557) | (227,082) |
| Other current financial assets | 113,705 | (105,063) |
| Other non-current financial assets | (59,395) | (113,471) |
| Operating liabilities increase (decrease) | | |
| Trade payables | (167,086) | (204,981) |
| Other payables | (36,118) | (323,756) |
| Amounts due to related parties | (42,430) | (625,606) |
| Unearned income | 510,434 | 479,806 |
| Accrued expenses | 1,486,851 | 1,039,510 |
| Provision for long-term employee benefits | (7,730) | - |
| Cash flows from (used in) operating activities | 3,951,513 | (2,402,530) |
| Cash paid for income tax | (1,631) | (525) |
| Net cash flows from (used in) operating activities | 3,949,882 | (2,403,055) |

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement (continued)

For the six-month period ended 30 June 2023

| | (Unit: Thousand Baht) | |
|---|-----------------------|------------------|
| | 2023 | 2022 |
| Cash flows from investing activities | | |
| Payments for aircraft maintenance reserves | (412,494) | - |
| Payments for building, aircraft, leasehold improvements, equipment and investment properties | (135,705) | (90,633) |
| Interest received | 16,118 | - |
| Proceeds from disposals of aircraft and equipment | 4,431 | 3,870,822 |
| Cash paid for right-of-use assets | (1,936) | (112,977) |
| Net cash flows from (used in) investing activities | (529,586) | 3,667,212 |
| Cash flows from financing activities | | |
| Net decrease in short-term borrowings from parent company | (89,000) | (2,450,000) |
| Repayment of short-term debenture | - | (80,000) |
| Proceeds from long-term borrowing from financial institution | 100,000 | 30,000 |
| Repayments of long-term borrowings from financial institutions | (588,210) | (370,511) |
| Proceed from long-term debenture | 1,500,000 | 1,431,500 |
| Repayments of long-term debentures | (1,000,000) | (1,800,000) |
| Payment for front end fee | (18,525) | - |
| Cash paid for liabilities under lease agreements | (2,703,833) | (1,612,841) |
| Payments for early termination of lease agreements | - | (1,719,197) |
| Interest paid | (237,370) | (182,805) |
| Received cash from paid-up capital | - | 6,000,000 |
| Net cash flows used in financing activities | (3,036,938) | (753,854) |
| Net increase in cash and cash equivalents | 383,358 | 510,303 |
| Cash and cash equivalents at beginning of the period | 794,058 | 711,044 |
| Unrealised exchange gain on cash and cash equivalents | 11,990 | 1,624 |
| Cash and cash equivalents at end of the period | 1,189,406 | 1,222,971 |
| | - | |

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

(Unaudited but reviewed)

Thai AirAsia Company Limited

Cash flow statement (continued)

For the six-month period ended 30 June 2023

| | (Unit: Thousand Baht) | |
|---|-----------------------|-----------|
| | 2023 | 2022 |
| Non-cash items: | | |
| Decrease in other payables from acquisitions of equipment | (9,507) | - |
| Increase in accrued expense from front end fee | - | 18,336 |
| 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 | 9,506 | 2,682,481 |
| Transfer of deposits for lease of aircraft to right-of-use assets from new lease agreements | 251 | - |
| Increase in right-of-use assets and liabilities under lease agreements from lease remeasurements | 885,928 | 797,977 |
| Transfer of deposits for lease of aircraft to right-of-use assets from lease remeasurement | 22,335 | 13,522 |
| Decrease in lease liabilities from offsetting with amounts due to related parties | - | 646,304 |
| Increase in other payables from aircraft maintenance reserves | 56,143 | - |
| Increase in amounts due to related parties from aircraft maintenance reserves | 19,926 | - |

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

Thai AirAsia Company Limited

Notes to interim financial statements

For the three-month and six-month periods ended 30 June 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 in the past several years 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 pandemic situation, the total number of passengers 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 30 June 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 30 June | |
| | 2023 | 2022 |
| Transactions with related companies | | |
| Revenues from freight and cargo | 48 | 23 |
| Aircraft repair and maintenance expenses | 383 | 239 |
| Commission expenses | 308 | 99 |
| Aircraft and aircraft engines rental expenses | 211 | 437 |
| Management expenses | 122 | 25 |
| Allocated staff cost and other service expenses | 11 | 100 |

| | (Unit: Million Baht) | |
|---|--|------|
| | For the six-month periods ended 30 June | |
| | 2023 | 2022 |
| Transactions with related companies | | |
| Revenues from freight and cargo | 82 | 42 |
| Aircraft repair and maintenance expenses | 811 | 416 |
| Commission expenses | 585 | 163 |
| Aircraft and aircraft engines rental expenses | 427 | 789 |
| Management expenses | 233 | 48 |
| Allocated staff cost and other service expenses | 106 | 205 |

(Unaudited but reviewed)

As at 30 June 2023 and 31 December 2022, the outstanding balances between the Company and those related parties are as follows.

