



**NOK AIR**

**Truly Thai's Airline.**





**NOK AIR**



**CHINA**

**JAPAN**

**INDIA**

**MYANMAR**

**VIETNAM**

**BANGKOK**  
(DON MUEANG)

**HO CHI MINH CITY**

**PHUKET**



- Amnat Charoen
- Chiang Khan
- Lamphun
- Mae Sai
- Donsak
- Ao Nang
- Khao Lak
- Khanom
- Khao Sok
- Khao Kho
- Kiriwong
- Mukdahan
- Nong Khai
- Ao Nam Mao (Railay Beach)
- Phang Nga
- Ratchaprapa Dam
- Surin
- Tha Sala
- That Phanom
- Thung Song
- Uttaradit
- Vientiane
- Yasothorn
- Kham Ta Kla
- Wanon Niwat



- Koh Samui
- Koh Phangan
- Koh Tao
- Koh Nangyuan
- Koh Lipe
- Koh Phi Phi
- Koh Mook
- Koh Lanta
- Koh Ngai
- Koh Kradan
- Koh Yao Yai
- Koh Yao Noi
- Koh Lao Liang
- Koh Libong
- Railay Beach
- Koh Bulone
- Koh Jum



NOK AIR

**New Route**



**More Convenient Flight with Nok air**

Fly Direct

Fly Direct



**GUWAHATI** ←

(India)



**HIROSHIMA**



(Japan)

**BANGKOK**  
(Don Mueang)



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# Message from Chairman of the Board of Directors



**Dear Shareholders of  
Nok Airlines Public Company Limited**

The year 2019 was the challenging year for aviation industry and tourism industry of Thailand due to many factors, such as the value appreciation of Thai Baht, the continuous slow-down world economy, which had direct impact on foreign tourists' decision making to visit Thailand. The increasingly aggressive competition in aviation industry, including price war competition of the Low Cost Airlines and the Full Service Airlines entering into the same market. These events reinforced Nok Air to revise its strategies in order to create difference and competitiveness in the market.

The company's net loss is the direct impacts of such events. However, the airline is active in strategic responses to the changing market environment. One evidence was that the Company was able to slow down the comprehensive loss to 1,928.34 million Baht which was a 30.71% decreased from the same period of previous year or 858.664.23 million Baht. The key factor that enable Nok Airlines be able beat the declining trend in Thai economy was its ability to implement cost saving plan according to the Turnaround Plan. The outstanding factor of cost saving was the higher efficient Fleet Management which that Nok Airlines removed the ATR fleet which required high maintenance costs.

The successful cost saving in 2019 shows that Nok Air is progressing well in its Turnaround Plan. The plan comes into 3 phases: 1) Reduce loss, 2) Stabilize the Company, and 3)

Expand. At present, the Company is in the stage of loss reduction and the board's strategy is to maximize the company's efficiency. So far, we have successfully reducing the fleet size to fit with existing business requirement, reducing the fleet type for better management costs, improving the efficiency of profit making in each route, and improving Aircraft Utilization especially in international routes which generated higher revenue and higher profits.

Finally, on behalf of the Board of Directors of Nok Airlines Public Company Limited, I would like to thank our shareholders, stakeholders, customers, business partners and alliances including all supporting persons who help the Company's business achieve the goals. I would like to ensure you that the Board will conduct business with commitment to the corporate governance code with transparency and social and environmental responsibilities leading to enhance sustainable development for the forever benefits of our shareholders and stakeholders in all sectors.

**Mr. Prasert Bunsumpun**

Chairman of the Board of Directors

# Message from Chief Executive Officer



## Dear Shareholders of Nok Air Public Company Limited

The year 2019 is an important mile stone as I joined Nok Airlines as the Chief Executive office. I am fully committed to return Nok Airlines in to a top-performing company in the eyes of our investors and customers. We are proud to serve Thai passengers and tourists from all over the world for the past 15 years.

The heightened competition in Thai airline industry is a major challenge for us as a company, we are pleased with our continuous support and confidence in Nok Airlines from our customers. Nok Air is a major air service provider linking people together across the kingdom with a strong sense of Thainess which makes us unique among other carriers.

The challenges of the aviation industry are the external factors such as such as exchange rate, fuel price, government and the economic environment. Be that as it may, we are resilience to such impacts by proactively implementing measures to mitigates the adverse impact and improving ancillary revenue earning prospect. During the past year the airline examined several new service concepts with the aims improve customer experience and revenue. One such concept is the 'Honeymoon Seat' in which passengers can purchase 3 seats in the same row for the price of two for additional privacy and comfort. The great feedback from our passengers encourage Nok Air to explore more to cater for an ever change need of passengers need which would translate in to the precious smile seen on our passenger's face. In December 2019, Nok Air launched two new international routes to Guwahati in India and Hiroshima in Japan.

Regarding Nok Air's services, in order to develop services, maintain customer base and increase Nok Air customer groups, our management and staff are committed to service improvement to meet passengers' needs in line with the Turnaround Plan. In 2019, Nok Air revised its strategy and renewed its brand positioning from Low Cost Airlines to "Premium Budget Airlines" or "Low Cost Premium Airlines." Various services were upgraded to meet and exceed customer expectations and creating new customer experience. We pay great attention in details throughout customer journey. These include ticket booking, seat reservation, more options of seat choice, additional channels for check-in. All of these are delivered with attention and friendliness. It's not the pricing competition that Nok Air want to partake, it's your smile in the air.

To promote Tourism of Thailand, Nok Air used all eight Q400 aircrafts in our fleet for the flight operation to secondary cities or less visited areas. Such destinations cannot be operated by larger jet aircraft and the Q400 is the winning strategy to avoid fare-war seen in major

destinations. This fleet strategy also enable us to be a truly Thai-oriented airline by serving largest number of domestic destinations.

The key element of the low cost airline business is the cost management. Nok Air has reduced fixed cost through fleet rationalization by reducing fleet size. This resulted in the decrease in number of aircraft from 25 in 2018 to 24 in 2019 or a 4% reduction. Consequently. The airline is benefited from reduction in aircraft maintenance cost, aircraft management cost and aircraft leasing fees.

The strong competition in Thai aviation industry does not distract Nok air from our commitment to the society. We always take great pride in our responsibility to the people of the country we serve. We have been a part of community and society development for 15 years. We were proud to say, "In all troubles and public disasters to Thai people, Nok Air is always there to help." In 2019, there was a flood crisis in the Northeast region of Thailand and we helped the flood victims through the "Nok Help Hope" project. The team from Nok Air and Bangkok 9 Hospital visited the area to provide consumers goods and medical treatments caused for the flood affected residents. Moreover, Nok Air continues its support on many social contribution project as "Nok Bangpan" (Nok sharing) to support the disadvantages, consisting of "Nok takes children to the city" project which provided opportunity to students from a school on Doi Mae Sariang in Maehongson to fly to Bangkok for a field trip and out-of-school experience. In addition, "Nok Gives Life" project created Nok Gives Life key chains for sale. All proceeds from the sales after deducting expenses were donated to the Children's Heart Disease Foundation under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Narathiwat Rajanagarindra to help pediatric patients with heart diseases who were scarce. Furthermore, Nok Air sponsored air tickets to Thai Red Cross Organ Donation Center and Medical Volunteer Foundation to help and serve people in rural and remote areas.

Finally, on behalf of the management and staff of Nok Air, I would like to make commitment to "put all efforts" in returning Nok Air to the sustainable and strong growth under the corporate governance as "the airline of Thais that makes all Thai people proud." Nok Air would like to express its appreciation to all here since every passenger was our important encouragement.

**Mr. Wutthiphum Jurangkool**  
Chief Executive Officer

# Report of Executive Committee

## Dear Shareholders of Nok Air Public Company Limited

The Executive Committee was appointed by the Board of Directors to support the duty performance of the Board of Directors and regulated the operation of Management to achieve the goals and business strategies. The Executive Committee consisted of:

1. Mr. Pravej Ongartsittigul,  
Chairman of Executive Committee
2. ACM. Dr. Nopporn Chandawanich,  
Member of Executive Committee
3. Mr. Teerapol Chotichanapibal,  
Member of Executive Committee
4. Mr. Wutthiphum Jurangkool,  
Member of Executive Committee

In 2019, the Executive Committee held 13 meetings and completely performed duty as assigned by the Board of Directors within the scope of duty and responsibility specified in the Executive Committee Charter. The significant content is summarized as follows:

1. Considered and screened strategic plan of business conduct policy in accordance with the defined goals and objectives to propose to the Board of Directors for consideration.

2. Considered and screened the issues relevant to the Company's business including the urgent issues so that the Company can run business as planned efficiently.
3. Always Reviewed and monitored the operating result of various divisions and gave advices to Management on the appropriate operational guidelines in accordance with various situations.
4. Conducted the performance evaluation of the entire Executive Committee in accordance with the direction of the Stock Exchange of Thailand and take the evaluation result for further improvement.
5. Reviewed the Executive Committee Charter to be in accordance with duty.
6. Performed other duties as assigned by the Board of Directors.

The Executive Committee is committed to perform duty with caution in consideration of the benefits of the Company and every group of stakeholders and to regulate the Company's operation in accordance with the corporate governance code.

**Mr. Pravej Ongartsittigul**

Chairman of the Executive Committee

# Report of Audit Committee

## Dear Shareholders of Nok Air Public Company Limited

The Audit Committee consists of three independent directors:

1. Mrs. Chiraporn Chemnasiri, Chairman of the Audit Committee
2. Mr. Visit Tantisunthorn, Member of the Audit Committee
3. Mr. Apichart Chirabandhu, Member of the Audit Committee

The above three persons possess qualifications as defined in the notification of the Office of the Securities and Exchange Commission (SEC) and they have duly performed duties and fulfilled responsibilities as entrusted by the Board of Directors based on the Audit Committee Charter in accordance with the Securities and Exchange Commission and the notification of the Stock Exchange of Thailand.

For the fiscal year ended on December 31, 2019, the Audit Committee had 5 meetings with the management, the internal auditors, and the auditors. The meeting agenda for the Meeting no. 1 / 2019 on February 20, 2019, did not include the management. The attendance of each member of the Audit Committee was shown in the meeting attendance table under the Corporate Governance section. The significant issues of the Audit Committee work were as follows:

1. The Audit Committee provided consideration on the quarterly financial statements and the 2019 financial statement in conjunction with auditors and the management, by inquiring significant accounting issues found and providing useful advice and opinions to executives to ensure that the financial statements were accurate, comprehensive, and reliable in accordance with the generally accepted accounting standards, including the sufficient and appropriate information disclosure.
2. The Audit Committee considered the efficiency and effectiveness of the internal control system, risk management, internal audit system of the Company and provided comments on the improvement suitable for business in consideration of the report of internal auditors and auditors. The Audit Committee also reviewed the measures and guidelines to prevent corruption in every area of the management to ensure its sufficiency and appropriateness to business conditions.
3. The Audit Committee considered the sufficiency and appropriateness of the internal control system by appointing P&L Corporation Company Limited, which provided internal audit services and did not have any interest with the Company, to be the Company's internal auditor, responsible for independently auditing the internal control system to ensure efficiency and effectiveness. The Audit Committee considered the annual internal audit plan, reported the internal audit result, continuously monitored the internal audit result concerning the management, and provided advice and guideline of internal audit to be suitable and updated with current situation. The Company appointed an internal person to be an internal auditor to monitor the internal audit result and

coordinate with various functions to ensure the internal audit was efficient and could be operated according to the plan. From the report of internal control system audit of the Company, the Audit Committee found that the internal control system of the Company was appropriate and sufficient.

4. The Audit Committee considered and provided comments on connected transaction or transaction with conflict of interest including information disclosure of such transaction with caution, reasonability in consideration of stakeholders' interest according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
5. The Audit Committee considered the performance of auditors and auditor fee of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. with the following list of auditors:
  - Mr. Suphamit Techamontrikul, Certified Public Accounting Accountant No. 3356 and/or
  - Miss Wimolporn Boonyasthian, Certified Public Accounting Accountant No. 4067 and/or
  - Mr. Kiatniyom Kuntisook, Certified Public Accounting Accountant No. 4800

The Audit Committee had opinion that in 2019, the auditors were independent, professionally expert, and appropriately experienced. They performed well and offered helpful advice to the Company. Furthermore, the auditors followed the Code of Ethics for Professional Accountants, legal provisions on accounting profession and additional provisions of securities law.

Based on the foregoing action, the Audit Committee had opinions in summary that in 2019, the Audit Committee duly performed duties according to the Audit Committee Charter as approved by the Board of Directors. The Audit Committee had opinions that the management and operations of the Company complied with the code of conduct and commitment to performing duties to achieve goals. They gave importance to efficient, effective, transparent, and auditable operations. In addition, they underlined the importance of corruption prevention in different functions in the Company and prepared and disclosed accurate information in the Company's financial reports in accordance with Thai Financial Reporting Standards (TFRSs) and ensured continuous, suitable and sufficient internal control of key functions. The Company comprehensively complied with rules and regulations of regulatory agencies related to business.

**Mrs. Chiraporn Chemnasiri**  
Chairman of the Audit Committee

# Report of Corporate Governance Committee

## Dear Nok Air Public Company Limited

The Corporate Governance Committee of Nok Air Public Company Limited consisted of 3 persons: Gen. Pornchai Kranlert as Chairman of Corporate Governance Committee, Mrs. Heather Mary Suksem (OBE) as Member of Corporate Governance Committee and Mr. Nivat Bangsa-ngiam as Member of Corporate Governance Committee, and Mr. Vidhanon Nhoomork, Director of Corporate Governance and Risk Management Department, as Corporate Governance Committee Secretary.

The Board of Directors realizes the importance of conducting business based on the honesty, transparency and auditability in accordance with Corporate Governance Code and Code of Conduct which are the significant foundation to develop and lead corporate to stable and sustainable growth. The Board of Directors assigns the Corporate Governance Committee to propose the corporate governance practices to the Board of Directors and to regulate the operation of the committees and management to be in compliance with the Corporate Governance Code of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), recommendations from Corporate Governance Report of Thai Listed Companies by Thai Institute of Directors (IOD), international principles of The Organization for Economic Cooperation and Development (OECD) and ASEAN CG Scorecard (ACGS). Moreover, the duty of the Corporate Governance Committee also covers sustainability management and guidelines for the company's anti-corruption operations.

