

Management's Discussion and Analysis for year 2021 ended December 31, 2021, for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive summary

In 2021, the world was continually affected by the coronavirus disease-2019 (COVID-19) pandemic, causing slow global economic recovery. Many countries have had to enact strict policies or close the country to stop this outbreak by mobilizing vaccinations and building immunizations with high hope to reduce the rate of severe morbidity and mortality. The International Monetary Fund (IMF) was likely to cut its forecasts for global economic growth in 2021 due to the rapidly spreading Omicron strain of COVID-19 in at least 130 countries around the world since the first detection was reported at the end of November 2021. In October 2021, the IMF predicted that world economic growth for 2021 would be 5.9 percent and 4.9 percent in 2022.

The world aviation industry especially in the second half of 2021, airlines around the world have returned to more operation depending on the region. However, after the Omicron strain of COVID-19 was reported at the end of November 2021, the travel situation has returned to sluggish again, for instance, many flights had to be canceled. A report from the International Air Transport Association (IATA) revealed that passenger demand has started to decline again exhibited by reducing advance booking because more travel restrictions in each country. Although the Omicron strain was reported to be a less severe condition than other species in the past, this is in line with the Asia Pacific Airlines Association (AAPA) report that revealed that international passenger travel demand before the end of November 2021 began to relax more measures. After a new wave of outbreaks of the Omicron strain, passengers became insecure about their journey and likely that the recovery might be slower as well. The number of international passengers in 2021 decreased by 76.2% compared to the same period last year. Passenger traffic (RPK) and passenger production (ASK) decreased by 71.9% and 46.5%, respectively. Cabin Factor decreased from the previous year from 60.9% to 32.0% while international air freight demand increased in both freight traffic (RFTK) by 20.1% and freight production increased by 8.1%. The Freight Load Factor increased from last year from 66.9% to 74.3%.

Thai economy in the second half of 2021 had begun to recover more. As of December 14, 2021, the World Bank forecasted that Thai economic growth in 2021 would be 1.0 percent and estimated that the economic activities would be able to return to pre-COVID-19 levels in late 2022 resulting from progress in vaccination and the return of tourists as contributing factors to drive Thai economic. The growth was expected to increase by 3.9 percent and 4.3 percent in 2022 and 2023, respectively which was in line with the report of the Monetary Policy Committee meeting in December 2021 that described the economy Thailand tended to recover continuously with a growth of 0.9 percent in 2021 and would continue to expand in 2022 and 2023 at 3.4 and 4.7 percent, respectively while many business sectors was likely to improve. The outbreak of COVID-19, the Omicron strain, was still a foremost risk to the overall economy was necessary to closely monitor. The Bank of Thailand (BOT) estimated that the outbreak of Omicron strains would affect the economy in the first period of 2022 with low risk that might impact more rigorously and sluggishly. Moreover, BOT predicted that the situation condition depends on the severity of the pandemic and the degree of control measures. In 2021, the Thai Government had spread vaccination throughout the country to boost immunity and inspire the economy to be able to move forward. Since July 1, 2021 the country had been opened for tourism in Phuket under the "Phuket Sandbox" project and from the relaxation of pandemic control measures since September 1, 2021 resulting in the growth of both Thai and foreign tourists. On November 1, 2021, the Thai Government launched the opening the country policy to accept tourists, under the Test & Go project, to stimulate Thailand's tourism led by the pilot cities such as Bangkok, Chiang Mai, Chonburi (Pattaya), Phetchaburi (Cha-am), and Prachuap Khiri Khan (Hua Hin), so on and so forth, which received quite good feedback. However, the number of tourists was not equal to the number of pre-COVID era. The information of the Ministry of Tourism and Sports indicated that there were 427,869 people, 93.6% decreased from the previous year..

Thai aviation industry encountered a new wave of COVID-19 epidemic domestic since April 2021 with more severe until recently, on July 12, 2021. The Government announced the Emergency Decree in emergency situations which finally extended until September 30, 2021, and the Civil Aviation Authority of Thailand (CAAT) announced that air operators are prohibited operations to fly passengers into or out of the maximum control area since July 21, 2021 which directly affected the domestic passengers and the confidence of foreign tourists causing domestic airlines including Thai Smile Airways Co., Ltd. (“Thai Smile”) to stop its operation then resumed service back from September 1, 2021, under the restriction of flight operations. After open the country policy on November 1, 2021 formulated the improved domestic and international travel situation, it was a good recovery indication for Thai aviation industry since 2019, especially the development in air freight.

In 2021, Thai Airways International PCL (“THAI”) had been able to resume its normal flights since October 31, 2021 after temporarily canceled all regular flights since the end of March 2020 onwards by starting its 36 international routes in Asia, Europe, and Australia including Phuket to support the open the country policy and Phuket Sandbox project under the quarantine measures. Thai Smile a subsidiary would be able to operate domestic flights. Moreover, THAI closely monitor the situation to consider reducing the number of flights according to the reduced passenger and cargo demand by considering the safety of passenger was the most concerns. Currently, most of THAI’s revenue came from international freight forwarding services flights.

According to THAI filed a petition for business rehabilitation with the Central Bankruptcy Court and the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation on May 27, 2020. On June 15, 2021, the Central Bankruptcy Court issued an order approving the resolution of a meeting of creditors on May 19, 2021, resulting in executives' plan being nominated under the rehabilitation plan and the request for any amendment to the plan was made by the plan administrator. The two plan administrators have the power to sign jointly to bind the company as well as the further implementation of the business rehabilitation plan the essence of the business rehabilitation plan is capital restructuring debt settlement by a group of creditors and the success of the business rehabilitation plan (Details are in the notes to the financial statements No. 5).

Under the Rehabilitation plan, a new vision and mission had been established consisted of “High Quality Full Service Carrier with Strong Thai Brand, Connecting Thailand to the World and Generating Consistently Healthy Profit Margin.” The mission is defined as four pillars: 1. Customer Centric; 2. Commercial Excellence; 3. Cost Competitiveness; and 4. Continuous Improvement. THAI implemented the projects according to the business reform plan (Transformation Initiatives) over 600 projects aimed to improve efficiency in reducing costs and expenses, simultaneously, increasing income as well as adjusting the organizational structure to suitably prepare to provide services and increase the competitiveness in the aviation industry market As the COVID-19 situation unfolds.

During in 2021 there have been many progresses based on the rehabilitation plan including:

1. Simplify organization: THAI improved many areas including concise organizational structure, more work collaboration, less redundancy process, appropriate number of staff in line with fleet size and production capability.
2. Human Resource cost Reduction: THAI modified conditions and compensation of employment with apprising welfare in line with today’s business and aviation industry. THAI also announced various projects such as the Leave without pay scheme (Together We Can Project), and Mutual Separate Plan (MSP).
3. Lease of aircraft cost reduction: THAI prepared a Letter of Intent (LOI) with the aircraft lessor to express the intention of the parties to amend the current operating and financial lease agreements which also stipulated that rent payments for the specified period must be calculated based on the actual operating hours of the aircraft known as Power by the Hour.