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------------|
| | 30 June 2023 | 31 December 2022 |
| Amounts due from related parties | | |
| Related companies (common shareholders and/or directors) | 4,462,985 | 2,838,372 |
| Less: Allowance for expected credit losses | (605,281) | (298,629) |
| Total amounts due from related parties - net | <u>3,857,704</u> | <u>2,539,743</u> |
| Other current financial assets | | |
| <i>Deposits for lease of aircraft</i> | | |
| Related company (common shareholders and directors) | 48,695 | 80,661 |
| Total | <u>48,695</u> | <u>80,661</u> |
| Other non-current financial assets | | |
| <i>Deposits for lease of aircraft</i> | | |
| Related company (common shareholders and directors) | 129,134 | 114,774 |
| <i>Deposits for fuel price swap agreements</i> | | |
| Related company (common shareholders and directors) | 17,715 | 17,196 |
| <i>Other deposits</i> | | |
| Related company (common directors) | 20,000 | 20,000 |
| Total | <u>166,849</u> | <u>151,970</u> |
| Aircraft maintenance reserves (Note 4) | | |
| Related company (common shareholders and directors) | 2,221,162 | 2,687,676 |
| Total | <u>2,221,162</u> | <u>2,687,676</u> |
| Amounts due to related parties | | |
| Parent company | 60,188 | 46,823 |
| Related companies (common shareholders and/or directors) | 1,386,100 | 1,421,970 |
| Total | <u>1,446,288</u> | <u>1,468,793</u> |
| Lease liabilities (Note 12) | | |
| Related company (common shareholders and directors) | 3,205,464 | 2,353,874 |
| Total | <u>3,205,464</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 and six-month periods ended 30 June 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 30 June | |
| | 2023 | 2022 |
| Short-term employee benefits | 27,041 | 23,002 |
| Post-employment benefits | 1,660 | 957 |
| Other long-time benefits | 7 | 4 |
| Total | 28,708 | 23,963 |

| | (Unit: Thousand Baht) | |
|------------------------------|--|---------------|
| | For the six-month periods ended 30 June | |
| | 2023 | 2022 |
| Short-term employee benefits | 50,549 | 45,198 |
| Post-employment benefits | 3,321 | 1,914 |
| Other long-time benefits | 13 | 8 |
| Total | 53,883 | 47,120 |

3. Trade and other receivables

| | (Unit: Thousand Baht) | |
|--|-----------------------|------------------|
| | 30 June 2023 | 31 December 2022 |
| <u>Trade receivables</u> | | |
| Aged on the basis of due dates | | |
| Not yet due | 285,452 | 211,526 |
| Past due | | |
| Up to 3 months | 22,125 | 23,989 |
| 3 - 6 months | 39,832 | 21,575 |
| 6 - 12 months | 29,224 | 10,787 |
| Over 12 months | 47,278 | 45,946 |
| Total | 423,911 | 313,823 |
| Less: Allowance for expected credit losses | (61,165) | (51,839) |
| Total trade receivables - net | 362,746 | 261,984 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | 30 June 2023 | 31 December 2022 |
|--|--------------|------------------|
| <u>Other receivables</u> | | |
| Aircraft maintenance claimable | 601,069 | 415,374 |
| Value added tax refundable | 154,644 | 150,845 |
| Others | 65,678 | 64,917 |
| Total | 821,391 | 631,136 |
| Less: Allowance for expected credit losses | (43,531) | (44,203) |
| Total other receivables - net | 777,860 | 586,933 |
| Total trade and other receivables - net | 1,140,606 | 848,917 |

4. Aircraft maintenance reserves

Movements of the aircraft maintenance reserves account during the six-month period ended 30 June 2023 are summarised below.

(Unit: Thousand Baht)

| | |
|---|-----------|
| Net book value as at 1 January 2023 | 3,055,768 |
| Payment for aircraft maintenance reserves | 488,563 |
| Amortisation for the period | (696,024) |
| Net book value as at 30 June 2023 | 2,848,307 |

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

Movements of the property, building, aircraft, leasehold improvements and equipment account during the six-month period ended 30 June 2023 are summarised below.