In 2019, the Corporate Governance Committee held 4 meetings in accordance with the Charter and meeting plan. Every member of Corporate Governance Committee attended all meetings. The Corporate Governance Committee performed the duty in regulating, following up and evaluating the operation according to the corporate governance and risk management plans, corporate image and communication plan, responsibility to society, community and environment, and sustainable development. The key issues are summarized as follows:

1. Committees' Charter Review. The Corporate Governance Committee reviewed the Corporate Governance Committee Charter and cooperated with other 4 committees, that is, Executive Committee, Risk Management Committee, Audit Committee, and Nomination and Remuneration Committee, to review their own charters. The Board of Directors approved the revision of 3 charters to be in accordance with the Corporate Governance Code and current situation as proposed, that is, Executive Committee Charter, Risk Management Charter, and Audit Committee Charter.

2. Corporate Governance Policy Review. The principles for good corporate governance for listed companies 2017 and recommendations from Corporate Governance Report of Thai Listed Companies by Thai Institute of Directors (IOD) were applied to the business appropriately. The revision of Corporate Governance Policy shall be proposed to the Board of Directors for approval.
3. Participation in Collective Action Coalition Against Corruption (CAC). The Company signed the declaration of intent in April 2019.
4. The channel for whistleblower about corruption was improved by adding e-mail channel. The complaint about corruption was required to be reported to the Corporate Governance Committee meeting every quarter.
5. The practices of the giving-receiving of gift, entertainment, or other benefits were considered to be in accordance with the Anti-Corruption Policy and business code-of-conduct which do not allow the request or acceptance of any assets or benefits from customers, traders, suppliers, competitors or any individual doing business with the Company. The policy of the giving-receiving of gift, entertainment, or other benefits was set to prevent any uncomfortable situation and any decision that could lead to the risk of corruption and to set the good standard of transparent and efficient operations and for sustainable growth.
6. The lecture on the subjects that encourage the understanding of anti-corruption to management and staff was conducted by speakers who have knowledge and expertise. The objective was to promote knowledge and understanding and experience sharing about anti-corruption in the corporate so that it could lead to the right practices within the corporate governance framework.

The Corporate Governance Committee has intention and commitment to continuously develop the efficiency of the Company's corporate governance operations, together with the social and environmental responsibility. It is believed that the business conduct under the Corporate Governance Code is the significant factor in building the sustainable and stable growth for the Company in the long term and brings benefits to all stakeholders and overall country.

**Gen. Pornchai Kranlert**

Chairman of the Corporate Governance Committee

# Report of Risk Management Committee

Dear Shareholders of Nok Air Public Company Limited,

The Risk Management Committee of Nok Air Public Company Limited consisted of 3 directors who have knowledge, expertise, experience, and understanding of business conduct and risk management: Mr. Sorasit Soontornkes as Chairman of Risk Management Committee, Mr. Visit Tantisunthorn as member of Risk Management Committee, and Mr. Prasert Akkharaprathomphong as member of Risk Management Committee, and Mr. Vidhanon Nhoomork, Director of Corporate Governance and Risk Management Department, as the Risk Management Committee Secretary.

The Risk Management Committee supports the management of the Board of Directors under the Corporate Governance Code. The Risk Management Committee has duty to define the Risk Management Policy and framework, to ensure that the risk management is implemented all over the corporate to effectively reduce the impact of various risk factors inside and outside the corporate to the business, to define the effective framework of risk management, and to operate strategically to achieve objectives and goals efficiently and effectively to order to build confidence to shareholders and all groups of stakeholders.

In 2019, the Risk Management Committee held 5 meetings with the following key issues:

1. Risk Management Charter Review. The Risk Management Committee considered and reviewed the risk management charter in order to be in accordance with the Corporate Governance Code and current situation. The Board of Directors meeting approved the revision of the Risk Management Charter on December 12, 2019.
2. Risk Management Policy Review. The Risk Management Committee considered and reviewed Risk Management Policy to be updated and in accordance with current situation.
3. Corporate Risk Review. The Risk Management Committee arranged workshop for Management and all relevant staff to review the corporate risk and had meetings with Management from various departments owning such risks to provide comments and recommendations on guidelines for controlling or managing significant risks.
4. Enterprise Risk Management Manual consideration. The Risk Management Committee considered the significant essence in the Enterprise Risk Management Manual, such as criteria of risk assessment, level of risks, and acceptable risks, in order to use it as a tool to communicate and create understanding of risk management to Management, staff and persons relevant to the Company.
5. Revision of Likelihood Risk Assessment. The Risk Management Committee considered and revised the criteria for likelihood risks in order to connect the risk assessment or risk consideration to the Company performance reasonably and systematically.

The Risk Management Committee is committed to apply work experience to regulate and monitor the risk management of Nok Air, to lead the Company to achieve sustainable growth, to build confidence to shareholders through the efficient risk management process and to raise awareness of risk management to be the corporate culture.

**Mr. Sorasit Soonthornkes**

Chairman of the Risk Management Committee

# Report of Nomination and Remuneration Committee

## Dear Shareholders of Nok Air Public Company Limited

In 2019, the Nomination and Remuneration Committee held 4 meetings and completely performed duty as assigned by the Board of Directors and under the scope of authority and responsibility as defined in Nomination and Remuneration Committee Charter in consideration of Corporate Governance Code, and the highest benefits of the Company and all groups of stakeholders. The key issues are summarized as follows:

1. Considered and recruited individuals for the positions of Independent Directors and company Directors in place of Directors retired by rotation according to nomination criteria and process. The Nomination and Remuneration Committee considered candidates who had appropriate and complete qualifications as required by the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission and did not have any forbidden characters defined by law. The criteria focused on qualification, experience, knowledge and ability that could bring highest benefits to the company. The candidate list shall be proposed to the Board of Directors and then to the shareholders' meeting for approval.
2. Considered and recruited an individual qualified for the position of company Director in place of Director who resigned before the term ended and proposed to the Board of Directors for appointment.
3. Promoted and supported the opportunity for minor shareholders to be able to propose an individual who qualified for a director. However, there was no candidate submitted to the nomination process of the company and to the 2019 Annual General Meeting of Shareholders.
4. Considered and screened the remuneration for the Board of Directors and committees with discretion by considering the duty and responsibility of the board and committees and comparing with the remuneration survey

of the Thai Institute of Directors and other companies in the same industry in order to make the remuneration rate suitable for the board's duty, responsibility and company performance. In 2019, the rate and criteria of remuneration were proposed to remain the same which were approved by the Board of Directors and the shareholders' meeting.

5. Disclosed the remuneration of directors, committees and senior executives in the 2019 Annual Report for the audit transparency.
6. Considered and reviewed the Nomination and Remuneration Charter to be in accordance with duty and corporate governance code.
7. Perform duty as assigned by the Board of Directors.

**Mr. Apichart Chirabandhu**

Chairman of the Nomination and Remuneration Committee

## Board of Directors



**Mr. Prasert Bunsumpun**

Independent Director /  
Chairman of the Board



**Mr. Pravej Ongartsittgul**

Director/  
Chairman of the Executive Committee



**Mrs. Nalinee Ngamsetthamas**

Director



**ACM.Dr. Nopporn Chandawanich**

Director /  
Member of the Executive Committee



**Mr. Chavalit Uttasart**

Director



**Mr. Sumeth Damrongchaitham**

Director



**Mr. Wiwat Piyawiroj**

Director



**Mr. Wutthiphum Jurangkool**

Director /  
Member of the Executive Committee

## Board of Directors



**Mrs. Chiraporn Chemnasiri**

Independent Director /  
Chairman of the Audit Committee /  
Member of the Nomination and Remuneration Committee



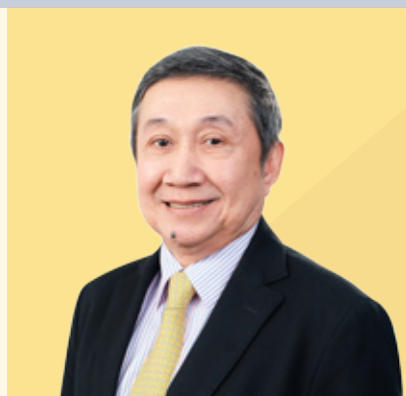
**Mrs. Heather Mary Suksem (OBE)**

Independent Director /  
Member of the Corporate Governance Committee



**Mr. Visit Tantisunthorn**

Independent Director /  
Member of the Audit Committee /  
Member of the Risk Management  
Committee



**Mr. Apichart Chirabandhu**

Independent Director / Chairman of the  
Nomination and Remuneration Committee /  
Member of the Audit Committee

## Advisor and Subcommittees



**Gen. Pornchai Kranlert**

Advisor /  
Chairman of the Corporate Governance  
Committee



**Mr. Sorasit Soontornkes**

Advisor /  
Chairman of the Risk Management  
Committee



**Mr. Teerapol Chotichanapibal**

Advisor /  
Member of the Executive Committee



**Mr. Nivat Bangsa-ngiam**

Member of the Corporate Governance  
Committee



**Mr. Prasert Akkharapathomphong**

Member of the Risk Management  
Committee

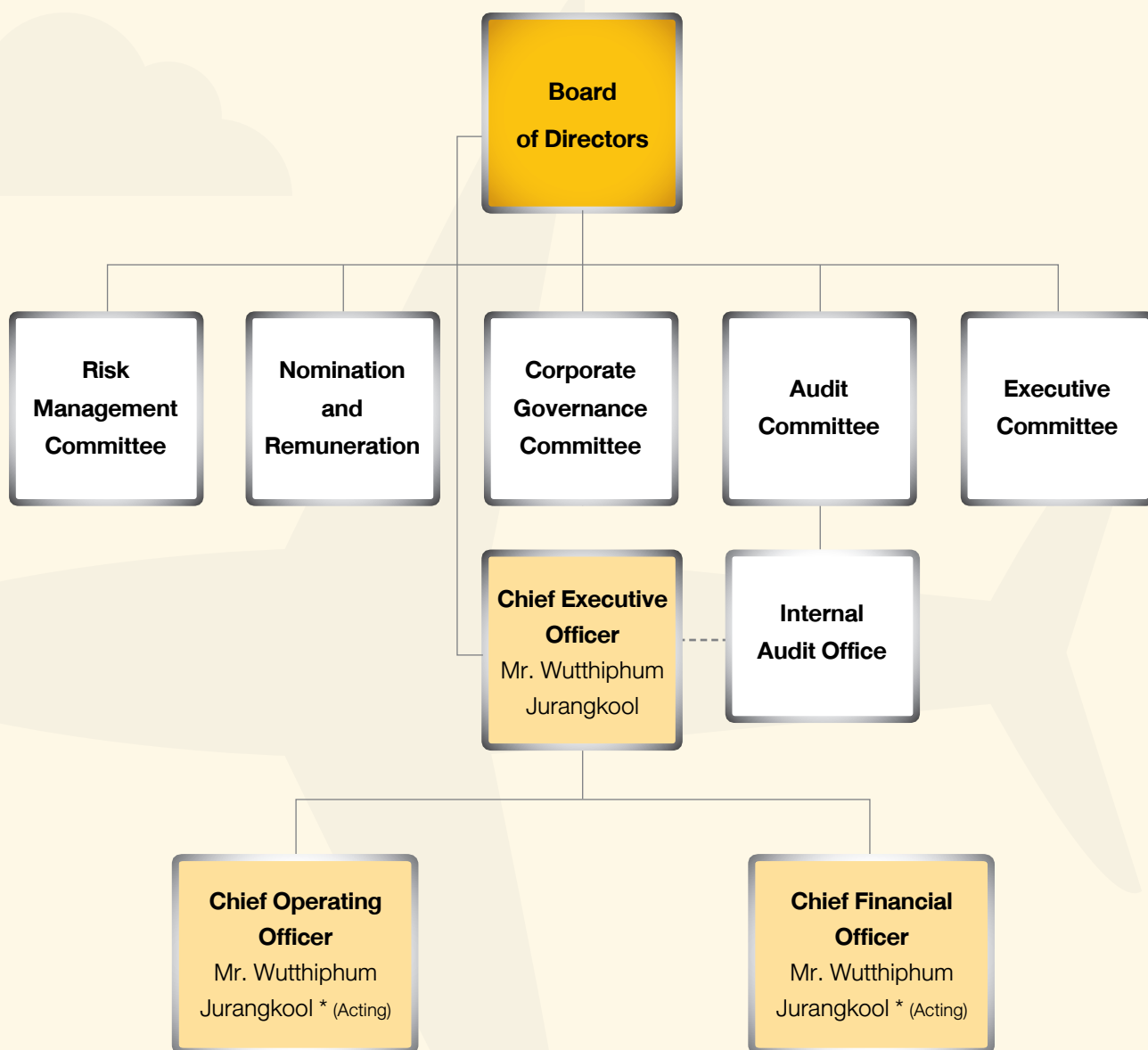
## Executive Officer



**Mr. Wutthiphum Jurangkool**

Chief Executive Officer /  
Acting Chief Financial Officer /  
Acting Chief Operating Officer

# Organization Structure



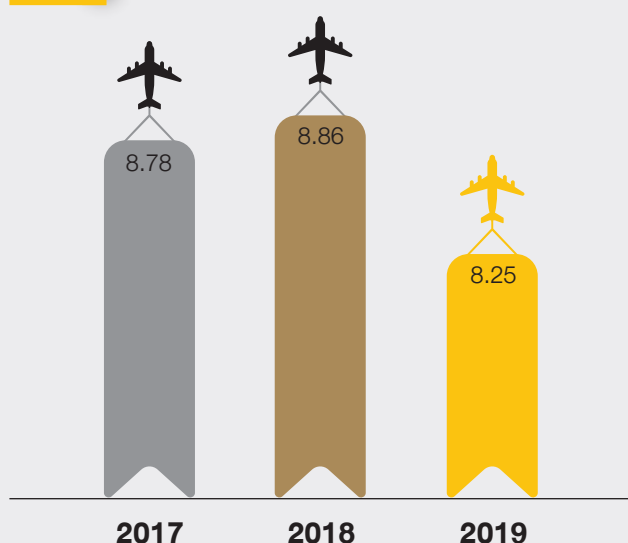
# Operational Highlights

## Operational Highlights

01

### Number of Passengers

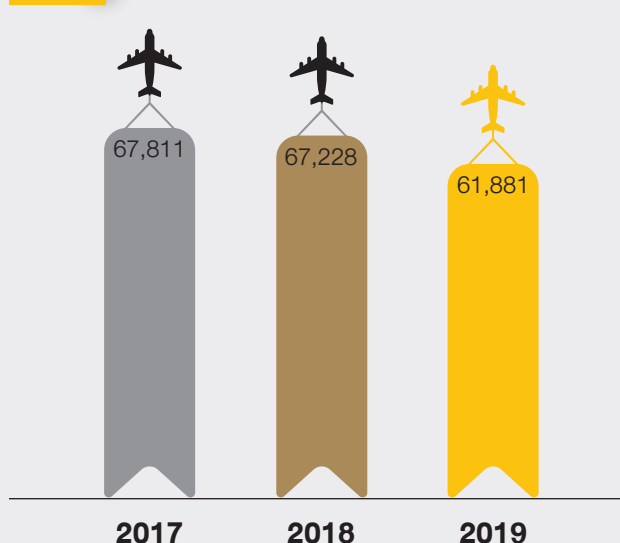
(million persons)



02

### Number of Flights

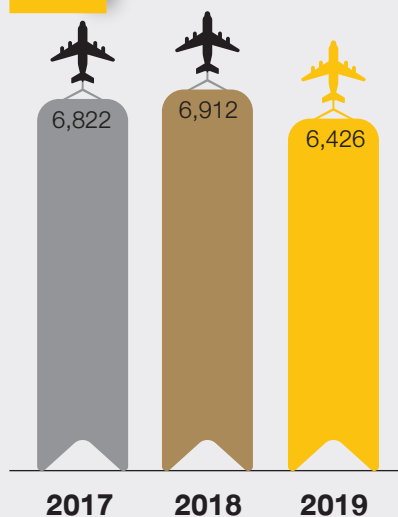
(flights)



03

### Number of Available Seat Kilometers: ASK

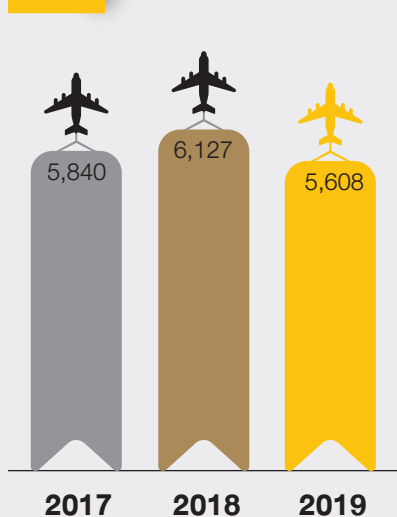
(million seats - KM.)