4. Operating costs reduction in other areas: THAI reduced the use of products and services according to the current situation and negotiating with trade creditors and service providers to negotiate the terms of the contract and manage budgets more efficiently.
5. Revenue increasing when the flight situation has not returned to normal by
 - 5.1 Revenue from aviation business: THAI operates cargo and repatriation Flight, the special flights to pick up passengers back to the country during the severe period of the COVID-19 pandemic. THAI adjusted its flights by providing flights to support the Phuket Sandbox policy as planned but increasing more cargo flights.
 - 5.2 Revenue from supporting business: THAI has been trying to adjust and initiate new notions to increase revenue such as the Delicious in the sky and Flight Simulator. Moreover, THAI planned to expand its bakery “Puff&Pie” throughout Thailand via master franchise business model.
 - 5.3 Other revenues to increase cash flow: THAI has taken various actions to increase cash flow to use as working capital and prepare for business recovery, such as filing a petition to the court for permission to sell secondary assets that are not needed for operations or are unused assets and has the burden of maintenance expenses such as shares that the company holds in the company Bangkok Aviation Fuel Services Public Company Limited (BAFS) and Nok Airlines Public Company Limited (NOK), land at Chiang Mai , land with buildings used as training center buildings at Laksi, land and office buildings at Lan Luang and, office in Phuket Land and engines that are no longer in use.
6. Debt Restructuring: THAI extended the repayment period by moratorium principal and interest for 2-3 years. THAI reduced the debt burden in accordance with the original obligation and reduced the obligation under the aircraft lease/purchase contract. THAI increased payment options according to the action framework specified in the business rehabilitation plan by such adjustments, THAI recognized gains from debt restructuring in 2021 totaling THB 61,807 million (Also see note to the financial statements No. 5.3).
7. On July 8, 2021, there was a resolution of the Plan Administrative Committee Meeting No. 5/2021 that approved the reduction of the Company's registered capital from the amount of 26,989,009,500 baht, remaining 21,827,719,170 baht by writing off 516,129,033 shares in the company that have not yet been issued and sold, as stipulated in the business rehabilitation plan. The company filed a petition with the Central Bankruptcy Court for the court to authorize the plan administrator to register the company's registered capital reduction and to proceed with the capital change registration with the Department of Business Development, Ministry of Commerce on August 17, 2021.

In 2021, compared to last year when the first quarter was still operating normally due to the start of the COVID-19 pandemic, THAI and its subsidiaries had a decrease production traffic (ASK) by 52.8 % while passenger traffic (RPK) decreased by 86.1%. The average Cabin Factor was 19.1 % lower than 64.7% of last year. The numbers of passengers carried totaled 1.64 million, 72.1% down from the previous year. The cargo production (ADTK) was 42.8 % lower than last year while freight traffic (RFTK) was 8.1% lower than the previous year while freight load factor was 94.1 % higher than the previous year at an average of 58.6%.

THAI and its subsidiaries reported its operating result (excluded the one-time items) of 2021 comprised of total revenue of THB 23,747 million, lower than last year's by THB 24,684 million (51%), mainly due to a decrease in passenger and cargo revenue by THB 24,599 million (59.9%) a decrease of THB 1,545 million (23.2%) from other services due to international travel restrictions both in Thailand and other countries. Moreover, other incomes increased THB 1,460 million due to revenue from offsetting the outstanding monthly service and maintenance fees under the contract and service fee for engine maintenance under a dispute settlement agreement. Total expenses (excluded the one-time items) totaled THB 43,449 million, THB 40,396 million (48.2%) lower than last year.

mainly due to the variable operating expenses and rigid cost reduction program but was insufficient to offset decreasing revenue. As a result, the operating loss before finance cost and excluded the one-time items was THB 19,702 million, a decrease of THB 15,712 million (44.4%) from last year. Finance cost amounted to THB 9,490 million, decreased THB 2,704 million (22.2%) from last year.

In 2021, THAI and its subsidiaries reported net one-time revenue totaled THB 81,525 million mainly due to profit from debt restructuring organization restructure with mutual separation programs, and gain on sales of investment and assets.

THAI and its subsidiaries reported net profit of THB 55,113 million while last year reported a net loss of THB 141,180 million. Profit attributable to owners of the parent amounted to THB 55,118 million. Profit per share was THB 25.25 compared to last year's loss per share was THB 64.67. EBITDA was THB -8,846 million decreased THB 2,473 million from last year with an EBITDA Margin equal -37.3% compared with the previous year was -23.4 %.

2. Summary of Operating Results for Thai Airways International PCL. and its subsidiaries

The consolidated financial statements for 2021 consists of THAI's financial statement and 5 subsidiary companies which are 1) THAI-Amadeus Southeast Asia Co.,Ltd., 2)Wingspan Services Co., Ltd., 3) Thai Smile Airways Co., Ltd., 4) THAI Flight Training Co., Ltd., and 5) Tour Eurng Luang Co., Ltd.

Financial Performance: THAI and its subsidiaries

	Jan - Dec			
	2021	2020	Variance	
			MTHB	%
Total operating revenues	23,747	48,431	-24,684	-51.0
- Passenger and excess baggage revenue	5,529	34,163	-28,634	-83.8
- Freight and mail revenue	10,928	6,893	+4,035	+58.5
- Revenue from other activities	5,115	6,660	-1,545	-23.2
- Other income	2,175	715	+1,460	+204.2
Total operating expenses	43,449	83,845	-40,396	-48.2
- Fuel and oil	5,926	12,386	-6,460	-52.2
- Non-fuel operating expenses	37,523	71,459	-33,936	-47.5
Operating loss before finance cost exclude the one-time items	(19,702)	(35,414)	+15,712	+44.4
Finance cost	9,490	12,194	-2,704	-22.2
Operating loss exclude the one-time items	(29,192)	(47,608)	+18,416	+38.7
<u>Add</u> Gain from sale of investment	2,834	-	+2,834	-
<u>Add</u> Gain from sale of asset	1,593	-	+1,593	-
<u>Add</u> Gain from debt restructuring	61,807	-	+61,807	-
<u>Add</u> Gain from change in ownership interest	-	206	-206	-100.0
<u>Add</u> Adjust Employee Benefit	8,840	-	+8,840	-
<u>Less</u> Mutual Separation Plan (MSP)	4,681	3,098	+1,583	+51.1
<u>Less</u> Severance Pay	1,306	-	+1,306	-
<u>Less</u> Impairment loss on aircraft, right-of-use assets and rotatable aircraft's spare parts (reversal)	(20,013)	82,703	-102,716	-124.2
<u>Less</u> Impairment loss in accordance with TFRS 9 (reversal)	(170)	261	-431	-165.1
<u>Add</u> Gain (Loss) on foreign currency exchange	(7,618)	(895)	-6,723	-751.2
<u>Add</u> Share of losses of associates using the equity method	(127)	(511)	+384	+75.1
<u>Less</u> Hedging loss for hedge of group of items with offsetting risk positions	-	5,227	-5,227	-100.0
Profit (Loss) before tax	52,333	(140,097)	+192,430	+137.4
Net Profit (Loss)	55,113	(141,180)	+196,293	+139.0
Profit (Loss) attribute to owners of the parent	55,118	(141,171)	+196,289	+139.0
Net Profit (Loss) per share (THB)	25.25	(64.67)	+89.92	+139.0