(Unit: Thousand Baht)

| | |
|--|-----------|
| Net book value as at 1 January 2023 | 4,185,034 |
| Acquisitions - at cost | 124,470 |
| Disposals - net book value as at disposed date | (2,846) |
| Transfer to investment properties - net book value as at transfer date | (232) |
| Depreciation for the period | (186,135) |
| Net book value as at 30 June 2023 | 4,120,291 |

As at 30 June 2023, the Company has mortgaged its land and building constructed thereon and 3 aircraft with net book value amounting to approximately Baht 3,160 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 six-month period ended 30 June 2023 are summarised below.

| | (Unit: Thousand Baht) |
|--|--------------------------|
| Net book value as at 1 January 2023 | 25,025,902 |
| Increase from new lease agreements during the period | 9,757 |
| Increase from lease remeasurement | 908,263 |
| Depreciation for the period | <u>(1,669,208)</u> |
| Net book value as at 30 June 2023 | <u><u>24,274,714</u></u> |

7. Investment properties

As at 30 June 2023, the Company has mortgaged its land and buildings constructed thereon with net book value amounting to approximately Baht 510 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 30 June 2023 are as follows.

| | (Unit: Thousand Baht) |
|----------------------------------|-----------------------|
| In up to 1 year | 16,774 |
| In over 1 year and up to 5 years | 63,426 |
| In over 5 years | <u>143,459</u> |
| Total | <u><u>223,659</u></u> |

8. Short-term borrowings from financial institutions

As at 30 June 2023, short-term borrowings from financial institutions were in the form of promissory notes and carried fixed interest at rates between 4.00 and 4.95 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) | |
|---|-------------------------|-------------------------|
| | 30 June 2023 | 31 December 2022 |
| Current portion of long-term borrowings from financial institutions | 678,047 | 828,106 |
| Less: Front-end fee | (154) | (154) |
| Total current portion of long-term borrowings - net | <u>677,893</u> | <u>827,952</u> |
| Long-term borrowings from financial institutions - net of current portion | 2,222,944 | 2,561,095 |
| Less: Front-end fee | (679) | (756) |
| Total non-current portion of long-term borrowings - net | <u>2,222,265</u> | <u>2,560,339</u> |
| Total long-term borrowings from financial institutions | <u><u>2,900,158</u></u> | <u><u>3,388,291</u></u> |

As at 30 June 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 six-month period ended 30 June 2023 are summarised below.

| | (Unit: Thousand Baht) |
|-------------------------------|-------------------------|
| Balance as at 1 January 2023 | 3,388,291 |
| Borrowing during the period | 100,000 |
| Amortisation of front-end fee | 77 |
| Repayment of borrowings | <u>(588,210)</u> |
| Balance as at 30 June 2023 | <u><u>2,900,158</u></u> |

On 26 June 2023, the Company entered into a long-term loan agreement with a financial institution for a floating interest rate loan facility of Baht 1,000 million. The purpose of this loan is to secure funds for the repair of aircraft engines. The loan carries a term of 3 years and requires repayment in quarterly installments, commencing from June 2024. To secure the loan, the Company has provided a mortgage on movable property, and the parent company has issued a guarantee. As at 30 June 2023, the long-term loan facility amounting to Baht 1,000 million remains undrawn.

The loan agreement contains covenants which, among other things, require the Company to comply with certain financial obligations prescribed in the agreement. Banks consider a Debt-Service Coverage Ratio (DSCR) and a Net Interest-Bearing Debt-to-Equity Ratio, based on the interim financial information for the three-month and six-month periods ended and the annual financial statements.

As at 30 June 2023, the Company was unable to comply with some of the covenants under the loan agreements from a bank. However, the Company has already obtained waiver of the covenant from a bank before 30 June 2023, hence, there is no reclassification of the outstanding balances of long-term loans of such bank.

11. Long-term debentures

| | (Unit: Thousand Baht) | |
|---|-------------------------|-------------------------|
| | 30 June 2023 | 31 December 2022 |
| Current portion of long-term debentures | 1,431,500 | 1,000,000 |
| Less: Front-end fee | (9,168) | (243) |
| Total current portion of long-term debentures - net | <u>1,422,332</u> | <u>999,757</u> |
| Long-term debentures - net of current portion | 1,500,000 | 1,431,500 |
| Less: Front-end fee | (16,880) | (13,702) |
| Total non-current portion of long-term debentures - net | <u>1,483,120</u> | <u>1,417,798</u> |
| Total long-term debentures | <u><u>2,905,452</u></u> | <u><u>2,417,555</u></u> |

Long-term debentures are unsubordinated and unsecured in Baht currency with fixed interest rates. Their fair value as at 30 June 2023 amounted to Baht 2,942 million (31 December 2022: Baht 2,399 million).