04

### Revenue Passenger Kilometers: PPK

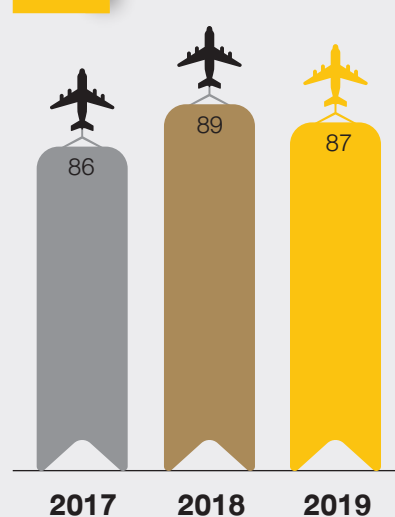
(million seats - KM.)



05

### Cabin Factor

(million seats - KM.)

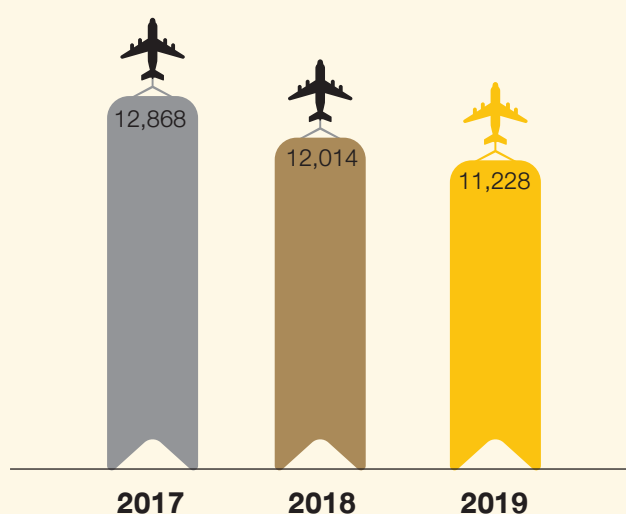


## Financial Highlights

01

### Passenger Revenue

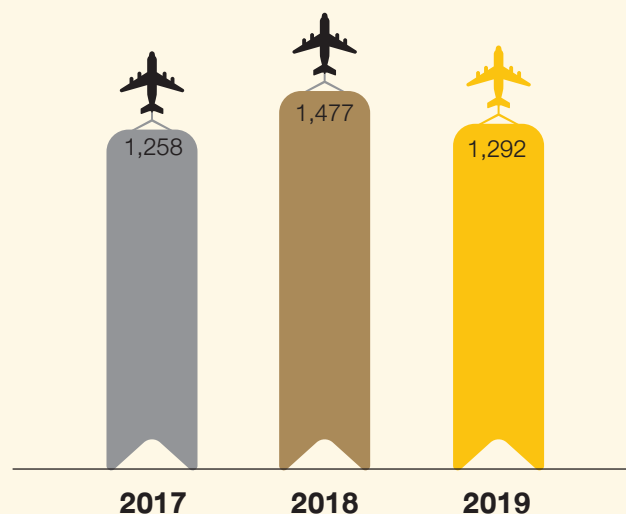
(million Baht)



02

### Service Revenue

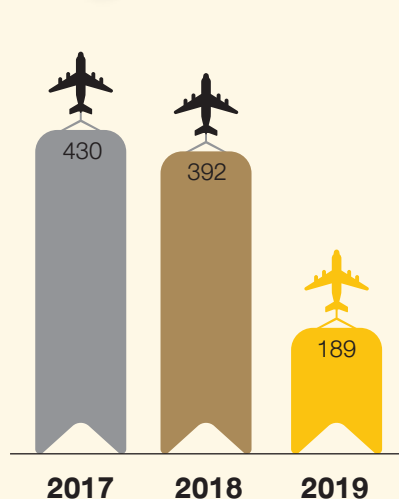
(million Baht)



03

### Ancillary Revenue

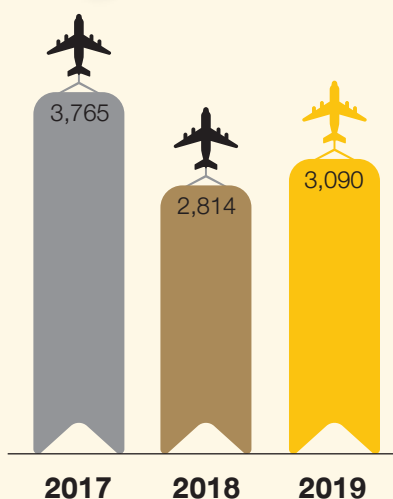
(million Baht)



04

### Contribution To Fixed Cost

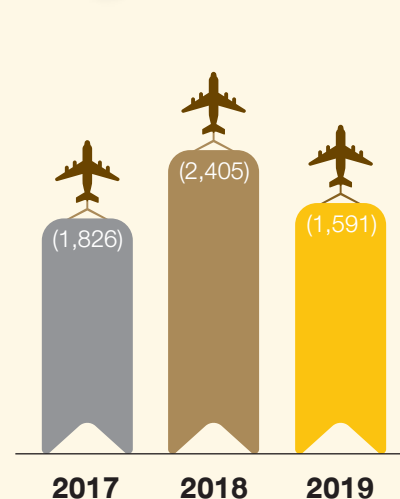
(million Baht)



05

### Total Comprehensive Income (Loss)

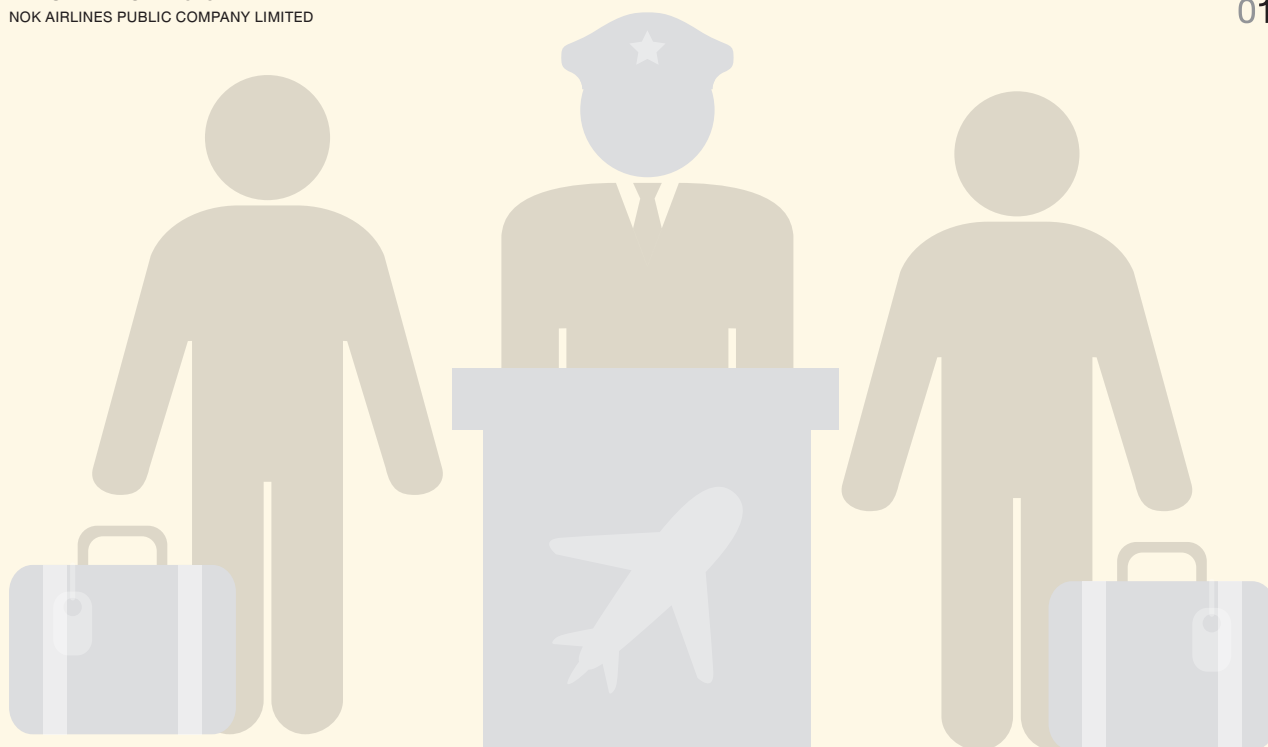
(million Baht)



# Summary of Financial and Operational Information



		Separated Financial Statements			Consolidated Financial Statements		
		2017	2018	2019	2017	2018	2019
unit							
Statement of Comprehensive Income							
Total Revenues	Million Baht	14,787	13,884	12,709	20,377	19,740	19,969
Total Expenses	Million Baht	16,612	16,289	14,423	22,268	23,710	23,063
Share of Loss on Investment in Joint Venture	Million Baht	-	-	-	(8)	(5)	(1.4)
Profit (Loss) Before Income Tax	Million Baht	(1,826)	(2,405)	(1,714)	(1,900)	(3,975)	(3,095.4)
Net Profit (Loss)	Million Baht	(1,826)	(2,405)	(1,591)	(1,900)	(3,975)	(3,095.4)
Profit (Loss) Attributable to owners of the parent company	Million Baht	(1,826)	(2,405)	(1,591)	(1,854)	(2,787)	(1,928.3)
Statement of Financial Positions							
Total Assets	Million Baht	11,544	10,820	11,538	14,523	14,074	15,171
Total Liabilities	Million Baht	9,664	11,345	11,354	13,832	17,106	18,639
Shareholders' Equity	Million Baht	1,880	(525)	184	691	(3,032)	(3,468)
Financial Ratios							
Operating Profit Margin	%	(12.3)	(17.3)	(13.5)	(9.3)	(20.1)	(15.5)
Net Profit Margin	%	(12.3)	(17.3)	(12.5)	(9.3)	(20.1)	(15.5)
Return on Equity	%	(137.5)	(355.0)	(934.3)	(1,081.6)	(339.7)	(150.5)



Operational Statistics	unit	Separated Financial Statements		
		2017	2018	2019
No. of Passengers	Million Passengers	8.78	8.86	8.25
No. of Sectors	Sectors	67,811	67,228	61,881
Available Seat Kilometers (ASK)	Million Seat - Km.	6,822	6,912	6,425
Revenue Passenger Kilometers (RPK)	Million Seat - Km.	5,840	6,127	5,608
Cabin Factor	%	86	89	87
Average Air fare (Excluding VAT and Airport Tax)	Baht/Passenger/ Sector	1,465	1,321	1,309
Passenger Yield	Baht/Passenger - Km.	2.20	191	1.93
Revenue Per Available Seat Kilometers (RASK)	Baht/Seat - Km.	2.06	1.93	1.92
Cost per Available Seat Kilometers (CASK)	Baht/Seat - Km.	2.40	2.31	2.18
Stage Length	Kilometers	665	692	680
On - time Performance	%	85.6	83.9	78.9
<b>No. of Aircraft as Ending of Period</b>				
- Boeing 737 - 800 New Generation (Jet)	Aircraft	20	15	16
- ATR 72 - 500 (Turboprop)	Aircraft	2	2	-
- Q400 NextGen (Turboprop)	Aircraft	2	8	8

# Company's Major Development

## 2017



- Launched new passenger ticket “Choose Your Nok” and offered hot food service on the plane.
- Took 4 aircrafts out of the fleet according to the Company's business rehabilitation plan and delivered 2 new jet planes (Boeing 737-800 New Generation) in June and September 2017.
- Increased the number of Charter flights in many international routes, such as Don Mueang - Nanning, Don Mueang - Yancheng, Don Mueang - Yinchuan, Don Mueang - Zhengzhou Xinzhen, U-Tapao - Haikou, U-Tapao - Yichang and so on.
- Re-opened international scheduled flight for 3 flights per week from Mae Sot to Rangoon, starting on October 29, 2017.
- Added shuttle service for passengers who want to travel to the destinations where the Company does not directly provide service by transferring passengers from the airports via shuttle to the final destinations (Fly 'n' Ride) in 5 routes.
- Added 5 payment channels, such as BBL Direct Debit, Big C payment point, Rabbit LINE Pay, Apple Pay and TESCO Lotus payment point, to provide convenience for passengers in buying tickets and payment to further support sales of the Company.
- The Company increased registered capital to 2,499,249,882 shares at par value of 1 Baht per share with total value of 2,499,249,882 Baht. Paid-up capital was 2,271,999,764 shares at par value of 1 Baht per share with total value of 2,271,999,764 Baht.