		Jan - Dec			
		2021	2020	Variance	
				MTHB	%
Significant operating data					
EBITDA	(MTHB)	(8,846)	(11,319)	+2,473	+21.8
Number of passengers	(Million)	1.64	5.87	-4.23	-72.1
Available Seat-Kilometers	(Million)	11,224	23,789	-12,565	-52.8
Revenue Passenger-Kilometers	(Million)	2,147	15,398	-13,251	-86.1
Cabin factor	(%)	19.1	64.7		-45.6
Passenger yield	(THB/RPK)	2.52	2.17	+0.35	+16.1
Available Dead Load Ton-Kilometers	(Million)	581	1,015	-434	-42.8
Revenue Freight Ton-Kilometers	(Million)	547	595	-48	-8.1
Freight load factor	(%)	94.1	58.6		+35.5
Freight carried	(Ton)	132,347	167,531	-35,184	-21.0
Freight Yield	(THB/RFTK)	19.16	11.06	+8.10	+73.2
Number of aircraft (As of Dec 31)	(Aircraft)	87	103	-16	-15.5
Flight hours	(Hours)	57,318	116,526	-59,208	-50.8
Aircraft utilization	(Hours/Aircraft/Day)	5.4	6.6	-1.2	-18.2
Average foreign currency exchange rate					
1 USD	: THB	31.9771	31.2937	+0.6834	+2.2
1 EUR	: THB	37.8123	35.6769	+2.1354	+6.0
100 JPY	: THB	29.1454	29.3258	-0.1804	-0.6
Average jet fuel price	(USD/BBL)	82.54	74.11	+8.43	+11.4

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

Summary of the operating results of THAI and its subsidiaries

Revenues

The total revenue (excluded the one-time items) was THB 23,747 million, a decrease of THB 24,684 million (51%). Details are as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue amounted to THB 5,529 million, THB 28,634 million (83.8%) down from last year's by 86.1% resulting from the temporary cancellation of all regular flights since the second quarter of 2020. Fortunately, Thai Smile had started to resume its domestic routes again from June 1, 2020. However, due to a new wave of outbreaks at the end of the year and the third wave in April 2021 until July 12, 2021 resulting, the announcement of the Emergency Decree on Public Administration in Emergency Situations was extended to September 30, 2021 and the Civil Aviation Authority of Thailand (CAAT) issued a notice prohibiting air operators from flying passengers into or out of the maximum control area from 21 July 2021, as a result Thai Smile had to stop operating all flights and then resumed service from September 1, 2021 onwards with international travel restrictions while THAI had started providing flights to support the Phuket Sandbox Policy since July 1, 2021 and resumed flying with full service again since October 31, 2021 from the opening the country policy on November 1, 2021. However, from the new strain of COVID-19 OMICRON outbreak made situation went worsened again in late November and continued until now. There had been increasing infected cases around the world. Many countries had imposed their

restrictions on one again. This made it necessary to consider adjusting the number of flights in accordance with the uncertain number of passenger backed returned to normal.

- **Freight and mail revenue**

Freight and mail revenue amounted to THB 10,928 million, an increase of THB 4,035 million (58.5%) resulting from increasing freight yield by 73.2% while freight traffic decreased by 8.1 % resulting from the temporary cancellation of all regular flights as well as passengers. Most of the revenue was charter flights to the destination based on customer demands.

- **Other revenues from other activities**

Other revenues from other activities consisted of revenues from business units which include Ground services, Catering, Cargo handling services, and other supporting activities totaled THB 5,115 million, a decrease of THB 1,545 million (23.2%) over last year mainly due to a decrease in the number of customer airlines, as CAAT established conditions for allowing aircraft to fly in and out of Thailand to prevent the spread of the COVID-19 virus, resulting in revenue from all business units lower than the previous year.

- **Other income**

Other income amounted to THB 2,175 million, an increase of THB 1,460 million compared to the same period last year mainly from the revenue from offsetting service and maintenance services for engines amounted to USD 45.5 million or approximately THB 1,457 million as specified in the rehabilitation plan.

Expenses

Total expenses (excluded the one-time items) of 2021 amounted to THB 43,449 million, a decrease of THB 40,396 million (48.2%). A summary of the operating expenses was as follows:

- **Fuel and oil expenses**, amount of THB 5,926 million or represented 13.6% of total expenses, a decrease of THB 6,460 million (52.2%) resulting of a decrease in the number of flights resulting oil consumption was lower than the previous year; nevertheless, oil prices increased by 11.4 % compared to the previous year

- **Non-fuel operating expenses** totaled THB 37,523 million, a decrease of THB 33,936 million (47.5%), details as follows:

Unit: Million Baht	Jan - Dec			
	2021	2020	Variance	
			MTHB	%
Expense				
Employee benefit expenses	9,264	17,448	-8,184	-46.9
Flight service expenses	2,415	6,727	-4,312	-64.1
Crew expenses	615	1,552	-937	-60.4
Aircraft maintenance and overhaul costs	5,704	7,872	-2,168	-27.5
Depreciation and amortization expenses	12,544	27,704	-15,160	-54.7
Lease of aircraft and spare parts	1,265	219	+1,046	+477.6
Inventories and supplies	491	2,111	-1,620	-76.7
Selling and advertising expenses	837	1,952	-1,115	-57.1
Other expenses	4,388	5,874	-1,486	-25.3
Non-fuel Operating Expense	37,523	71,459	-33,936	-47.5

Summary of expenses that have changed significantly are as follows:

- Variable cost which consisted of flight service expenses, crew expenses, aircraft maintenance and overhaul cost, inventories and supplies and selling and advertising expenses totaled THB 10,062 million, lower than the previous year THB 10,152 million (50.2%) resulting from the temporary flights' cancellation of THAI since the second quarter of 2020.

- Fixed cost comprised of Employee benefits expenses, depreciation, and amortization expenses, lease of aircraft and spare parts, and other expenses totaled THB 27,461 million ,THB 23,784 million (46.4%) lower than last year. Details are as follows:

- Employee benefits expenses (Excluding compensation reserves for employees participating in Mutual Separation Program, the termination compensation and the improvement of employee benefits from the reorganization restructure) were THB 9,264 million, decreased by THB 8,184 million (46.9%) due to the decrease in the number of employees and outsources. Since the end of 2020, THAI announced two packages consisted of the Mutual Separation Plan A ("MSP A") and Long-Term Leave program ("LW20") and other 3 additional programs which were Mutual Separation Plan B ("MSP, B "), Plan C ("MSP C") and Plan D ("MSP D") with an including terminated both domestic and international staff.

- Depreciation and amortization amounted to THB 12,544 million, a decrease of THB 15,160 million (54.7%), mainly due to aircraft impairment at the end of 2020.

- Lease of aircraft and spare parts amounted to THB 1,265 million, increased by THB 1,046 million mainly due to the Power by the Hour according to THAI had entered the Letter of Intent (LOI) with lessor of operating lease aircraft and financial lease aircraft which stipulates the payment of rent calculated from the actual use of aircraft (Power by the Hour).

- Other expenses amounted to THB 4,388 million, a decrease of THB 1,486 million (25.3%) due to the strict cost reduction measures. For instance, office rent and utilities, outside labor charge, etc.

- **Finance cost** amounted to THB 9,490 million, a decrease of THB 2,704 million (22.2%) mainly due to The Central Bankruptcy Court's order approving the business rehabilitation plan of THAI. According to the resolution of the creditors' meeting on May 19, 2021. Hence, interest expense is recognized by market rate or original effective interest rate case by case. (Also see Note to the financial statements No. 5.3.1) while the previous year recorded with the default rate.

Profit from sale of investment amounted to THB 2,834 million, mainly due to

- Gain on sale of shares of Bangkok Aviation Fuel Services Public Company Limited (“BAFS”) of THB 2,714 million. On January 19, 2021 THAI sold 98.98 million shares with the profit of THB 2,004 million. Later during September 21 – November 25, 2021 THAI sold around 23.09 million more shares and recognized profit of THB 710 million.
- Gain on sale of investment in NOK in the amount of THB 120 million, sold during June 10-July 1, 2021, of 163.01 million shares.

Gain on sales of assets amounted to THB 1,593 million from sale of land and building at Laksi training center amounted of THB 415 million, land and building at Lan Luang office amounted to THB 441 million and land and office building in Phuket amounted to THB 61 million and other asset.