Movements of long-term debentures account during the six-month period ended 30 June 2023 are summarised below.

| | (Unit: Thousand Baht) |
|-------------------------------|-------------------------|
| Balance as at 1 January 2023 | 2,417,555 |
| Issuance during the period | 1,500,000 |
| Repayment during the period | (1,000,000) |
| Payment for front-end fee | (18,525) |
| Amortisation of front-end fee | <u>6,422</u> |
| Balance as at 30 June 2023 | <u><u>2,905,452</u></u> |

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.

(Unaudited but reviewed)

12. Liabilities under lease agreements

(Unit: Thousand Baht)

| | 30 June 2023 | 31 December 2022 |
|--|-------------------|-------------------|
| Liabilities under lease agreements | 45,311,120 | 45,599,890 |
| Less: Deferred interest expenses | (8,744,943) | (9,143,432) |
| Total | 36,566,177 | 36,456,458 |
| Less: Portion due within one year | (5,876,928) | (6,331,068) |
| Liabilities under lease agreements - net of current portion | <u>30,689,249</u> | <u>30,125,390</u> |

Movements of liabilities under lease agreements account during the six-month period ended 30 June 2023 are summarised below.

(Unit: Thousand Baht)

| | |
|---|-------------------|
| Balance as at 1 January 2023 | 36,456,458 |
| Increase from new lease agreements during the period | 9,506 |
| Increase from lease remeasurements | 885,928 |
| Repayments for liabilities under lease agreements during the period | (2,703,833) |
| Accretion of interest | 862,735 |
| Impact of exchange rate difference | 1,055,383 |
| Balance as at 30 June 2023 | <u>36,566,177</u> |

13. Other expenses

(Unit: Thousand Baht)

| | For the three-month | | For the six-month | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | periods ended 30 June | periods ended 30 June | periods ended 30 June | periods ended 30 June |
| | 2023 | 2022 | 2023 | 2022 |
| Loss on exchange | 1,390,625 | 2,398,821 | 828,038 | 2,188,856 |
| Loss on expected credit losses | 79,517 | 33,090 | 316,917 | 45,719 |
| Loss on disposals and write-off of aircraft leasehold improvements and equipment | - | 1 | - | 40,747 |
| Loss on derivatives | - | - | - | 32,036 |
| Total | <u>1,470,142</u> | <u>2,431,912</u> | <u>1,144,955</u> | <u>2,307,358</u> |

14. Income tax

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

Income tax revenue (expense) for the three-month and six-month periods ended 30 June 2023 and 2022 are made up as follows.

| | (Unit: Thousand Baht) | |
|--|--|----------------|
| | For the three-month periods ended 30 June | |
| | <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>289,083</u> | <u>841,361</u> |
| Income tax revenue reported in profit or loss | <u>289,083</u> | <u>841,361</u> |
| Income tax expense included in other comprehensive income | <u>-</u> | <u>-</u> |

| | (Unit: Thousand Baht) | |
|--|--|------------------|
| | For the six-month periods ended 30 June | |
| | <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>148,958</u> | <u>1,563,407</u> |
| Income tax revenue reported in profit or loss | <u>148,958</u> | <u>1,563,407</u> |
| Income tax expense included in other comprehensive income | <u>-</u> | <u>(4,445)</u> |

15. Loss per share

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

16. 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 loss information regarding the Company's operating segments for the three-month and six-month periods ended 30 June 2023 and 2022 are as follows.

(Unit: Thousand Baht)

| | Scheduled flight operations | Charter flight operations | Total segments |
|--|--------------------------------|------------------------------|--------------------|
| For the three-month period ended 30 June 2023 | | | |
| Revenues | | | |
| Revenues from sales and services | 10,036,490 | - | 10,036,490 |
| Total revenues | 10,036,490 | - | 10,036,490 |
| Operating result | | | |
| Segment profit | 345,403 | - | 345,403 |
| Other income | | | 362,342 |
| Other expenses | | | (1,470,142) |
| Finance income | | | 9,377 |
| Finance costs | | | (549,044) |
| Loss before income tax | | | (1,302,064) |
| Income tax revenue | | | 289,083 |
| Loss for the period | | | (1,012,981) |