## 2018



- Added many international routes for charter flights, such as: Don Mueang - Yinchuan, Don Mueang - Nantong, Chiangmai - Nanning, Phuket - Nanning, Phuket - Chendu, Don Mueang - Yancheng, Phuket - Xian, Phuket - Hohhot, Phuket - Fuzhou, Phuket - Yichang, Phuket - Hefei, Utapao - Changsha, Utapao - Nanchang, Utapao - Lin Yi, Utapao - Datong, Utapao - Baotou, Utapao - Yin Chuan, Utapao - Mei Sian, Don Mueang - Petchabun, Don Mueang - Yichang, Don Mueang - Mei Sian, Phuket - Changzhou and Phuket - Zhengzhou.
- Opened services on domestic scheduled opened direct from: Udon Thani - Ubon Ratchathani, Don Mueang - Petchabun and Don Mueang - Mae Hongson.
- Added Fly' n' Ride shuttle service for passengers who want to travel to the destinations where the Company does not directly provide service by transferring passengers from the airports via shuttle to the final destinations in 4 routes: Sisaket, Petchabun (KaoKor), Chiangrai (Mae Sai) and Lumphun; and 7 Fly 'n' Ferry routes to Koh Bulone, Koh Jum, Koh Libong, Rai Lay Beach, Koh Laoliang, Koh Yao Noi and Koh Yao Yai.
- Added payment channels, such as Alipay, WeChat Pay, UnionPay, QR Payment service which the Company was the first provider in Thailand, and 123Myanmar channel to provide convenience for passengers in buying tickets and payment to further support sales of the Company.
- Thaigroup “Nok Air - Thai Airways” allied in a campaign “Nok Air Changes Smiles to Mileages” upon purchasing Nok MAX and Nok X - tra tickets where mileage points would be eligible with both Royal Orchid Plus (ROP) and Nok Point from June 21st, 2018.
- In July 2018, Nok Air joined force with NokScoot in linking longer range routes. Passengers would be able to travel from Chiangmai and Hat Yai to Bangkok and connect flight to Tokyo, Japan or Taipei, Taiwan with only one booking through Nok Air website plus baggage worry-free from a check-through baggage service.
- Nok Air was awarded as Best Low - Cost Airline in Thailand 2018 from Skytrax on July 31, 2018.
- In August 2018, Nok Air ranked 1 of 5 airlines in Asia with 80% of on-time performance by OAG, the largest global airlines information website.
- The Company increased registered capital to 2,499,249,882 shares at par value of 1 Baht per share with total value of 2,499,249,882 Baht. Paid-up registered capital was 2,271,999,796 shares from the exercise of warrants (Nok - W1) at par value of 1 Baht per share with total value of 2,271,999,796 Baht.





- Nok Air received 2 new Boeing 737-800 in order to respond to high season and increasing flight routes in domestic and international zones. Services were available in charter flights during high season.
- Nok Air provided services on 2 new routes of international scheduled flight, that is, direct flight from Don Mueang - Guwahati in India and direct flight from Don Mueang - Hiroshima in Japan.
- Added international routes for charter flights, such as Don Mueang - Yiwu, Don Mueang - Wuxi, Don Mueang - Suzhou, Don Mueang - Changsha, Don Mueang - Hefei, and Phuket - Hangzhou.
- Added 3 Fly' n' Ride flight routes for passengers who want to travel to the destinations where the Company does not directly provide service by providing shuttle bus to the final destinations: Nakorn Panom, Nong Khai, and Nakorn Srithammarat (Don Sak.)
- Nok Air joined force with NokScoot in linking longer range routes. Passengers would be able to travel from Chiangmai, Chiangrai, Phuket and Hat Yai to Bangkok and connect a flight to New Delhi, India; Taipei, Taiwan; Sapporo, Osaka, Japan with only one booking transaction through Nok Air website plus baggage worry-free from a check-through baggage service.
- Provided Baggage Delivery service from Don Mueang Airport to passengers' houses or places in Bangkok and from Chiangmai Airport to houses or places in Chiangmai for more convenience to passengers.
- Added payment channels to provide more convenience for passengers through WeChat Pay, Alipay, credit card machine and 0% installment for 3 months payment through credit card.
- The Company increased registered capital to 3,408,049,800 shares at par value of 1 Baht per share with total value of 3,408,049,800 Baht. Paid-up capital was 3,108,515,756 shares at par value of 1 Baht per share with total value of 3,108,515,756 Baht.



**2019**

# Key Operations in 2019



01

Nok Air received 2 new jet planes (Boeing 737-800) in order to respond to high season and increasing flight routes in domestic and international zones. Services were available in charter flights during high season.



02

Nok Air provided services on 2 new routes of international scheduled flight, that is, direct flight from Don Mueang - Guwahati in India and direct flight from Don Mueang - Hiroshima in Japan.



03

Added international routes for charter flights, such as Don Mueang - Yiwu, Don Meung -Wuxi, Don Meung - Suzhou, Don Meung - Changsha, Don Meung - Hefei, and Phuket - Hangzhou.



04

Added 3 Fly' n' Ride flight routes for passengers who want to travel to the destinations where the Company does not directly provide service by providing shuttle bus to the final destinations: Nakorn Panom, Nong Khai, and Nakorn Srithammarat (Don Sak.)



นกแอร์ให้คุณบินง่าย ๆ  
สะดวกสบายในบักกิ้งเดียว

NEW DELHI  
TAIPEI  
TOKYO  
OSAKA  
SAPPORO

เชียงใหม่ เชียงราย ภูเก็ต หาดใหญ่

พร้อมบริการส่งกระเป๋าถึงปลายทาง (Check-through service)

## 05

Nok Air joined force with NokScoot in linking longer range routes. Passengers would be able to travel from Chiangmai, Chiangrai, Phuket and Hat Yai to Bangkok and connect a flight to New Deli, India; Taipei, Taiwan; Sapporo, Osaka, Japan with only one booking transaction through Nok Air website plus baggage worry-free from a check-through baggage service.

NOK AIR x AIRPORTER

เที่ยวตัวปลิว  
ไม่ต้องหิ้วกระเป๋า

บริการ  
จัดส่ง  
สัมภาระ

nokair.com | call 1318

## 06

Provided Baggage Delivery service from Don Meung Airport to passengers' houses or places in Bangkok and from Chiangmai Airport to houses or places in Chiangmai for more convenience to passengers.

NOK AIR

ชำระค่าตั๋ว นกแอร์  
แบ่งจ่าย สบายๆ

0% ม้วน นาน 3 เดือน

nokair.com

## 07

Added payment channels, such as WeChat Pay, Alipay, credit card machine and 0% installment for 3 months payment through credit card.

# General information of the company

## Issuing Company Name

Issuing Company Name	NOK AIRLINES PUBLIC COMPANY LIMITED
Type of Business	Low cost airline
Head office	3 Rajanakarn Building, 17 <sup>th</sup> Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120
REGISTRATION NO.	0107556000094
HOME PAGE	<a href="http://www.nokair.com">www.nokair.com</a>
Investor Relations website	<a href="http://www.nokair.com/investor_relations">www.nokair.com/investor_relations</a>
Telephone	0 2627 2000
Facimile	0 2285 6944
Common Stock	As of December 31, 2019, the Company's registered capital and paid - up capital are as follows: Registered capital of 3,480,049,800 shares at par value of 1 baht per share with total value of 3,480,049,800 baht. Paid - up capital of 3,108,515,756 shares at par value of 1 baht per share with total value of 3,108,515,756 baht.

## References

Registrar	Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand 0 2009 9000 0 2009 9991 <a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>
Telephone	
Facimile	
Homepage	
Auditor	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. AIA Sathorn Tower, 23 <sup>rd</sup> - 27 <sup>th</sup> Floor 11 / 1, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand 0 2034 0000 0 2034 0100
Telephone	
Facimile	

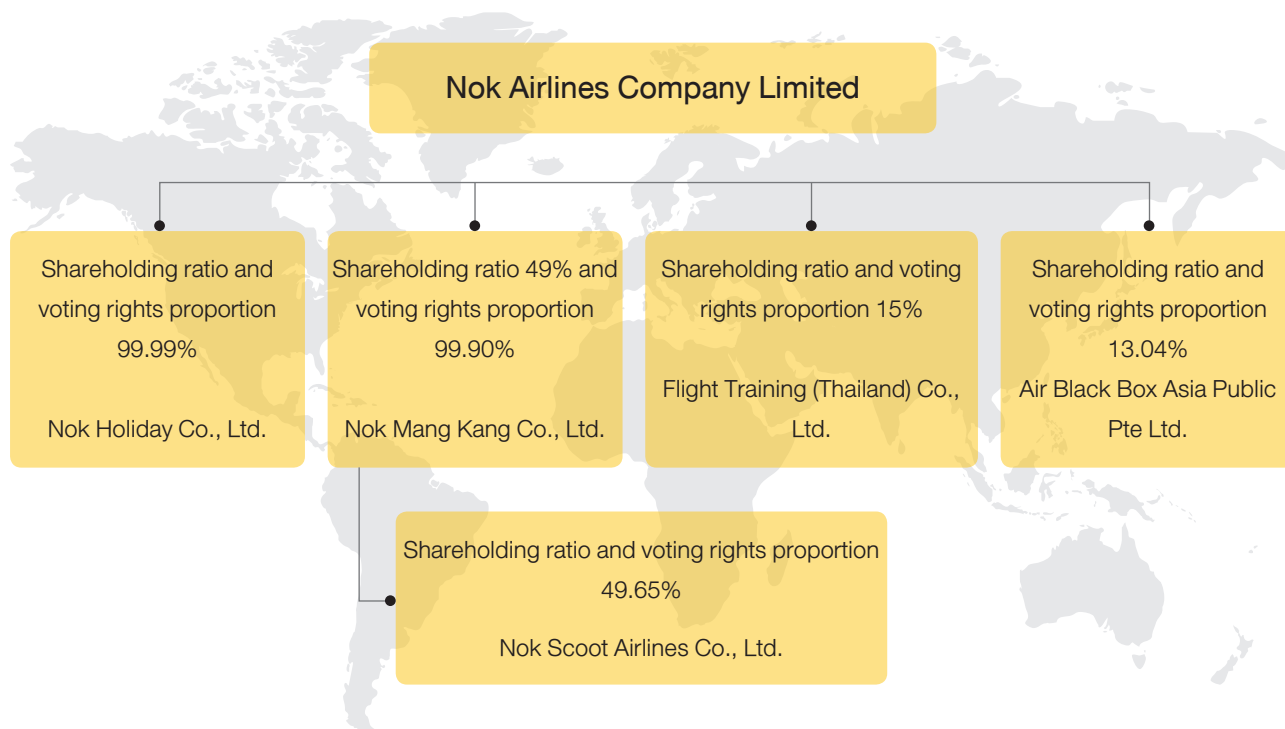
# Nature of Business

## Business Operation

Nok Airlines Public Company Limited or “Nok Air” was established on February 27, 2004 under the name of Sky Asia Company Limited and changed to “Nok Airlines Company Limited” on January 16, 2006. The Company became a listed company on January 18, 2013 and common shares of the Company were registered as listed securities and started trading in the Stock Exchange of Thailand on June 20, 2013.

In 2014, the Company had vision to expand business through launching international routes by joint venture with Scoot Airlines. The Nok Scoot Airlines was then established as the international low-cost airline business to enhance the competitiveness.

## Shareholding Structure of Company Group



## Vision, Mission and Business Goal

### Vision

“To be the most innovative airline and provide the most comfortable and convenient travelling services to passengers worldwide at the valuable price with variety of choices and full of truly Thai touch services.”

### Mission

“Nok Air aims to be the number one low-cost airline in Thailand by offering customer satisfaction with valuable price while remaining reliability, convenience, creativity and care.”

Nok Air is the airline of which destinations cover the most domestic routes with commitment to satisfy customers with quality services, attention, reliability and safety, and satisfying needs of all customer groups.

The Company has a policy to allocate the number of aircrafts according to the flight demand in each flight route of primary, secondary and feeder routes. As of December 31, 2019, the Company had 2 passenger service aircraft models: 16 of Boeing 737-800 aircraft and 8 of Q400 Bombardier aircrafts, in total of 24 aircrafts. The average age of the fleet was 5.8 years. The average aircraft utilization was 10.83 hours per aircraft per day.

Boeing 737-800 was a medium-haul, narrow-body aircraft with jet engines. The aircrafts were used in primary and secondary routes. Two Bombardier Q400 aircrafts which were small passenger planes with turboprop engine designed for short-haul flight were used in secondary and feeder routes to suit the market demand. The Company got the investment promotion by the Investment Promotion Act 2560 (2017) (and the amendment) from the Board of Investment (BOI) under the business category of Mass transit systems and transportation of bulk goods. The detail and key content of benefits are as follows:

1. The right to get corporate income tax exemption for net profits from promoted activities of not over 100% of investment, excluding land value and working capital, for a period of no longer than 8 years from the first date of receiving income from the business (section 31.)
2. The right not to include the dividends paid from the promoted business which receives corporate income tax exemption in the income tax calculation during the corporate income tax exemption period (section 34.)
3. The right to receive import duty exemption for imported aircrafts from foreign country (section 28.)
4. The right to bring alien craftsmen or experts, spouses and dependents of these two types of persons into the kingdom. They shall be allowed to work for the specific positions, duties and period of time in the kingdom as the committee consider and deem appropriate (section 25 and 26.)

The Company is the airline with outstanding services in providing in-advance seat reservation, serving in-flight beverages, and in-flight internet connection service (in the full-installation aircraft), and free-of-charge baggage with minimum weight service for Economy Class.

## Route Network

The Company provides Point-to-Point air transportation service in domestic and international routes under “Nok Air” brand and is the flight service provider covering all regions in Thailand. At present, the Company provides service over the most flight routes in the country. As of December 31, 2019, the Company served 41 routes in total, consisting of 23 domestic routes and 18 internationally routes. The Company had 604 round-trip flights per week.

In addition, to expand the flight routes to international market, the Company made the Interline Cooperation Agreement for passenger transport with Scoot Airlines. The Company sold the ticket from the travelling points in the country, such as Chiangmai, Chiangrai, Phuket, Udonthani, Ubolratchathani, Nakorn Srithammarat, Trang, and Had Yai, to Singapore. This agreement helped facilitate passengers in buying the ticket for the flight that needed to take these 2 airlines to reach the destination in one transaction.

Moreover, the Company provided charter flight for passengers travelling in group or travelling to the destination out of regular flight schedule of the Company.

The Company joined Value Alliance which was the alliance of leading low-cost airlines, consisting of Nok Air, Nok Scoot, Scoot, Cebu Pacific (including Cebgo), and JEJUair, to create flight route network among the alliance and increase travelling options, which connected the routes in Southeast Asia region, North Asia and Australia continent to provide more convenience to passengers.