Gain on debt restructuring amounted to THB 61,807 million, comprising of gain from adjustments to defaulted interest, de-recognition, and adjustment of financial liabilities including loans and debentures from revaluation pursuant to the rehabilitation plan and orders from the Official Receiver. The debt adjustment was in accordance with the order from the Receiver and adjustment of liabilities for creditors under the engine maintenance service including gain on onerous contracts termination. (Also see Note to the financial statements No. 5.3)

Employee benefit adjustment amounted to THB 8,840 million from the reorganization structure and amendment in employee benefits including various welfare benefits.

Mutual Separation Plan (“MSP”)

THAI announced three programs consisted of Mutual Separation Plan B ("MSP, B"), Plan C ("MSP C") and Plan D ("MSP D") in 2021. The “MSP B” is an ongoing project by project “LW20” in 2020 that allowed participants to join and leave voluntarily. The employees would receive compensation as stated in the resignation. This had begun to be gradually paid to employees who joined the project since June 2021 and set aside reserves for the outstanding portion of every project. Total expenses in 2021 are approximately THB 4,681 million.

The termination compensation amounted to THB 1,306 million, the severance pay for both domestic and foreign employees after entering the rehabilitation process. THAI had to improve every aspect to manage costs, increase competitiveness as well as cash flow under the rehabilitation plan.

Impairment loss on aircraft, right-of-use assets and rotatable aircraft’s spare parts (reversal) amounted to THB 20,013 million, a decrease of THB 102,716 million due to the reduction in the value of the new right of use by the conditions in the letter of intent (LOI) or new lease agreements with each lessor. (Also see Note to the financial statements No. 27)

The result of the measurement of financial instruments from the adoption of TFRS No.9 (reversal), amounting to THB 170 million.

Loss on foreign currency exchange was THB 7,618 million consisted of THB 11,671 million unrealized FX loss resulting from the revaluation of foreign currency loans for operating lease aircraft, assets, and liabilities, especially the depreciation of Thai Baht against the Euro and US Dollar as of December 31, 2021, when compared to December 31, 2020, and realized FX gain of THB 4,053 million.

Share of loss of associates using the equity method amounted to THB 127 million, lower than the previous year by THB 384 million (75.1%) because THAI recognized the share of loss in NOK decreased THB 393 million from last year since in the third quarter of 2020 THAI was no longer recognized the share of loss because the investment value under the equity method is equal to zero. However, due to the situation of Covid19, THAI recognized more losses from other associates.

EBITDA for 2021 amounted to THB -8,846 million, decreased by THB 2,473 million. EBITDA Margin -37.3% compared with the previous year was -23.4 %

3. Financial Position and Liquidity

Capital Expenditures

Unit: Million Baht	Jan – Dec	
	2021	2020
Aircraft and aircraft spare parts	89	428
Non-Aircraft	30	335
Total	119	763

In 2021, capital expenditures totaled THB 119 million, a decrease of THB 644 million from last year. The investment expenses were mainly from procurements of rotatable aircraft spare part.

Financing

In 2021, THAI did not provide additional funding.

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

Unit : Million Baht	Jan – Dec	
	2021	2020
Net cash from (used in) operating activities	(9,847)	(9,814)
Net cash from (used in) investing activities	7,438	(35)
Net cash from (used in) financing activities	(758)	(3,292)
Effect of exchange rate changes on cash and cash equivalents	7	157
Effect of changes in credit loss on cash and cash equivalents	1	(5)
Increase(decreases) in cash and cash equivalents	(3,159)	(12,989)

In 2021, THAI and its subsidiaries had cash used in operating activities of THB 9,847 million, THB 33 million higher than last year. The net cash used in financing activities amounted to THB 758 million while last year's cash used in financing activities amounted to THB 3,292 million mainly due to less cash paid for debt repayments than the previous year from the automatic stay until June 15, 2021 the Central Bankruptcy Court ordered to approve the Business Rehabilitation plan. Moreover, the net cash received from investing activities amounted to THB 7,438 million, THB 7,473 million higher than last year's from the cash received from the sale of assets and investments amounted to THB 7,552 million. As a result, cash and cash equivalents as of December 31, 2021, amounted to THB 5,515 million, decreased by THB 3,159 million due to cash and cash equivalents as of December 31, 2020, amounted to THB 8,674 million.

Fleet

As of December 31, 2021, the THAI and its subsidiaries reported total 87 active aircraft (including 20 Airbus A320-200 under the operation of Thai Smile), 16 aircraft decreased from the same period last year. Moreover, THAI had 26 decommission aircraft which were advertised and sought the buyers.

Assets of Thai Airways International PCL. and its subsidiaries

As of December 31, 2021, total assets totaled THB 161,219 million, a decrease of THB 48,078 million (23%) from December 31, 2020.

	Consolidated					
	Dec 31, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	5,515	3.4	8,674	4.1	-3,159	-36.4
Non-current assets held for sale	4,321	2.7	793	0.4	+3,528	+444.9
Other current assets	14,959	9.3	10,784	5.2	+4,175	+38.7
Current Assets	24,795	15.4	20,251	9.7	+4,544	+22.4
Property, plant and equipment-net	34,493	21.4	42,127	20.1	-7,634	-18.1
Right-of-use Assets	69,652	43.2	116,822	55.8	-47,170	-40.4
Other non-current assets	32,279	20.0	30,097	14.4	+2,182	+7.2
Total Assets	161,219	100.0	209,297	100.0	-48,078	-23.0

Current assets were THB 24,795 million or represented 15.4% of total assets, an increase of THB 4,544 million (22.4%) from as of December 31, 2020. The significant items consisted of

- Cash and cash equivalent decreased by THB 3,159 million (36.4%) mainly used for working capital and debt repayment. However, there were cash received from the sale of asset and investment total amounted to THB 7,552 million.

- Non-current assets held for sale increased by THB 3,528 million (444.9%), mainly since THAI reclassify items and transferred aircraft and engine which were announcing the sale and finding a new owner including land and office buildings which were approved to sell and sought buyers from Property, Plant and Equipment to non-current assets held for sale. Meanwhile, during the year, an aircraft, 3 CF6-80 engines, some of lands and buildings were transferred to the buyers. Finally, the sale of investments in BAFS with the book value under the Equity method of THB 708 million. (Also see Note to the financial statements no. 10,12)

- Other current assets increased by THB 4,175 million (38.7%) mainly due to an increase in trade and other current receivables of THB 3,947 million (65%) from receivables from government agencies together with the increase in prepaid expenses from maintenance and fuel.

Property, Plant and Equipment-net amounted to THB 34,493 million or 21.4% of total assets, a decrease from December 31,2020 by THB 7,634 million (18.1%), mainly due to the reclassify items and transfer of aircraft, engines, land, and buildings were approved to sell to non-current asset held for sale as mentioned earlier. (Also see Note to the financial statements No.10,12)

Right-of-use assets amounted to THB 69,652 million or 43.2% of total assets which consists of assets under finance lease agreements and obligations under the aircraft operating lease agreement and other fixed asset operating leases decreased from December 31, 2020, amounting to THB 47,170 million (40.4%), resulting from the right-of-use of assets re-measurement under the leased period

specified in the LOI or new lease agreements with each leased agreement effective right-of-use assets re-measurement under the rental and leased period conditions specified in the LOI or new lease agreements with each lease agreement effective since June 15, 2021, when the Central Bankruptcy Court issued an order to approve the business rehabilitation which consisted of 39 operating lease aircraft and 15 aircraft under the finance lease agreements while in 2021 THAI recorded the reversal of loss of impairment of aircraft amounted to THB 19,841 million. (Also see Note to the financial statements No.13, 27)

Other non-current assets amounted to THB 32,279 million or represented 20% of total assets which increased from December 31, 2020, in the amount of THB 2,182 million (7.2%), partly from increase in deferred income tax amounted to THB 2,205 million. (Also see Note to the financial statements No. 15) The aircraft maintenance deposit increased by THB 1,369 million (9.7%) mainly due to the adjustment of the exchange rate which adjusted according to the conditions stipulated in the LOI while the pension fund has been transferred to pay to the retired pension fund employees' member and the deposit of leased aircraft has been reduced according to the specified conditions in the amended agreements.