(Unit: Thousand Baht)

| | Scheduled flight operations | Charter flight operations | Total segments |
|--|--------------------------------|------------------------------|--------------------|
| For the three-month period ended 30 June 2022 | | | |
| Revenues | | | |
| Revenues from sales and services | 2,685,617 | 6,156 | 2,691,773 |
| Total revenues | 2,685,617 | 6,156 | 2,691,773 |
| Operating result | | | |
| Segment loss | (2,651,085) | (6,752) | (2,657,837) |
| Other income | | | 81,323 |
| Other expenses | | | (2,431,912) |
| Finance income | | | 7,413 |
| Finance costs | | | (551,759) |
| Loss before income tax | | | (5,552,772) |
| Income tax revenue | | | 841,361 |
| Loss for the period | | | (4,711,411) |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Scheduled flight operations | Charter flight operations | Total segments |
|--|--------------------------------|------------------------------|-------------------|
| For the six-month period ended 30 June 2023 | | | |
| Revenues | | | |
| Revenues from sales and services | 18,947,549 | 174,538 | 19,122,087 |
| Total revenues | 18,947,549 | 174,538 | 19,122,087 |
| Operating result | | | |
| Segment profit | 783,634 | 64,972 | 848,606 |
| Other income | | | 519,400 |
| Other expenses | | | (1,144,955) |
| Finance income | | | 16,118 |
| Finance costs | | | (1,042,850) |
| Loss before income tax | | | (803,681) |
| Income tax revenue | | | 148,958 |
| Loss for the period | | | (654,723) |

(Unit: Thousand Baht)

| | Scheduled flight operations | Charter flight operations | Total segments |
|--|--------------------------------|------------------------------|--------------------|
| For the six-month period ended 30 June 2022 | | | |
| Revenues | | | |
| Revenues from sales and services | 4,471,000 | 7,245 | 4,478,245 |
| Total revenues | 4,471,000 | 7,245 | 4,478,245 |
| Operating result | | | |
| Segment loss | (5,546,092) | (6,308) | (5,552,400) |
| Other income | | | 148,889 |
| Other expenses | | | (2,307,358) |
| Finance income | | | 13,331 |
| Finance costs | | | (1,111,538) |
| Loss before income tax | | | (8,809,076) |
| Income tax revenue | | | 1,563,407 |
| Loss for the period | | | (7,245,669) |

17. Commitments and contingent liabilities**17.1 Building construction commitments**

As at 30 June 2023, the Company had capital commitments of Baht 16 million (31 December 2022: Baht 15 million), relating to the decoration of a project's buildings.

17.2 Aircraft maintenance service commitments

As at 30 June 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.

17.3 Service commitments

As at 30 June 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 six-month period ended 30 June 2023, the fees under this agreement amounted to Baht 106 million (30 June 2022: Baht 205 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 six-month period ended 30 June 2023, the fees under this agreement amounted to Baht 585 million (30 June 2022: Baht 163 million).
- 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.

17.4 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) |
|----------------------------------|-----------------------|
| | 30 June 2023 |
| Payable: | |
| In up to 1 year | 47,482 |
| In over 1 year and up to 5 years | 9,813 |
| Total | 57,295 |

17.5 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)

| | 30 June 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 | 1.44 | 2.20 | 75.93 | 15.92 | 1.44 | 2.20 | 73.43 | 15.92 |
| Total equivalent to Thai Baht | 51.31 | 58.36 | 34.90 | 15.92 | 49.86 | 57.24 | 32.80 | 15.92 |

17.6 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.

18. Fair value hierarchy

As at 30 June 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)

| | 30 June 2023 | | 31 December 2022 | |
|--|-------------------|-----------|-------------------|-----------|
| | Contract currency | | Contract currency | |
| | USD | Baht | USD | Baht |
| Financial assets measured at fair value | | | | |
| Derivatives | | | | |
| Interest rate swap agreements | - | 257 | - | 1,457 |
| Foreign exchange forward contracts | 11,730 | - | - | - |
| Financial liabilities measured or disclosed at fair value | | | | |
| Derivatives | | | | |
| Interest rate swap agreements | - | 1,215 | - | 3,299 |
| Foreign exchange forward contracts | 33,280 | - | 72,505 | - |
| Long-term borrowings from financial | | | | |
| institutions | - | 2,900,158 | - | 3,388,291 |
| Long-term debentures | - | 2,941,871 | - | 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.

19. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2023.