## Revenue Structure of the Company

	Consolidated Financial Statement					
	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from Transportation</b>						
Total revenues from transportation	17,385.99	85.32	16,699.71	84.60	16,758.56	83.92
Total Ancillary revenues <sup>1</sup>	2,186.11	10.73	2,560.12	12.97	2,847.72	14.26
<b>Other Revenues</b>						
Interest income	23.91	0.12	25.46	0.13	22.80	0.12
Others	780.69	3.83	454.93	2.30	340.04	1.70
<b>Total Other Revenues</b>	<b>804.60</b>	<b>3.95</b>	<b>480.39</b>	<b>2.43</b>	<b>362.84</b>	<b>1.82</b>
<b>Total Revenues</b>	<b>20,376.70</b>	<b>100.00</b>	<b>19,740.22</b>	<b>100.00</b>	<b>19,969.12</b>	<b>100.00</b>

The Company's main revenues came from the air transportation services. In 2019, the Company's passenger revenues were 16,758.56 million Baht, accounted for 83.92%. Most passenger revenues were from regular scheduled flight services which include domestic and international air transportation services. The services cover 41 domestic routes in primary, secondary and feeder routes all over Thailand and 4 international routes: Myanmar, Vietnam, The People's Republic of China, and Japan, including international air transportation services of Nok Scoot. At present, Nok Scoot had regular scheduled flight services in 4 routes to The People's Republic of China, 1 route to Taiwan, 1 route to India, and 3 routes to Japan.

In addition, the Company and its subsidiaries had revenues from charter flight service which mostly travelled from Thailand to the People's Republic of China. Such service was not in the regular flight schedules and was intended to optimize utilization of existing aircrafts.

In 2019, the Company had revenues from additional services of 2,847.72 million Baht, accounted for 14.26% of total revenues. Most of additional services revenues consisted of baggage loading revenues, overweighted baggage revenues, ticket reservation fees and payment fees, revenues from travelling changes, and revenues from selling snacks and souvenirs, etc.

The Company's other revenues in 2019 were 362.84 million Baht, or 1.82% of total revenues. Most of other revenues consisted of revenues from interest income, revenues from exchange rate profits, revenues from refund of insurance and maintenance, profits from the sale and lease back of aircrafts under the operating lease contract and others.

### Distribution and Payment Channel

The Company is committed to develop channels for seat reservation and payment to respond to all needs of customers. At present, passengers can reserve their seats via 5 channels: website (including application on mobile phone), customer service call center, airport counter, travel agency, and counter service. Website and electronics channels are the most popular channels for seat reservation due to convenience, no time limit and no service fee. In addition, the Company has another channel for seat reservation for a group of customers, corporate customers, and governmental customers.

Distribution/ Payment channels	Website	Website on mobile phone	Customer service call center	Airport counter	Travel agency	Counter Service
1. Cash	✗	✗	✗	✓	✓	✓
2. Credit Card	✓	✓	✓	✓	✓	✗
3. ATM	✓	✓	✓	✗	✗	✗
4. Counter Service	✓	✓	✓	✗	✗	✓
5. Direct debit	✓	✗	✗	✗	✓	✗
6. Krungthai Bank Counter	✓	✓	✓	✗	✗	✗
7. AliPay, WeChat Pay	✓	✗	✗	✓	✗	✗
8. Line Pay	✗	✓	✗	✗	✗	✗
9. Apple Pay	✗	✓	✗	✗	✗	✗
10. QR Payment	✓	✓	✗	✓	✗	✗
11. 123Myanmar	✓	✗	✗	✗	✗	✗

### Website and Electronics Channels

The Company sold passenger tickets mostly on website accounting for 46.1% in 2019. Passengers could reserve their ticket on [www.nokair.com](http://www.nokair.com) or on website on smartphone. Seat reservation on website was the complete service and most convenient for users. The complete service included flight route checking, flight schedule, seat reservation, check-in, and additional services. Another channel for seat reservation and check-in was application on smart phone which served the fast growing mobile phone usage. This was the additional channel for sales and convenience for customers.

### Call Center

General customers and Nok Fan Club could make seat reservation through customer service call center 1318 every day from 6.00 - 24.00 hrs. for fast and convenient service. In 2019, the Company had revenues from call center for 2.2% of total revenues. Although it seemed to be a small proportion, it was an important channel for customer contact to send their inquiries or complaints to the Company.

### Airport Counter

Nok Air's reservation service was available at all airports where it operated the flights. As of December 31, 2019, Nok Air had over 30 sales offices. The Company earned 4.8% of total revenues from the reservation made via this channel.

### Travel Agency

Passengers can make ticket reservation via travel agencies who registered with the Company all over Thailand and neighboring countries. Tickets can be bought from travel agencies and customer service call center. With the growth of online travel agency, the Company's 2019 revenues from this channel were 7.1% of all channels.

### Counter Service

Counter service channel included convenient store which was another channel that helped provide faster and more convenient service in reservation and payment to passengers. Passengers could reserve tickets via counter service in 7-Eleven stores. In 2019, Nok Air provided more services through counter service in department stores and banks, such as CenPay counter in Central and Big C, and bank counter in every branch of KrungThai Bank. Total counter services in Thailand were over 10,000 branches. This new channel provided additional channels to sell ticket for the Company and covered all customer groups, accounting for 0.51% of total channels.

### Other Channels

The Company had other channels to sell tickets which were on regular channels, such as department stores, exhibition booth or events, such as Thai Teaw Thai event, etc.

Since 2017, Nok Air added payment channels for more convenience to passengers, such as BBL Direct Debit, payment counter at Big C Supercenter, Rabbit LINE Pay, Apple Pay, payment counter at TESCO Lotus, AliPay, WeChat Pay, Union Pay card, installment pay through credit card and QR Code channel.

## Operations

At present, the Company offers passenger transportation service with the flight operation base at Don Mueang International Airport where its main departments located; the Pilot and Crew Center, the Flight Operation Department, the Aircraft Maintenance Department, Quality, Safety and Security Department and the Ground Service Department. The jet fuel filling was mostly carried out at Don Mueang International Airport due to its lowest fuel cost. Fuel filling at a regional airport was conducted occasionally based on required safety standard only.

## Products and Services

### Aircraft Acquisition

The Company's policy was to appropriately allocate aircrafts according to the flight demand in each flight route of primary, secondary and feeder routes. As of December 31, 2019, the Company had 2 passenger service aircraft models: 16 of Boeing 737-800 aircrafts and 8 of Q400 Bombardier aircrafts, in total of 24 aircrafts. The average age of the fleet was 5.8 years. The average aircraft utilization was 10.83 hours per aircraft per day.

Table of Nok Airlines' Fleet Information as of December 31, 2019

Model of aircraft	Number of aircrafts (aircraft)	Capacity (seat)	Average age (year)
Boeing 737 - 800	16	189	6.4
Q400 Bombardier	8	86	4.5
<b>Total</b>	<b>24</b>	<b>-</b>	<b>5.8</b>

Boeing 737-800 was a medium-haul, narrow-body aircraft with jet engines. The aircrafts were used in primary and secondary routes. Two Bombardier Q400 aircrafts which were small passenger planes with turboprop engine designed for short-haul flight were used in secondary and feeder routes to suit the market demand which was not so high.

### Aircraft Utilization

The Company aimed to maximize its aircraft utilization while ensuring passenger's safety and preventing flight delay that could affect its flight schedules. As of end of 2019, the Company had a total of 24 aircrafts. An average aircraft utilization of all models of aircraft, namely Boeing 737-800 and Bombardier Q400 were 11.33 and 7.67 hours per day respectively. The aircraft utilization rate per each aircraft did not match its plan and had effect on revenues and costs per unit significantly.

### Aircraft Maintenance

Giving priority to passenger's safety, the Company focused on the perfect condition of the aircraft which at all time was ready to fly with safety under the check-up and maintenance standard according to the rules and regulations of Civil Aviation Authority of Thailand (CAAT) which was the same standard as the European Aviation Safety Agency (EASA) and the US Federation Aviation Administration (FAA). As of December 31, 2018, the Company received the permits of general and light maintenance (A-Check) from CAAT. As for the C-Check and Heavy Maintenance, the Company did not have facilities and thus assigned to third-party service provider which had expertise and was accredited by CAAT and FAA or EASA.

### Procurement of Parts and Spare Parts

Sourcing the spare parts and equipment of Nok Air as the Aircraft Component Pools, the Company considered the ability to plan maintenance schedules, aircraft spare parts and equipment procurement, expenses of spare parts and equipment, service fees as well as experiences in aviation business.

In addition, the Company kept some aircraft spare parts and equipment at its warehouse in Don Mueang Airport to always be ready to fly.

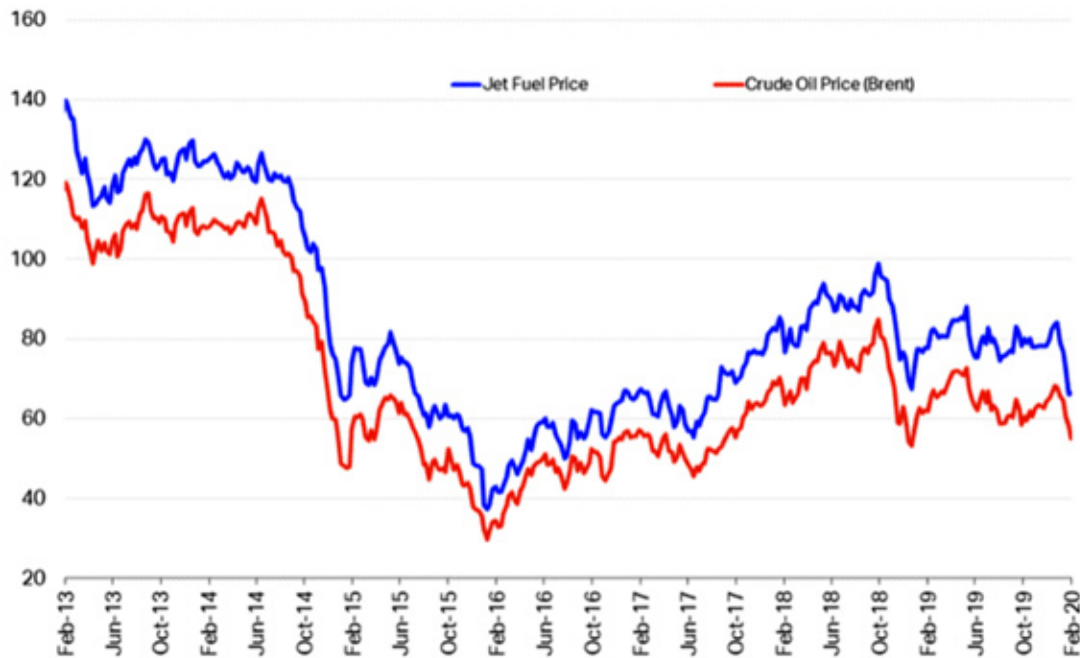
### Fuel Procurement

Fuel was the Company's major expenses. In 2019, the Company's fuel expenses were accounted for 29% of the operating costs. In the past, the Company bought fuel from Thai Airways. Later in 2011, the Company bought fuel directly from the oil company, that is, Shell Company of Thailand Limited and PTT Public Company Limited. The Company joined volume with Thai Airways to gain bargaining power on the prices. The Company bought fuel from fuel suppliers directly and did not have a policy to buy fuel from

an exclusive source continuously if its terms and conditions as well as price were not better than others as the Company was able to buy fuel from any suppliers to diversify risks of

fuel sourcing. However, by sourcing fuel from the world-class oil suppliers, the Company was able to procure enough fuel at a reasonable price.

Brent Spot Price of crude oil compared with aircraft oil in 2013 - 2019 (unit: USD per barrel)



source: <https://www.iata.org/en/publications/economics/fuel-monitor/>

Due to the high volatility of oil prices in 2018, the Board of Directors therefore approved the Company to enter into a contract of risk prevention service for oil price fluctuations from Thai Airways, which was a part of the Thai Group's policy. The Company's policy of risk prevention of oil price fluctuation covered a period of not more than 24 months and specified the proportion of hedging between 20 - 50% of the oil consumption per month or Partial Hedge which was a hedging contract with Thai Airways. In accordance with the Company's risk management policy of oil price as mentioned, the flexibility for the Company in managing revenues and costs would be enhanced. This also resulted in the Company's ability to adjust the air fare of tickets that have not been sold to compensate the impact of partial oil prices. This complied with the Dynamic Pricing policy or the many ticket price levels and the period of advance ticket sales of the Company.

In general, Nok Air's aircrafts will mainly had their tanks filled at Don Mueang International Airport as there were a lot of suppliers there which allowed the Company to procure fuel at lower price than other provinces where a single supplier

was usually found. Fuel suppliers who delivered their jet fuel at Don Mueang International Airport usually used the service provided by Bangkok Aviation Fuel Services Public Company Limited ("BAFS"), the single provider allowed to provide a fuel - filling service at Don Mueang International Airport, to store, deliver aircraft fuel and fill their tanks.

#### Airport Services

Nok Air offered both ground service and ground support service to its passengers on its own by renting major equipment at various domestic airports, such as check-in counter and aerobridge. However, Nok Air also hired the third party with expertise to handle check-in passenger belongings between airport and aircraft as well as to provide transfer buses from gate to aircraft, airstair, and cargo management.

#### Catering

The Company served hot meal and beverages to passengers. Product forms and packaging were changed in consideration of product quality standard to create highest customer satisfaction.

- **Hot Meal:** The Company provided inflight hot meal service in order to serve passengers various menus and tastes of Thai or international food. For further convenience, passengers could choose menu and process food orders 24 hours in advance before departure in all sales channels of Nok Airlines Company. Hot meal service would be available in flights operated on aircraft model 737-800 only.
- **Drinking Water:** The Company concerned the convenience in traveling and thus upsized the bottle water from 100 ml. to 150 ml. and changed the packaging to bottle that was convenient for drinking and carrying on.

#### Insurance

The Company bought aviation insurance in accordance with the practices of the international aviation industry. All Nok Air's aircrafts were insured with an insurance firm in Thailand who then reinsured them in the overseas reinsurance market based on the aircraft insurance industry's international practices.

#### Quality, Safety and Security Policy

The Company underlines the quality, safety and security management system and believes that it is the key component of business conduct. Management and employees at all levels must comply with the quality, safety and security policy. The Company implemented the proactive management in identifying hazards and relevant risks and the systematic assessment to eliminate or reduce the risk level that could occur and impact the aviation safety or cause individual injury, equipment or environmental damages.