Return on Asset of 2021 was 33.4% while last year's -55.1%

Liabilities of Thai Airways International PCL.and its subsidiaries

Total liabilities as of December 31, 2021 were THB 232,470 million a decrease of THB 105,492 million (31.2%) from December 31, 2020. These comprised of:

	Consolidated					
	Dec 31, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	46,742	20.1	83,285	24.6	-36,543	-43.9
Current portion of long-term liabilities	606	0.3	218,811	64.8	-218,205	-99.7
Long-term liabilities	139,269	59.9	5	-	+139,264	-
Other non-current liabilities	45,853	19.7	35,861	10.6	+9,992	+27.9
Total Liability	232,470	100.0	337,962	100.0	-105,492	-31.2

On June 15, 2021, due to the Central Bankruptcy Court's order approving the business rehabilitation plan following the resolution of the creditor's meeting on May 19, 2021, it is, therefore,

- The Company remeasured financial liabilities that received an Order from the Official Receiver for the application of debt repayment in business reorganization except debenture creditors in accordance with the business rehabilitation plan (Also see Note to the financial statements Note 5).

- Short-term loans under the rehabilitation plan, the business has not received payment within one year, amounting to THB 14,990 million, has been classified as a non-current liability under long-term liabilities according to the conditions specified in the rehabilitation plan. The principle also applied for long-term loans, debentures, and lease liabilities portion of the previous year were classified as current liabilities. This year, it was reclassified as non-current liabilities under long-term liabilities under the conditions stipulated in the rehabilitation plan.

- Trade and some other payables that THAI had received the official receiver's order to the end according to the rehabilitation plan; the first payment was scheduled for June 30, 2024. THAI had adjusted the liabilities and reclassified as trade payables and other non-current payables totaling THB 19,560 million. (Also see Note to the financial statements No.20)

Current liabilities which accounted for 20.1% of the total liabilities amounted to THB 46,742 million, a decrease of THB 36,543 million (43.9%) from December 31, 2020, due to a reclassified of short-term liabilities, trade payables and some creditors that the official receiver's order to the end as mentioned earlier.

Long-term liabilities (including the current portion of long-term liabilities) represented 60.2% of total liabilities, a decrease of THB 78,941 million (36.1%) resulting from re-measurement of lease liability under the new conditions in the letter of intent (LOI) or new lease agreements with each lessor as well as financial liability valuation in debentures and long term debt under the official receiver's order. (Also see Note to the financial statements No.6.2, 7.3, 18,19)

Other non-current liabilities accounted for 19.7% of total liabilities, an increase of THB 9,992 million (27.9%). The main reason was there were trade payables and other non-current payables increased by THB 19,560 million resulting from the new classification by being transferred from the current liabilities group and other non-current liabilities which made the increase of THB 1,618 million while the reduction of non-current liabilities for employee benefits by THB 10,143 million due to the reorganization structure and new employee benefits based on the new regulations.

As of December 31, 2021, the Interest Bearing Debt to equity was -1.96 times, compare to as of December 31, 2020, at -1.82 times and total debt to equity ratio of -3.26 times, while 2020 was -2.63 times.

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

On July 8, 2021, there was a resolution of the Plan Administrative Committee Meeting No. 5/2021 that approved the reduction of the Company's registered capital from the amount of 26,989,009,500 baht, remaining 21,827,719,170 baht by writing off 516,129,033 shares in the company that have not yet been issued and sold, as stipulated in the business rehabilitation plan. THAI filed a petition with the Central Bankruptcy Court for the court to authorize the plan administrator to register the company's registered capital reduction and to proceed with the capital change registration with the Department of Business Development, Ministry of Commerce on August 17, 2021.

As of December 31, 2021, the shareholders' equity of THAI and its subsidiaries amounted to THB -71,251 million, a negative decrease from December 31, 2020, amounting to THB 57,414 million, mainly due to operations profit of this year of THAI and its subsidiaries

Liquidity

As of December 31, 2021, THAI and its subsidiaries there were cash and cash equivalents of THB 5,515 million, accounting for 3.4% of total assets, a decrease from 31 December 2020 of THB 3,159 million as working capital; however, there was cash inflow from the sale of assets and investment.

Contingent Liabilities

As of December 31, 2021, 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. These obligations under the meeting resolution of the Plan Administrator to terminate these onerous contracts which had been negotiated under the rehabilitation plan. Also, THAI had 3 leased aircraft for 10 years whose schedule would deliver within 2022. (Details are in the notes to the financial statements No. 35).

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

In 2021, THAI had total revenue (excluded the one-time items) of THB 22,099 million, a decrease of THB 24,239 million (52.3%) from last year, mainly due to a decrease in revenue from passenger and cargo transportation, totaling THB 23,522 million or 62.4% resulting from lower production and traffic from the suspended regular flights since the second quarter of 2020. In addition, other business revenues decreased by THB 2,310 million (29.5%) due to a decrease in the number of customer airlines. Fortunately, other incomes increased by THB 1,593 million. Total expenses (excluded the one-time items) were THB 38,005 million, lower than last year by THB 40,620 million (51.7%) from decrease in variable cost caused by production and traffic. The reduction of transport traffic and rigorous reduction of other operating costs was not enough to offset the revenue lost from the a fore mentioned previously resulting in operating loss before finance cost exclude the one-time items THB 15,906 million. The loss decreased from the last year's THB 16,381 million (50.7%).

In addition, in 2021, THAI had a net one-time revenue of THB 80,774 million mainly from the gain on debt restructure, organization restructure with mutual separation programs, and gain on sales of investment and assets.

THAI had a net profit of THB 58,275 million compared to last year's loss of THB 147,168 million, representing a profit per share of 26.70 baht while last year's loss of 67.42 baht per share. EBITDA was THB -4,908 million, lower than last year's THB 4,057 million, with EBITDA Margin of -22.2% compared to the previous year which was -19.4%.

Financial Performance: THAI

	Jan - Dec			
	2021	2020	Variance	
			MTHB	%
Total operating revenues	22,099	46,338	-24,239	-52.3
- Passenger and excess baggage revenue	3,278	30,831	-27,553	-89.4
- Freight and mail revenue	10,905	6,874	+4,031	+58.6
- Revenue from other activities	5,529	7,839	-2,310	-29.5
- Other income	2,387	794	+1,593	+200.6
Total operating expenses	38,005	78,625	-40,620	-51.7
- Fuel and oil	5,183	11,164	-5,981	-53.6
- Non-fuel operating expenses	32,822	67,461	-34,639	-51.3
Operating loss before finance cost exclude the one-time items	(15,906)	(32,287)	+16,381	+50.7
Finance cost	9,371	11,909	-2,538	-21.3
Operating loss exclude the one-time items	(25,277)	(44,196)	+18,919	+42.8
<u>Add</u> Gain from sale of investment	3,453	-	+3,453	-
<u>Add</u> Gain from sale of asset	1,593	-	+1,593	-
<u>Add</u> Gain from debt restructuring	61,807	-	+61,807	-
<u>Add</u> Adjust Employee Benefit	8,840	-	+8,840	-
<u>Less</u> Mutual Separation Plan (MSP)	4,681	3,098	+1,583	+51.1
<u>Less</u> Severance Pay	1,306	-	+1,306	-
<u>Less</u> Impairment loss on aircraft and rotatable aircraft's spare parts (reversal)	(20,013)	82,703	-102,716	-124.2
<u>Less</u> Impairment loss in accordance with TFRS 9	473	7,939	-7,466	-94.0
<u>Less</u> Impairment loss from investment in subsidiaries and associates	-	1,976	-1,976	-100.0
<u>Add</u> Gain (Loss) on foreign currency exchange	(8,472)	(948)	-7,524	-793.7
<u>Less</u> Hedging loss for hedge of group of items with offsetting risk positions	-	5,227	-5,227	-100.0
Profit (Loss) before tax	55,497	(146,087)	+201,584	+138.0
Net Profit (Loss)	58,275	(147,168)	+205,443	+139.6
Net Profit (Loss) per share (THB)	26.70	(67.42)	+94.12	+139.6

		Jan - Dec			
		2021	2020	Variance	
				MTHB	%
Significant operating data					
EBITDA	(MTHB)	(4,908)	(8,965)	+4,057	+45.3
Number of passengers	(Million)	0.19	3.54	-3.35	-94.6
Available Seat-Kilometers	(Million)	9,908	21,116	-11,208	-53.1
Revenue Passenger-Kilometers	(Million)	1,276	13,726	-12,450	-90.7
Cabin factor	(%)	12.9	65.0		-52.1
Passenger yield	(THB/RPK)	2.48	2.13	+0.35	+16.9
Available Dead Load Ton-Kilometers	(Million)	581	1,015	-434	-42.8
Revenue Freight Ton-Kilometers	(Million)	547	595	-48	-8.1
Freight load factor	(%)	94.1	58.6		+35.5
Freight carried	(Ton)	128,600	161,096	-32,496	-20.2
Freight Yield	(THB/RFTK)	19.12	11.03	+8.09	+73.3
Number of aircraft (As of Dec 31)	(Aircraft)	67	83	-16	-19.3
Flight hours	(Hours)	40,533	84,685	-44,152	-52.1
Aircraft utilization	(Hours/Aircraft/Day)	5.3	7.2	-1.9	-26.4
Average foreign currency exchange rate					
1 USD	: THB	31.9771	31.2937	+0.6834	+2.2
1 EUR	: THB	37.8123	35.6769	+2.1354	+6.0
100 JPY	: THB	29.1454	29.3258	-0.1804	-0.6
Average jet fuel price	(USD/BBL)	82.54	74.11	+8.43	+11.4

Note: 1) EBITDA = Total Revenue (exclude gain on foreign exchange and gain from debt restructuring) - Expenses (exclude finance cost, tax, depreciation and amortization, adjust employee benefit, Impairment loss on aircraft and rotatable aircraft's spare parts, impairment loss in accordance with TFRS 9, Impairment loss from investment in subsidiaries and associates, Hedging loss for hedge of group of items with offsetting risk positions and loss on foreign currency exchange)

Assets of Thai Airways International PCL.

As of December 31, 2021, total assets totaled THB 162,659 million, a decrease of THB 46,830 million (22.4%) from December 31, 2020.

	Separate Financial Statement					
	Dec 31, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	5,122	3.1	7,961	3.8	-2,839	-35.7
Non-current assets held for sale	4,321	2.7	164	0.1	+4,157	-
Other current assets	17,456	10.7	14,398	6.9	+3,058	+21.2
Current Assets	26,899	16.5	22,523	10.8	+4,376	+19.4
Property, plant and equipment-net	34,443	21.2	42,093	20.1	-7,650	-18.2
Right-of-use Assets	62,326	38.3	110,921	52.9	-48,595	-43.8
Other non-current assets	38,991	24.0	33,952	16.2	+5,039	+14.8
Total Assets	162,659	100.0	209,489	100.0	-46,830	-22.4

- Current assets increased by THB 4,376 million (19.4%) mainly due to an increase in trade and other current receivables as well as prepaid expenses. Moreover, non-current assets held for sale increased by THB 4,157 million from reclassification of aircraft, engines including land and office buildings which were announcing the sale and finding a new owner from Property, Plant and Equipment to non-current assets held for sale. Meanwhile, during the year, an aircraft, 3 CF6-80 engines, some of lands and buildings were transferred to the buyers (Also see Note to the financial statements No.10,12) while cash and cash equivalents decreased by THB 2,839 million (35.7%) due to the use of business operations.

- Property, Plant and Equipment-net decreased by THB 7,650 million (18.2%) mainly because of the reclassification of aircraft, engines, land and buildings were approved to sell and advertise to seek buyers to non-current asset held for sale as mentioned earlier.

- Right of use asset consists of assets under finance lease and operating lease aircraft and other fixed assets decreased from December 31, 2020, by THB 48,595 million resulting from the right-of-use of assets re-measurement under the new conditions in the letter of intent (LOI) with each lessor as well as the reversal from right of use in the impairment loss of aircraft in 2021.

Liabilities of Thai Airways International PCL.

Total liabilities as of December 31, 2021 were THB 229,317 million a decrease of THB 107,407 million (31.9%) from December 31, 2020. These comprised of:

	Separate Financial Statement					
	Dec 31, 2021		Dec 31, 2020		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	45,680	19.9	82,598	24.5	-36,918	-44.7
Current portion of long-term liabilities	594	0.3	218,802	65.0	-218,208	-99.7
Long-term liabilities	139,267	60.7	-	-	+139,267	-
Other non-current liabilities	43,776	19.1	35,324	10.5	+8,452	+23.9
Total Liabilities	229,317	100.0	336,724	100.0	-107,407	-31.9

- Current liabilities decreased by THB 36,918 million (44.7%), mainly due to decrease in short-term loans of THB 14,990 million from the group move to long-term loans under the rehabilitation plan and a new classification of trade payable and some other payables that THAI received the official receiver's order to the end to trade and other non-current payables, totaling THB 19,560 million.

- Long-term liabilities, including the portion of long-term liabilities, decreased by THB 78,941 million (36.1%) because of the lease liabilities re-measurement and financial liabilities measurement. The complete number of debentures and long-term loans was in line with the business rehabilitation plan and the official receiver's order as mentioned above. (Also see Note to the financial statements No. 18,19)

- Other non-current liabilities increased by THB 8,452 million (23.9%). The main reason was trade payables and other non-current payables increased by THB 19,560 million resulting from the new classification by being transferred from the current liabilities while the reduction of lower estimation of non-current liabilities for employee benefits by THB 10,159 million due to the reorganization structure and new employee benefits based on the new regulations.

Shareholders' Equity of Thai Airways International PCL.

On July 8, 2021, there was a resolution of the Plan Administrative Committee Meeting No. 5/2021 that approved the reduction of the Company's registered capital from the amount of 26,989,009,500 baht, remaining 21,827,719,170 baht by writing off 516,129,033 shares in the company that have not yet been issued and sold, as stipulated in the business rehabilitation plan. The company filed a petition with the Central Bankruptcy Court for the court to authorize the plan administrator to register the company's registered capital reduction and to proceed with the capital change registration with the Department of Business Development, Ministry of Commerce on August 17, 2021.