The Company commits to conduct business under the legal framework, international standard requirement and regulations of the Civil Aviation Authority of Thailand regarding the quality, safety and security management by maintaining relationship with government officers or other relevant agencies inside and outside the Company. The audit, evaluation and development of performance shall be conducted regularly to ensure the Company's operation comply with the aviation standard.

Committing to develop the efficient management of quality, safety, and security standard, the Company searched for necessary resources and supported expenses of employee training and expenses of safety management which comply with the policy. The Company's objectives were to eliminate the threat that could impact safety, to examine to find the

cause of and manage the risks that could affect the company operation, and to protect customers and employees from hazards, threat or damages to life and property.

The Company developed and promoted Safety Culture, Reporting Culture and applied "Just Culture" principle to promote corporate governance in personnel management in terms of Human Factor and Non-Punitive Policy under the framework of Safety Management System to assure employees that they shall be treated fairly. There would be no punishment on mistakes that did not occur from negligence and misconduct or violation on working procedures according to the standard, policy or regulation to be assured of the safety management, security standard, and efficiency of human resource, society, community and environment management. This policy shall be the guideline of practices for every employee. Every process shall have plans, data collection, analysis and control in paper that could be audited and published to every relevant department. The protection measures to alleviate the impact from any incident or accident shall be set and evaluated regularly according to the Company's rules and regulations which will lead to sustainable operation and development.

The Company developed and revised the security standard system regularly by setting the prevention of illegal intervention according to the international standard and practices. The risks shall be assessed in the aspect of security by surveying the specific areas, testing and checking the whole system of aviation security standard and detailed procedures in accordance with the security control plan of National Civil Aviation Authority. The specified defects shall be corrected and improved quickly.

Every employee has responsibility in regulating the operation of external labors and cannot transfer this responsibility to external labor individual or labor agencies. The Company is confident that the implementation of various system services from external labor agencies shall be in accordance with the standard and regulations of quality, safety and security management.

#### Relationship with Major Shareholders and Business Group

##### Nok Air is independent from Thai Airways

At present, Nok Air's business framework and management were independent from Thai Airways. Nok Air had its own systems including management, reservation, check-in and

accounting. In addition, Nok Air imposed policy on renting operating aircrafts from other aircraft renters. As of December 31st, 2019, the Company rented 24 operating aircrafts from foreign aircraft renters.

Air ticket reservation and payment were the main systems of airlines. The Company had its own system which was different from Thai Airways' system. In addition, Nok Air had its own cockpit crew and cabin crew training programs as well as air crew training experts.

Nok Air's service features were also different. Thai Airways, which was Nok Air's major shareholder, operated full ranges of airline business by emphasizing on service, airline alliance and passenger's convenience. Nok Air was a low-cost airline emphasizing on passengers who gave priority to air ticket price and accepted limitation of service, such as the weight limit for baggage or the fee charged in case of changing flight. Moreover, Nok Air did not require the airport of which flight routes linked to other airports but emphasized mainly on Point to Point passengers transportation service.

In 2019, Nok Air and Thai Smile had cooperations as Thai Group in providing codeshare flights routing Don Mueang - Ranong for the purpose of providing more convenience to passengers and bringing the prosperity to the region, including the management of fuel supply, insurances and risk management of fuel price to optimize benefits of the Company.

#### **Nok Air's Independence in Business**

The Company set the framework of the cooperated business management and administration for the clear and business conduct although the nature of business of the Company was close to Thai Airways as follows:

- **Shareholding Structure**

Although Thai Airways held 15.93% of shares, it was not the only one major shareholder who had absolute voting rights. After being listed on the Stock Exchange of Thailand, Nok Air had other major shareholders, such as the management team, other major shareholder groups, and minor shareholders. This supported for the check and balance system for Nok Air to maintain independence in its operations.

- **Board of Directors Structure**

The Company had 12 directors. 2 of them were Thai Airways representatives who had duty according to

section 80 of Public Limited Companies Act which identified that stakeholders do not have rights to vote on the matters of interest. Every member of the Board of Directors had duty and responsibility according to Section 85, 88/8, 88/9 and 88/10 of the Securities and Exchange Act requiring directors to perform their duty according to the law, the Company's objectives, regulations and the shareholders' meeting resolutions with honesty and for the interest of the Company with responsibility like a reasonable person and shall not take any action that may cause conflict of interest with the Company, and shall protect shareholders' rights for fairness and overall best benefits. According to the duties under such sections, Thai Airways' representative directors shall perform their duty for the best interest of the Company without any concern on own benefits or Thai Airways' benefits.

- **Management Structure**

Nok Air's management structure was independent from Thai Airways. The Chief Executive Officer and all executives were not representatives of Thai Airways.

#### **Internal Information Shall not be disclosed for other company's benefits**

In addition to the conflict of interest prevention measures deployed to ensure the Company's independent business, the prevention of internal information usage was another one of necessary measures expressing that Nok Air commits to conduct business in accordance with the principles of corporate governance.

Thus, the Company imposed the prevention of internal information usage policy that did not allow its directors, executives and employees or its former directors, executives and employees to disclose the internal information or confidential information of the Company and its business partners to others (for 1 - year period after resignation) although such information disclosure did not cause any damage to the Company and its business partners. Its directors, executives and employees had duty to use the internal information for the benefits of the Company's business only. They shall not disclose the Company's confidential and/or internal information to companies of which they were holding shares or taking positions as directors, executives and employees.

Moreover, all Nok Air's directors have responsibilities in accordance with the Securities and Exchange Act; Section

89/11, Section 89/12 and Section 89/13 stating that directors or related persons shall not use the Company's information for their financial benefits other than normal income or for causing damages to the Company.

Therefore, the Company's directors are obliged to keep the Company's internal information secured and shall not disclose to third persons and/or Thai Airways.

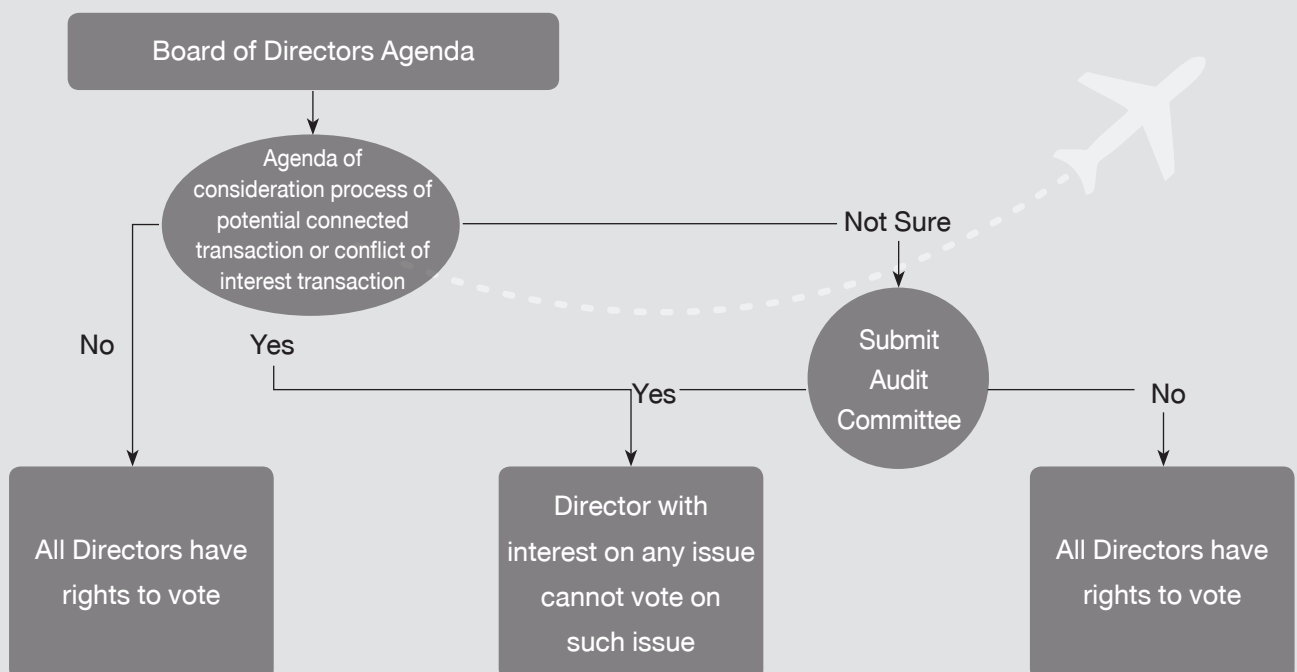
In the case that Thai Airways' representative directors disclose Nok Air's internal information to Thai Airways, it is deemed violation against Nok Air's policy and the Public Limited Companies Act. Not less than 5% of the Company's shareholders are able to exercise their rights to claim for damages from such representative directors, to discontinue a transaction that causes damages, and to dismiss such representative directors. Subsequently, the Company's directors must maintain and undisclosed the Company's internal information.

### Conflict of Interest Prevention Policy

Nok Air defined the Prevention of Conflict of Interest Policy to facilitate its independent business and to ensure that every transaction was done to maximize benefits of the Company only. The policy required related person or person having conflict of interest with any transaction shall notify the Company regarding his/her relation with or interest of such transaction. Moreover, such person shall not involve in a decision making or approval of such transaction.

In addition, directors and executives shall propose an agenda that may cause conflict of interest between the Company and its major shareholders to the Audit Committee for consideration first. If the Audit Committee considers such agenda falls into the following cases: 1) connected transaction, the Audit Committee shall propose to the Board of Directors to proceed in accordance with the Notification of the Board of Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) or 2) transaction with potential conflict of interest, the Audit Committee shall notify the Board of Directors for acknowledgement on such potential conflict of interest including name list of directors who may have conflicts of interest so that the Board of Directors and such directors shall strictly comply with Section 80 of the Public Limited Companies Act.

If any executive or director had opinion on any transaction that it was obviously in the scope of connected transaction or conflict of interest and intended to comply with the Notification of the Stock Exchange of Thailand regarding Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) and/or Section 80 of the Public Limited Companies Act regarding abstention of director, who has both direct and indirect interest, such executive or director may propose such agenda directly to the Board of Directors without requiring for the Audit Committee's opinion.



# Market and Competition

## Current Competition

At present, flight routes in Thailand are in highly competitive situation especially competitions from full-service airlines, low-cost airlines and charter flights, including the entry of new low-cost airlines. Moreover, the low-cost airline business is engaging to leverage the potential competitiveness which increases the Company's competency in market share contention more than ever.

### Domestic Route

The main competitors in Nok Air's domestic route are Thai Air Asia, Thai Lion Air, and Thai Vietjet. All 3 airlines are low-cost airlines that focus on point to point services and are the main airlines driving domestic route market. However, there still are competitions from full-service airlines that have the same flight routes, such as Thai Airways, Bangkok Airways and Thai Smile Airways.

Throughout the past period, the Company has continued to develop domestic flight routes in order to provide more convenience to passengers. In 2018, due to the high competitive aviation situation, the Company reduced the number of flights in response to customer's demand, such as Don Meuang - Phuket, Don Mueang - Krabi, Don Mueang - Ranong, and suspended some flight routes with less traffic, such as Don Meuang - Nan, Don Mueng - Nakorn Panom, and Don Meung - Roi-ed. At the same time, the Company increased frequency of services in the flight routes that had higher traffics, for example, Don Mueang - Buriram, Don Mueang - Mae Sot, etc. As of December 31, 2019, the Company had 604 round-trip flights per week.

### International Route

For international route, the Company provides Point to Point services to Don Mueang - Yangon in Myanmar, Don Mueang - Ho Chi Minh in Vietnam, Don Mueang - Nanning in China, Phuket - Chengdu in China, Don Mueang - Hiroshima in Japan, and Don- Mueang - Guwahati in India. In addition, many charter flights to China were also available in many routes. As of December 31, 2019, the Company had 65 round-trip flights per week. The main competitors of Nok Air on the international route were still low-cost airlines servicing in the same routes.

Nok Airlines belongs to the world's first low-cost airline group (Value Alliance), thus the Company has an advantage over other airline companies in the same business in terms of a strong and various affiliated network to meet customer's demand effectively with the coverage of both domestic and regional areas.

## Future Competition Trend

Over the past many years, full-service airlines gradually lost their market shares to low-cost airlines because they were unable to compete against the airfare. Moreover, the increase in new generation population, changes in travelling behavior and more modern technology development tend to give the low-cost airline business more passengers in the future.

From the public sector's policy to stimulate the economy and promote tourism with the increasing confidence and reliability of the aviation business of Thailand and from the International Civil Aviation Organization (ICAO) announcement to lift the red flag status on Thailand on October 7, 2017, together with the Government strategy which planned for the aviation industry to be a main backlash pushing the Eastern Economics Corridor Development - EEC through the Aerotropolis project with the utilization of U-Tapao International Airport, Rayong and Pattaya to serve as the air transportation hubs, the number of travelling in and out of Thailand increased continuously. As a result, the aviation situation of Thailand grew and the competition among airlines became more intense due to the opening of new routes operations.

The data of the Airports of Thailand Public Company Limited in the last 12 months (January - December 2019) reflected the number of Aircrafts Movement from such main airports as Suvarnabhumi and Don Mueang grew by 1.6% from the same period of previous year. The international air traffic has been increasing continuously. The international flights at Suvarnabhumi Airport increased by 4.6% while the domestic flights decreased by 2.9% from the same period of previous year. At Don Mueang Airport, the international flights increased by 11.3% and the domestic flights decreased by 6.3% from the same period of previous year. The statistical data



reflected the growth of the aviation business, especially the growth of the international flight routes.

The growth of domestic routes was likely to be declined which complied with the limitation of Time Slot and airport capacity. The data of Civil Aviation Authority of Thailand showed the airport capacity (NAC Chart) for both summer and winter flight schedules in some airports at certain times reached their full capacity, such as Don Mueang International Airport, Phuket International Airport and Chiangmai International Airport, etc. The number of passengers exceeding the airport capacity also made it not easy to increase frequency of flights and expansion of routes.

However, the Company monitored the situation and related factors in order to adjust the strategy to keep up with all events and continuously changing behavior of customers to strengthen and enhance the potential and efficiency of competitiveness and provide better services to create good image and maintain the leading airline position.

Nevertheless, the Company foresaw that there still were positive factors for Thailand's opportunities to expand to the potential and growing market since Thailand was a suitable hub to connect cities in ASEAN and nearby regions.