As of December 31, 2021, THAI had shareholders' equity of THB -66,658 million, a negative decrease from December 31, 2020 by THB 60,578 million, mainly due to the operations profit of this year.

4. Outlook

The world economy began to gradually recover with less difference because many countries can control the epidemic better and faster. Although there is a risk of facing a new wave of COVID-19 outbreak, the Omicron strain that has been spreading around the world since late November 2021 until return to strict control measures again. The program could affect the global economic recovery. In the first half of 2022, some countries are transitioning from dealing with the COVID-19 (pandemic) outbreak to being endemic and this Omicron strain is the reason why many countries accelerate the implementation of booster vaccination to optimize the vaccine to reduce the severity or mortality rate and want to stop the outbreak as soon as possible. However, there is still a risk if the vaccine fails to stop a severe outbreak of the Omicron strain causing the epidemic situation to escalate rapidly and prolong or have to return to lockdown. This will become a significant problem for economic recovery and may have a significant impact on the entire global economy in the future. The International Air Transport Association (IATA) forecasts global air travel will return to normal in 2024. The subject to vaccination progress and the return of tourists is a factor supporting the recovery.

THAI has a plan to drive the business according to the business rehabilitation plan approved by the court on June 15, 2021 with a new vision which is a high-quality airline to provides full service with the strength of Thai identity connecting Thailand to the world and continually generating good profit margins by focusing on the customer as the center commercial excellence, cost competitiveness with high efficiency in operation and safety. THAI is ready to serve with safety and cleanliness standard including a new service that reduces exposure for passengers to have confidence and feel safe throughout the journey. It also supports the Phuket Sandbox project and the government's policy of accepting tourists as well as to support the growing demand for travel. THAI has added more flights to Australia by direct flights on the route Bangkok-Sydney, Phuket-Sydney It also provides charter service from South Korea on the Busan-Bangkok route during the first quarter of 2022.

5. Financial Ratios

		Jan - Dec			
		Consolidated		The Company	
		2021	2020	2021	2020
Liquidity Ratio					
Current Ratio	(times)	0.69	0.07	0.78	0.08
Profitability Ratio					
Operating Profit (Loss) Margin	%	(122.92)	(98.30)	(114.38)	(95.38)
Net Profit (Loss) Margin	%	232.09	(291.51)	263.70	(317.60)
Return on Equity	%	(55.14)	(241.54)	(60.11)	(272.36)
Efficiency Ratio					
Return on Total Assets	%	33.37	(55.12)	34.86	(57.16)
Financial Policy Ratio					
Interest Bearing Debt to Equity	(times)	(1.96)	(1.82)	(2.10)	(1.84)
Total Debt to Equity	(times)	(3.26)	(2.63)	(3.44)	(2.65)
Interest Coverage Ratio	(times)	(0.93)	(0.93)	(0.52)	(0.75)
Net Debt to EBITDA	(times)	(25.66)	(29.09)	(45.69)	(36.67)
Debt Service Coverage Ratio	(times)	(0.67)	(0.49)	(0.36)	(0.29)

GLOSSARY

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

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

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

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

Return on Total Assets = Profit (Loss) before interest and tax/ Average total assets

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

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

Interest Coverage ratio = EBITDA/interest

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

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

6. Related Party Transactions

6.1 Significant related party transactions carried between the company and major shareholders and entities that may have conflicts of interest for the period ended December 31, 2021 are detailed as follow:

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31 , 2021	For the year ended December 31 , 2020	
Ministry of Finance (MOF)	MOF is the major shareholder of THAI with 47.86% shares.	1. International loans taken through the MOF consist of: - Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests	6,082.08 0.00 0.00 351.95	12,496.88 1,158.94 1,146.23 0.00	The determination from the normal business price was the same as given to other unrelated parties 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 2020 was the default rate while the interest rate for the year 2021 was the rate according to the court's order approving the business rehabilitation plan (15 June 2021).

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31 , 2021	For the year ended December 31 , 2020	
		2. THAI leased the lands from the Treasury Department.	8.03	8.47	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI sold tickets to the MOF. - Total revenue - Account receivable	0.00 0.00	0.00 0.16	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Government Savings Bank (GSB)	GSB is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a committed revolving credit line with GSB credit limit up to THB 3.5 billion, the credit line was used. - Outstanding loans - Commitment fee - Interest expenses - Accrued interests	3,500.00 0.00 212.96 212.96	3,500.00 1.37 530.08 522.89	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was the effective interest rate according to the original contract.
		2. THAI sold tickets, rented out space, and other services to GSB. - Total revenue - Account receivable	0.18 0.00	2.51 2.03	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
Export-Import Bank of Thailand (EXIM)	EXIM is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with EXIM: - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests	568.48 19.44	398.74 39.92 37.62	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties. Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was the effective interest rate according to the original contract.
		2. THAI entered into a committed revolving credit line with EXIM credit limit up to THB 1.5 billion, the credit line was used. - Outstanding loans - Outstanding loans under the rehabilitation plan - Commitment fee - Interest expenses - Accrued interests - Deferred interests	1,452.83 11.93	1,500.00 1.50 170.67 165.38	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was 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 year ended December 31 , 2021	For the year ended December 31 , 2020	
		3. THAI sold tickets to EXIM. - Total revenue	0.00	0.04	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Islamic Bank of Thailand (IBANK)	IBANK is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with IBANK: - Outstanding loans - Outstanding loans under the rehabilitation plan - Interest expenses - Accrued interests - Deferred interests	1,195.37 54.06	2,500.00 253.72 233.68	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties. Note: After the Central Bankruptcy Court has issued an order approving the rehabilitation plan and a request to amend the plan in accordance with the resolution of a meeting of creditors on May 19, 2021, THAI has performed debt adjustments for financial liabilities measured at amortized cost by using the real interest method and consider the adjusted financial liabilities after the improvement has there been a significant difference for financial liabilities that were significantly different New financial liabilities were recognized at fair value practicing by the discounted cash flow method

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31 , 2021	For the year ended December 31 , 2020	
					<p>using the market interest rate. The difference between the carrying amount of the adjusted financial liability and the present value of the recalculated financial liability was recognizing gains on debt restructuring in the statements of income and other comprehensive income, and the interest expense recognized at the market rate. If such financial liabilities did 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 as gain on debt restructuring in the statements of income and other comprehensive income while the interest expense was recognized at the effective interest rate according to the original contract while the interest rate for the year 2020 is the default rate.</p> <p>- The interest rate for the year 2021 is the rate according to the court's order approving the business rehabilitation plan (15 June 2021).</p>
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.	<p>1. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.0 billion. the credit line was used.</p> <p>- Outstanding loans</p> <p>- Commitment fee</p> <p>- Interest expenses</p> <p>- Accrued interests</p>	<p>2,260.73</p> <p>63.84</p> <p>63.84</p>	<p>2,260.73</p> <p>0.86</p> <p>284.66</p> <p>260.69</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>Note:</p> <p>- The interest rate for the year 2020 was the default rate.</p> <p>- The interest rate for the year 2021 was the effective interest rate according to the original contract.</p>