## Market shares of Domestic Routes in 2019

Airlines name	Portion (%)		
	Domestic	International	Total
Thai Airasia	44.3%	45.3%	44.6%
Nokair	24.6%	6.0%	19.9%
Thai Lionair	23.2%	23.8%	23.4%
Thai Vietjetair	7.9%	2.9%	6.6%
Thai Airasia X	0.0%	13.4%	3.3%
Nokscoot	0.0%	8.6%	2.1%
Total	100.0%	100.0%	100.0%

Source : The Civil Aviation Authority of Thailand (CAAT)

# Risk Management Policy

Nok Airlines Public Company Limited is committed to conduct risk management in order to connect with concrete integrated strategies throughout the organization in accordance with international best practices as a management tool in preventing and reducing potential losses, including the use of opportunities to generate more benefits and seek business returns while responding to all stakeholders' expectation in a balanced manner which will lead to good corporate governance system for sustainable development. As such, the risk management policy was set as follows:

1. Risk management is the responsibility of executives and employees at all levels who must be aware of the risks that exist in their work. The Company has mechanisms to manage and supervise various risks at a sufficient and appropriate level.
2. Set the framework and review the risk management process to be in accordance with good standards in order for the Company to be able to manage risks that may affect the business operations of the Company efficiently.
3. Risk assessment is conducted in various areas in order to prepare supportive plans for such risks that may significantly affect the business operations of the Company. This will allow the Company to be able to operate the business to achieve defined goals.
4. Information technology is implemented to support and manage the organization's risk management system appropriately and in a timely manner.
5. Plans and activities are conducted to encourage executives and employees at all levels to access information sources of risk management thoroughly and to participate in various activities including cultivating the awareness for employees as well as promotion of a sustainable culture in the organization.



# Risk Factors

## 2019 Risk Factor Report

Nok Air Public Company Limited is committed to conduct business with the priority of safety, efficient services, and impressive experience for passengers. The Company also emphasizes on high importance to the risk management of the entire corporate by establishing a Risk Management Policy which is in accordance with the corporate governance code and international standards for executives and employees at all levels to adhere to as a guideline and have the policy reviewed regularly every year. The risk management workshop has continuously been arranged for executives at all levels to cultivate the risk management to become the corporate culture.

The Company has defined the structure of risk management by appointing the Risk Management Committee to regulate and monitor through the risk management plan report, operational result, and Key Risk Indicators (KRI) report at least once every quarter. Moreover, the Company set up the risk management subcommittees, the working group on risk management from various divisions and the risk management unit to operate risk management systematically and efficiently throughout the organization. The overall risk factors in 2019 can be summarized as follows:

### 1. Strategic Risk Factor

Airline business has direct relation with tourism industry. Therefore, if the tourism industry slows down due to various changing factors in both domestic and international, it can directly and indirectly affect the general airline businesses as well as the Company. Since the business competition of low cost airlines nowadays is highly competitive and the number of international passengers travelling in and out of Thailand is increasing every year, especially tourists from East Asia, such as China, ASEAN countries, South Korea, Japan, Hong Kong, and Taiwan, the strategy of sustainable growth shall not depend on the old market too much, both domestic and international markets. Any significant political events, accidents, disasters and insecurities shall have a big impact on the confidence of foreign tourists and may result in the decreasing number of travelling in to Thailand. The Company is aware of these

warning signals. The management has had direction to increase domestic flights and seeked for new potential flight routes in order to diversify risks and reduce the impact from the fluctuation and various uncertainties.

However, the new flight routes to foreign countries were opened carefully. In 2019, the Company opened the new flight routes to many countries, such as 8 flight routes to China, 1 to India, and 1 to Japan. In addition to creating new business opportunities, this is also good for the Company's flight operation by increasing the efficiency of aircraft utilization, resulted in lower cost or operational expenses.

Futhermore, the Company had measure to manage the unprofitable flight routes by monitoring the operating performance of each flight route closely in order to check the appropriateness of the aircraft in service and the number of active passengers to revise the number of flights for the highest benefits.

With the above actions, the Company's income increased from the increase of customer base and passengers which will enable the Company business to grow further.

### 2. Operational Risk Factor

The Company is committed to and gives high importance to service providing for the highest customer satisfaction, especially the punctual flight services. However, many factors, such as the increasing number of flights in the main airport where there are a lot of customers, make the internal traffic and the airport support crowded and affect the punctual flight services. However, the Company intended to revise and improve services with measures of flight schedule improvement, operation lead time reduction, and redundant procedures reduction, in order to be in accordance with operation in current situation and to reduce the impact on passengers.

The aircraft maintenance which did not occur as planned could be a cause of flight delay. Thus, the Company

invested to solve this problem by arranging a warehouse for home base stock of spare parts in Don Muang Airport which stores main spare parts enough to provide convenience and readiness to maintenance work. In addition, the Company increased the number of aircrafts into the fleets to fulfill the services especially before the high season period when the flights and passengers usually increased.

The result from such actions showed the decreasing number of flight delay. The Company still strictly followed the strategy and continued to improve to assure passengers and customers that they would receive the good, valuable and impressive services and come back to use the Company's services again.

Information technology and internet system is necessary for the company's business conduct, especially website system, reservation system, online sales system via internet, check-in system, and flight operational support system. If such systems are threatened from cyber threats until they cannot provide services or confidential information, such as customer's data, is stolen and disclosed improperly or information is changed, the Company business shall receive severe and significant impacts, such as the loss of income, fame, customer's satisfaction and confidence to Company's services.

In 2019, customer seats were reserved directly via Company's website and application in the higher proportion. Aware of risks and severe impact from cyber threats, the Company set up the measures to prevent problems in case there was any service system error from the external users, such as daily data backup. The Disaster Recovery Site was also established. Should there be any problem occurring to the central data center, the backup data at Disaster Recovery Site shall be used immediately.

Moreover, the Company established the backup network for the case that the contact on the main network got problems so that the contact between the Company and the companies outside could go smoothly and did not affect the business. The Company also had measures to prevent piracy of customer's confidential data about seat reservation for illegal purpose by designing the system preventing the intrusion from illicit persons and cyber

threats, including the standard data decoding, intrusion testing to correct the defects every year, collecting detail of system access in the record according to the Computer Act in all respects, and cooperating with leading banks and credit card service providers, such as VISA, Master Card, Union Pay and JCB to create confidence and safety to passengers in using credit cards on transaction via internet.

### 3. Financial Risk Factor

Overall airline business has relation with important financial matters, such as fuel for aircraft prices, aircraft maintenance, and aircraft rental. In general, these expenses are in the form of US Dollars. So if there is any factor causing currency fluctuation, there will be a direct impact on foreign exchange rates and result in the payment of those expenses. Other factors that also contribute to the fluctuation of fuel prices and exchange rates are the slow-down world economy which affect the entire world and result in the slow-down economy of Thailand and the trade war of the United States of America and China while both countries have big economic system on which many countries depend. When these 2 countries reduced their expenses and purchasing orders, the impact was also on trade partner countries, especially Thailand of which export and tourism sectors declined significantly, and on investor's confidence which led to no continuous investment or new investment in the country.

However, the Company took action according to the Risk Management Policy by entering forward contract in fuel prices and exchange rates to control the cost expenses to be within acceptable level. The operation result and risk management in 2019 was at the satisfactory level. There also were external factors of the trend of fuel prices and exchange rates supporting the management.

In addition, the Company strictly implemented the policy to reduce expenses and debts of the Company. As a result, the Company could reduce its expenses significantly compared with the same period in the previous year. The Company also implemented a policy to increase income in order to maintain its normal financial status and liquidity.



#### 4. Compliance Risk Factors

The Company business conduct needs government permission and complies with other relevant regulations. Such condition is not under control of the Company. If there is any change in the interpretation of regulations or issuance of new law or new relevant regulations, there could be an ongoing impact on the Company business. The Company has been granted the Air Operating License (AOL) for both domestic and international routes from the Ministry of Transportation and the Air Operator Certificate (AOC) from the Civil Aviation Authority of Thailand.

Since the establishment of the Company in 2004, the Company has been granted the renewals of licenses and certificates continuously. In addition, there has never been any violation against the rules and regulations of the government. Relevantly, the Company is confident to be able to continue the renewal of AOL license and AOC certificate.

Safety measures in accordance with aviation standards, aviation industry is under regulating of the flight safety and international aviation standards. The Company, realizing and giving priority to safety, set up and developed the Safety Management System (SMS) to develop and support the corporate. SMS is the preventive safety management system and is the explicit process for safety management by combining technical system and operating system with finance and human resources to achieve the goals of creating safety in

operation and controlling risks to the acceptable level. SMS is the process that is in line with the plan set forth and is applied with the focus on proactive prevention and risk control, including eliminating all risks before any incident that can affect security occurs.

The Company complied with the international maintenance standards by hiring the external service provider who had expertise, high experiences and acceptance in the global aviation industry and was certified by European Aviation Safety Agency: EASA or Federal Aviation Administration: FAA and Civil Aviation Authority of Thailand: CAAT to work on planning and maintenance of aircrafts for the Company. Moreover, the Company had staff to monitor the aircrafts to ensure that they strictly received maintenance as planned and were able to meet the number of aircrafts and flights at that moment.

In 2019, the Company operated, monitored and reviewed the risks that were significant to the corporate and improved the risk management plan to reduce the potential effect that can affect objectives or goals achievement of the Company and to ensure stakeholders inside and outside the corporate that the Company can drive the corporate with highest efficiency to achieve objectives and goals and create value added and sustainable business growth.

# Capital Structure and Management

As of December 31, 2019, Nok Airlines Public Company Limited had registered capital of 3,408,049,800 shares with a par value of 1 Baht each, in total of 3,408,049,800 Baht. Paid-up registered capital are 3,108,515,756 shares with a par value of 1 Baht each, in total of 3,108,515,756 Baht. The

Company has listed ordinary shares in the Stock Exchange of Thailand in the Transportation and Logistics Business section, Service Industry group by using the securities symbol as "NOK".

## Shareholders

As of December 31, 2019, Nok Air's top ten major shareholders were as follows:

shareholders	No. of ordinary shares	
	No. of shares	%
1. Mrs. Hatairatn Jurangkool	757,636,442	24.373
2. Mr. Nuttapol Jurangkool	756,085,132	24.323
3. Mr. Thaveechat Jurangkool	652,167,437	20.980
4. Thai Airways International Public Company Limited	495,390,721	15.937
5. Dr. Tham Chirathivat	11,600,000	0.373
6. Mr. Patee Sarasin	11,500,000	0.370
7. Mr. Somkiat Chinthammit	10,906,000	0.351
8. Mrs. Piriya Apitnotai	10,392,400	0.334
9. Mr. Sudhitham Chirathivat	10,036,800	0.323
10. Mr. Kulawut Viratmaree	7,262,627	0.234

## Other Securities Issuance

The Company received a resolution from the 2017 Annual General Meeting of Shareholders held on April 19, 2017 which approved the issuance of warrants to purchase ordinary shares of the Company No. 1 (NOK - W1) ("Warrants") of not more than 156,250,000 shares. The Company offered to sell the warrants together with the offering of the newly issued ordinary shares to the existing shareholders proportionately without charge at the ratio of 4 new ordinary shares subscription per 1 unit of warrants. And 1 unit of warrant can be converted into 1 ordinary share at the exercise price of 5.00 Baht per share by specifying the date for the first exercise of the warrants to purchase the Company's ordinary shares on September 30, 2017 and for the last exercise date of the warrants to purchase the Company's ordinary shares on May 29, 2020.

## Dividend Payment Policy

Nok Air's policy is to pay its dividend to shareholders at the rate of not lower than 25% of its net profit in the Company's financial statements after deducted corporate income tax and after deducted legal reserves each year. In each dividend payment, the Company shall consider various factors to maximize shareholders' interest which include its performance and financial status as well as an investment plan in each period as deemed appropriate by the Board of Directors. Such dividend payment must not significantly affect the Company's normal operations.

## Board of Directors

### List of Board of Directors

As of December 31, 2019, the Board of Directors consisted of 12 directors who represented various groups of shareholders and the third party as follows:

Director name list	Position
1. Mr. Prasert Bunsumpun	Independent Director / Chairman of the Board
2. Mr. Pravej Ongartsittigul	Independent Director/ Chairman of Executive Committee
3. Mrs. Naline Ngamsetthamas	Director
4. ACM. Dr. Nopporn Chandawanich <sup>1</sup>	Director / Member of the Executive Committee
5. Mr. Wutthiphum Jurangkool <sup>2</sup>	Director / Member of the Executive Committee
6. Mr. Sumeth Damrongchaitham	Director
7. Mr. Wiwat Piyawiroj	Director
8. Mr. Chavalit Uttasart	Director
9. Mrs. Chiraporn Chemnasiri	Independent Director / Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee
10. Mr. Apichart Chirabandhu	Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee
11. Mr. Visit Tantisunthorn	Independent Director / Member of the Audit Committee / Member of the Risk Management Committee
12. Mrs. Heather Mary Suksem (OBE)	Independent Director / Member of the Corporate Governance Committee

Ms. Sunun Witthawatpongton serves as the Company Secretary.

<sup>1</sup> ACM. Dr. Nopporn Chandawanich held the position of the Company Director in place of Mr. Rathapol Bhakdibhumi, effective from August 8, 2019.

<sup>2</sup> Mr. Wutthiphum Jurangkool held the position of authorized director in place of Mr. Piya Yodmanee effective from April 3, 2019, the position of Chief Executive Officer and Member of the Executive Committee effective from June 14, 2019, and the position of Acting Chief Financial Officer effective from November 13, 2019.

### Authorized Directors who may sign on the Company's behalf based on its Certificate of Incorporation

As of December 31, 2019, Nok Air had authorized directors with binding company signatory, two out of the following six directors who may co - sign a document to be affixed with the Company's seal.

1. Mr. Pravej Ongartsittigul
2. Mrs. Naline Ngamsetthamas
3. Mr. Chavalit Uttasart
4. Mr. Wutthiphum Jurangkool
5. Mr. Wiwat Piyawiroj
6. Mr. Sumeth Damrongchaitham

### Roles and Responsibilities of the Board of Directors

1. To perform duties in accordance with the laws, objectives and Articles of Association of the Company as well as resolutions of shareholders' meeting with integrity, honesty and for the Company's best interest.
2. To set the Company's vision, policy and operation direction and to supervise the management to execute

the policy with efficiency and effectiveness in order to add the highest value to the Company and shareholders.