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31 , 2021	For the year ended December 31 , 2020	
		2. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.5 billion, the credit line was used. - Outstanding loans - Interest expenses - Accrued interests	3,500.00 128.63 128.63	3,500.00 385.11 378.00	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties. Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was the effective interest rate according to the original contract.
		3. THAI sold debentures to KTB. - Debenture value - Interest expenses - Accrued interests - Deferred interests	832.00 6.80	832.00 32.15 33.33	Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was the effective interest rate according to the original contract.
		4. THAI provided office space rental, ATM space, utilities, and leased line to KTB. - Total revenue - Account receivable	3.30 0.22	3.05 0.11	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
		5. THAI paid service fees to KTB for cash delivery and debentures distribution fee. - Total expenses - Account payable	2.84 0.13	3.92 0.15	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 0.00	0.62 0.01	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to Thailand Post. - Total revenue - Account receivable	0.00 0.00	0.22 0.00	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
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 0.24	0.00 0.11	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided office space rental to TAT. - Total revenue - Account receivable	10.15 1.13	18.17 0.73	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	0.00 0.87	1.63 0.87	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
PTT Public Company Limited (PTT)	PTT and THAI have a common major shareholder, namely MOF.	1. THAI bought fuel for its aircraft and vehicles from PTT. - Total expenses - Account payable	0.06 1.66	18.60 1.50	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
		2. THAI sold tickets and provided AC dielectric tester service to PTT. - Total revenue	0.00	3.37	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Airports of Thailand Public Company Limited (AOT)	AOT and THAI have a common major shareholder, namely MOF.	1. AOT provided space rental at several airports for THAI's offices, aircraft/ vehicle parking, cargo loading/ unloading, stores for ground service equipment, containers, and other services. - Total expenses - Account payable	8,642.18 891.05	4,577.76 892.59	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to AOT and received 2% of passenger service charge collected for AOT. - Total revenue - Account receivable	0.51 13.97	23.18 13.42	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
CAT Telecom Public Company Limited (CAT)	CAT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to CAT. - Debenture value - Interest expenses - Accrued interests - Deferred interests	933.00 17.48	933.00 46.54 49.47	Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was the effective interest rate according to the original contract.
		2. THAI rents communication channels from CAT. - Total expense - Account payable	0.25 2.51	3.20 2.42	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
TOT Public Company Limited (TOT)	TOT and THAI have a common major shareholder, namely MOF.	1. THAI sold debentures to TOT - Debenture value - Interest expenses - Accrued interests - Deferred interests	415.00 7.11	415.00 15.93 16.80	Note: - The interest rate for the year 2020 was the default rate. - The interest rate for the year 2021 was the effective interest rate according to the original contract.note - The interest rate for the year 2020 is the default rate. - The interest rate for the year 2021 is the effective interest rate according to the original contract. THAI has adjusted all debenture payables by amortized cost method in accordance with the conditions of the rehabilitation plan.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31 , 2021	For the year ended December 31 , 2020	
		2. THAI rents optical fibers from TOT - Total expense - Account payable	0.42 7.07	7.47 6.23	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
Civil Aviation Training Center (CATC)	CATC is controlled by the MOF, a major shareholder of THAI.	1. CATC provided aviation training for THAI's pilots. - Total expenses - Account payable	0.00 10.00	9.34 10.00	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.	1. THAI sold tickets and provided office space and computer rental to Thai-Amadeus Southeast Asia Co., Ltd. - Total revenue - Account receivable	6.62 0.99	9.26 0.78	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
Wingspan Services Company Limited (WSC) (Subsidiary Company)	THAI is the major shareholder of WSC, with 49% shares and controlling authority. THAI's executive officers: Mr. Suvadhana Sibunruang is a Director of WSC.	1. WSC outsourced its staff to THAI. - Total expenses - Account payable - Advance wages	178.60 128.93 0.00	604.38 138.81 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided office space and equipment rental to WSC. - Total revenue - Account receivable	0.50 1.59	2.02 2.05	
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	THAI is the major shareholder of TFTA, with 49% shares and controlling authority THAI's executive officers: Sqn. Ldr. Anirute Sangrit is a Director of TFTA and retired on September, 30 2021 ; Lt.JG. Supoj Charoensuk is a	1. THAI provided aviation training equipment, office space and equipment rental to TFTA. - Total revenue - Account receivable	15.08 1.19	20.23 2.58	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
	Director of TFTA on October 1, 2021; Mrs. Busakorn Amornvivat is a Director of TFTA on October 1, 2021.				
		2. TFTA provided flight attendant training to THAI - Total expenses	0.39	0.45	The pricing is on an arms' length basis and on commercial terms as unrelated parties and according to market price
Tour Eurng Luang Company Limited (Subsidiary Company)	THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority.	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang. - Total expenses	0.00	0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold Eurng Luang tours to Tour Eurng Luang. - Total revenue - Account receivable	0.04 1.55	11.79 1.55	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
Thai Smile Airways Company Limited (Subsidiary Company)	<p>THAI wholly owns Thai Smile Airways.</p> <p>THAI's executive officers: Mr. Chansin Treenuchagron is a Director of Thai Smile Airways on July 1, 2020 and resigned on June 16, 2021;</p> <p>Mr. Suvadhana Sibunruang is a Director of Thai Smile Airways;</p> <p>Ms. Piyanee Sungtong is a Directors of Thai Smile Airways on October 29, 2021.</p>	<p>1. THAI bought Block Space and other services from Thai Smile Airways. - Total expenses - Account payable</p> <p>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</p>	<p>342.06 0.00</p> <p>1,323.53 8,384.46</p>	<p>1,884.16 2.93</p> <p>5,015.00 7,763.06</p>	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Don Mueang International Airport Hotel Company Limited (Associated Company)	THAI holds 40% shares in Don Mueang International Airport Hotel.	<p>1. THAI bought hotel rooms for its passengers from Donmueang International Airport Hotel. - Total expenses</p>	<p>0.00</p>	<p>0.00</p>	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
Phuket Air Catering Company Limited (PACCO) (Associated Company)	THAI holds 30% shares in PACCO.	1. THAI bought catering services from PACCO. - Total expenses - Account payable	0.04 20.44	99.02 20.52	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold raw materials and services to PACCO. - Total revenue - Account receivable	0.00 0.00	0.06 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Suvarnabhumi Airport Hotel Company Limited (Associated Company)	THAI holds 30% shares in Suvarnabhumi Airport Hotel. THAI's executive officer: Ms. Piyanee Sungtong is a Director of Suvarnabhumi Airport Hotel	1. THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel. - Total expenses - Account payable	0.00 2.16	5.69 2.16	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 year ended December 31 , 2021	For the year ended December 31 , 2020	
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	145.30 105.14	364.52 105.53	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	0.12	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

In addition, the Company has related transactions which are expenses related to utility services (electricity, water, and telephone bills). These transactions with government agencies and/or state enterprises are utility service providers in the amount of 2.8 million baht for the period ended December 31, 2021.

Note: In 2021, the Company changed its relationship with the juristic persons shown in the year 2020 as follows:

Bangkok Aviation Fuel Services Public Company Limited (Associates) during the period of September 21, 2021 to November 25, 2021, The Company disposed investment in Bangkok Aviation Fuel Services Public Company Limited at the price of 27.50 - 32.00 Baht per share, totaling 718 million baht and on December 01, 2021, the Executive Director representing the company resigned resulting reclassified from investment in associates to other long-term investment presented as other non-current financial assets as at December 31, 2021, which has fair value at Baht 559 million.

6.2 Necessity and reasonableness of related party transactions

For the above related transactions, THAI aims to create maximum benefits. This is the normal course of business. or provide/receive services from related companies Determined from the normal price of the business as THAI has given to individuals. or other unrelated businesses This is in accordance with the appropriateness of the conditions. and the use of reference market prices which brings benefits to the whole company and related companies without the

purpose of transferring benefits between each other or have any special transactions so that all shareholders and stakeholders are treated fairly and equally in accordance with the Company's good corporate governance policy.

6.3 Connected Transaction Approval Procedures

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

6.4 Future related party transaction policy

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