3. To define a policy, business strategy, operational plan and annual budget of the Company; to monitor and supervise the management's administration as well as the Company's quarterly performance and operating results compared to its plan and budget and to anticipate the trend in subsequent periods of the year.
4. To execute a business plan, budget and significant transaction according to the approval authority manual of the Board of Directors.
5. To constantly evaluate performance of the management and to oversee and ensure a proper payment mechanism of remunerations to senior executives.
6. To set up a framework and policy under which salary will be offered and adjusted and under which bonus, allowances and other awards will be given to the Company's employees.
7. To have the management set up the accounting system, the financial reporting system and a reliable auditing as

- well as to ensure that the Company has an adequate and appropriate internal control system.
8. To approve an acquisition or disposal of assets, any investment in a new business and any action to ensure its compliance with relevant laws, announcements, terms and regulations.
  9. To consider and/or give an opinion regarding connected transactions and/or the execution of such transactions (if the transaction size is not subject to an approval by the shareholders' meeting) of the Company and its subsidiaries to ensure compliance with relevant laws, announcements, terms and regulations.
  10. To prevent conflicts of interest among the Company's stakeholders.
  11. To approve an interim dividend payment to shareholders.
  12. To consider various matters by fairly taking into consideration the interest of shareholders and all groups of stakeholders. Directors are to immediately notify the Company, should they have any interest in an agreement executed with the Company or should they hold more or fewer shares of the Company or its subsidiaries. As for a transaction executed with a director or an individual who may have disagreement, interest or conflict of interest to the Company or its subsidiaries, such director has no right to vote to approve the transaction.
  13. To supervise the business with ethics under code of conduct, to review the Company's corporate governance policy and to evaluate the policy compliance at least once a year.
  14. To report own responsibility regarding the preparation of financial report by publishing such report along with the auditor's report in the Annual Report of which contents must cover major issues based on the policy of the Stock Exchange of Thailand's (SET) best practices for directors of listed companies.
  15. To assign one or several directors or any other person to take action on behalf of the Board of Directors. Such authorization, however, must not be an authorization or a sub-delegation that will allow the director or the person authorized by the director to approve a transaction in which he or a person who may have disagreement, interest or other forms of benefits that are conflicting with the interest of the Company or subsidiaries.
  16. To appoint a Sub-Committee to oversee the management and the internal control system to be in accordance with the defined policy, such as the Executive Committee, the Audit Committee.
  17. To appoint a company secretary to oversee the Board of Directors' and the Company's compliance with the laws and relevant rules and regulations.

The structure of the Board of Directors consists of 5 Sub-Committee, that is, Audit Committee, Nomination and Remuneration Committee, Executive Committee, Risk Management Committee, and Corporate Governance Committee, as follows:

### 1. Audit Committee

List of Directors	Position
1. Mrs. Chiraporn Chemnasiri	Chairman of the Audit Committee
2. Mr. Visit Tantisunthorn	Member of the Audit Committee
3. Mr. Apichart Chirabandhu	Member of the Audit Committee
Mr. Thanabhat Wongwit	Secretary

### Roles and Responsibilities of the Audit Committee

1. To review that the Company has accurately and adequately reported its financial statements.
2. To review that the Company has an effective and appropriate internal control system and internal audit system and to review the independence of the internal audit unit and to approve the appointment, transfer and termination of a chief of the internal audit unit and/or the hiring of an internal audit company or any other agency responsible for the internal audit.
3. To review that the Company complies with the laws related to the securities and exchange, regulations of the Stock Exchange of Thailand (SET) and the laws related to the Company's business.
4. Considered, selected and proposed for appointment and determination of an individual who had independence to perform the duty of the Company's auditor, proposed the remuneration of such individual, and attended the meeting with the auditor without the management's participation at least once a year. The remuneration was in the form of monthly salary.
5. To review connected transactions or any transaction that may have conflict of interest in compliance with the law and regulations of the Stock Exchange of Thailand to ensure that such transaction is reasonable and for the Company's best interest.
6. To prepare the Audit Committee's report by disclosing it in the company annual report. The report must be signed

by the Audit Committee Chairman and must include at least the following information:

- (1) Opinion on the accuracy, completeness and reliability of the financial reports.
  - (2) Opinion on the sufficiency of the Company's internal control system.
  - (3) Opinion on the compliance with the laws related to the securities and exchange, regulations of the Stock Exchange of Thailand (SET) or the laws related to the Company's business.
  - (4) Opinion on appropriateness of auditor.
  - (5) Opinion on transaction that may have conflict of interest.
  - (6) The number of Audit Committee meetings and attendance of each Audit Committee member.
  - (7) Collective opinions or notices of the Audit Committee after performing its duty in accordance with the Audit Committee Charter.
  - (8) Other actions that shareholders and general investors should know within the scope of roles and responsibilities assigned by the Board of Directors.
7. In performing its duty, if the Audit Committee finds or has doubts that there is one of the following items or actions which may have significant impact on the financial status and the Company's operating performance, the Audit Committee must report to the Board of Directors for correction within the time frame set by the Audit Committee.
- (1) Transaction causing conflict of interest.
  - (2) Fraudulent action or irregularities or significant mistakes in the internal control system.
  - (3) Breach of law on securities and exchanges, regulations of the Stock Exchange of Thailand or the laws related to the Company's business. If the Board of Directors or executives fail to correct or improve such issues within the given timeframe, any of the Audit Committee members can report such transaction or action to the Securities and Exchange Commission and/or the Stock Exchange of Thailand.
8. To consider a transaction that could have conflict of interest between the Company and any major shareholders. If the Audit Committee has audited and found such transaction being within the scope of the above, the Audit Committee must report to the board the conflict of interest issues and name of director who has conflict of interest so that he/she shall comply with Section 80 of the Securities and Exchange Act to abstain from voting in such agenda.
9. To perform other actions as assigned by the Board of Directors and approved by the Audit Committee.

## 2. Nomination and Remuneration Committee

List of Directors	Position
1. Mr. Apichart Chirabandhu	Chairman of the Nomination and Remuneration Committee
2. Mrs. Chiraporn Chemnasiri	Member of the Nomination and Remuneration Committee
3. Mr. Rathapol Bhakdibhumi <sup>1</sup>	Member of the Nomination and Remuneration Committee
Ms. Sunun Witthawatpongton	Secretary

<sup>1</sup> Mr. Rathapol Bhakdibhumi resigned from the Director and the member of Nomination and Remuneration Committee, effective from May 1, 2019.

### Roles and Responsibilities of Nomination and Remuneration Committee

1. To review the nomination policy and criteria to recruit qualified individuals as company directors, Chief Executive Officer and senior executives as well as to select and nominate qualified persons and propose them to Chief Executive Officer and/or the Board of Directors meeting and/or the shareholders' meeting for appointment as a Company Director.
2. To review the remuneration policy and criteria on the remuneration and other benefits of company directors, Chief Executive Officer and senior executives.
3. To recommend the Board of Directors who will submit remuneration of company directors, Chief Executive Officer and senior executives to the Board of Directors' meeting and/or shareholders' meeting for approval. The Board will approve remunerations and benefits of Chief Executive Officer and senior executives while the remunerations and benefits of its directors shall be proposed to the shareholders' meeting for approval.
4. To perform other duties as assigned by the Board of directors.

### 3. Executive Committee

Name of Directors	Position
1. Mr. Pravej Ongartsittigul	Chairman of the Executive Committee
2. Mrs. Naline Ngamsetthamas <sup>(1)</sup>	Member of the Executive Committee
3. ACM. Dr. Nopporn Chandawanich	Member of the Executive Committee
4. Mr. Wutthiphum Jurangkool	Member of the Executive Committee
5. Mr. Teerapol Chotichanapibal	Member of the Executive Committee
Ms. Sunun Witthawatpongton	Secretary

<sup>(1)</sup> Mrs. Naline Ngamsetthamas resigned from a member of Executive Committee effective from October 1, 2019.

#### Roles and Responsibilities of Executive Committee

- To consider business strategic plan and policy including annual budget to be proposed to the Board of Directors.
- To consider matters related to various businesses of the Company in accordance with the Corporate Authorization Index and expenses approval.
- To consider all types of work proposed to the Board of Directors, excluding the work under the responsibility of the management and/or the work that will be directly considered and screened for proposing to the Board of Directors by other committees.
- To consider the appointment, promotion and transfer of
- Chief officer of each department (Chief level) or equivalent before proposing to the Board of Directors for approval and to consider to approve hiring, appointment, promotion and transfer of the second level of management or equivalent and report to the Board of Directors for acknowledgment.
- To consider or acknowledge other businesses related to the management that the Executive Board deems necessary or appropriate to resolve urgently, which, if not, will cause damages to the Company and to report to the Board of Directors as soon as possible.
- Perform other duties as assigned by the Board of Directors.

### 4. Risk Management Committee

Name of Directors	Position
1. Mr. Sorasit Soontornkes	Chairman of the Risk Management Committee
2. Mr. Visit Tantisunthorn	Member of the Risk Management Committee
3. Mr. Prasert Akkharapraphomphong	Member of the Risk Management Committee
Mr. Vidhanon Nhoomork	Secretary

#### Roles and Responsibilities of Risk Management Committee

- To efficiently define the appropriate direction, policy and standard framework of risk management which are significant to conduct business efficiently.
- To provide recommendations on the risk management direction in accordance with the Company's business strategic direction and business plan to the Board of Directors.
- To promote and support to make use of or to create opportunity from the acceptable risks create value added and growth to the Company.
- To review and update the corporate risk management
- policy and process to ensure its efficiency and adequacy according to changing circumstances.
- To promote and support the development of risk management at all levels in the entire corporate.
- To supervise, monitor and review the risk management report, to provide recommendations according the policy and to ensure that the Company does have an efficient and appropriate risk management for its business.
- To report significant risk management results to the Board of Directors.
- To perform other duties as assigned by the Board of Directors.

### 5. Corporate Governance Committee

Name of Directors	Position
1. Gen. Pornchai Kranlert	Chairman of the Corporate Governance Committee
2. Mrs. Heather Mary Suksem (OBE)	Member of the Corporate Governance Committee
3. Mr. Nivat Bangsa - ngiam	Member of the Corporate Governance Committee
Mr. Vidhanon Nhoomork	Secretary

#### Roles and Responsibilities of Corporate Governance Committee

1. To define corporate governance guidelines and policy which are significant to the effective business operations of the Company.
2. To provide recommendations on corporate governance in accordance with the Company's business strategic direction and business plan to the Board of Directors.
3. To encourage the management of corporate governance in accordance with the Corporate Governance Code.
4. To supervise, follow up, and review corporate governance

reports as well as to provide advice to be in line with the policy and to ensure that the Company has effective corporate governance management for business operations.

5. To review and improve the Corporate Governance Policy of the Company to be efficient and sufficient in accordance with the changing circumstances.
6. To report corporate governance results to the Board of Directors for acknowledgment.
7. To perform other duties as assigned by the Board of Directors.

#### Executive Directors

Name of Directors	Position
1. Mr. Wutthiphum Jurangkool	Chief Executive Officer Acting Chief Financial Officer Acting Chief Operating Officer

#### Roles and Responsibilities of Chief Executive Officer

1. To be responsible for supervising and managing operations and/or daily management of the Company including supervising the overall operations to be in compliance with the Company's policy, business strategy, goal and operational plan, financial goal and corporate budget approved by the Board of Directors and/or the resolution of the shareholders' meeting.
2. To formulate a business plan, to define management authority and to prepare budget for business conduct and annual expenditure budget to propose to the Board of Directors for approval and to report work progress based on the plan and approved budget to the Board of Directors.
3. To establish an organizational structure, management procedures, selection, training, hiring, termination of the company employees and to define wage rates, salary, compensation, bonus and other welfares for employees.
4. To monitor and report the Company's situation and status and to propose an alternative and strategy corresponding to the policy and market conditions.
5. To supervise and control the Company's various operations, such as finance, risk management, internal control, flight operation, supporting functions and resources.
6. To be the Company's representative and have authorization to contact with government and other regulatory agencies.
7. To supervise the communication with the public, shareholders, customers and employees to promote the Company's reputation and image.
8. To supervise to ensure the corporate governance of the Company.
9. To have authorization to issue, amend, add and improve orders, rules and work regulations, such as placement, appointment and removal of employees, disciplines of employees and workers, and to define wages, salary and other remunerations as well as assistance and other welfares.

10. To consider, negotiate, and approve the entering into legal contract and/or any action relating to operation and/or daily management of the Company under the budget limit approved by the Board of directors as stated in the authorization table, that is, to have authority, duty and responsibility as assigned by or according to the policy entrusted by the Board of Directors.

11. To have authority to delegate and/or to authorize other individual to act on his/her behalf on some specific job through the appointment of a substitute and/or such authorization shall remain within the scope of the authorization stated in the given Power of Attorney and/or in alignment with the regulations, terms or orders defined by the Board of Directors. The authorization of roles and responsibilities by Chief Executive Officer mentioned above however must not be an authorization or a delegation that allows Chief Executive Officer or his authorized representative to approve a transaction that he or the person with a potential conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Market Supervisory Board) may have an interest or may receive benefit in any manner or may have any other conflict of interest with the Company or its subsidiaries unless its approval complies with the policy or criteria approved by shareholders' meeting or the Board of Directors earlier.

#### Company Secretary

On October 20, 2014, the Board of Directors appointed Ms. Sunun Witthawatpongton as the Company Secretary with the following roles and responsibilities:

1. Prepare and keep following documents:
  - (a) Director's registration
  - (b) Invitation letters to the Board of Directors meetings, minutes of the Board of Directors meetings, and the Company's annual report.

- (c) Invitation letters to shareholders' meetings and minutes of shareholders' meetings.
2. Keep the report of interests reported by directors or executives.
3. Operate on other issue as required by the Capital Market Supervisory Board.

### Nomination of Directors and Executives

#### • Board of Directors

The Board of Directors consists of at least five directors, no fewer than half of whom must locate in Thailand. The company directors may or may not be the company's shareholders. In the appointment of the Board of Directors, the Nomination and Remuneration Committee is responsible for considering policy and criteria in nominating persons with the right qualifications for directors and proposing to the Board of Directors and/or shareholders' meeting for consideration and appointment.

Nok Air has a policy to recruit and nominate qualified persons for its Board of Directors by considering their experience, knowledge and competency found useful to the business. They must possess comprehensive qualifications and have no forbidden characters as stated under the Public Company Act, B.E. 2535 (1992) (including the amended), the Securities and Exchange Act, B.E. 2535 (1992) (including the amended) and related notifications of the Securities and Exchange Commission (SEC) and the Capital Market Supervisory Board.

An appointment of a new director requires an approval by the Board of Directors and/or shareholders' meeting (as the case may be). The appointment of a company director shall be on the basis of the criteria and procedures stated in the Company's Articles of Association of which details are as follows:

1. At every Annual General Meeting of Shareholders (AGM), one-third of all directors at the time shall retire by rotation. If the number of retiring directors could not be exactly divided, the nearest number to the one-third amount shall be applied. Retired directors may be re-elected.
2. The shareholders' meeting elects a company director based on the following procedures:
  - (1) A shareholder's one share equals one vote.
  - (2) Each shareholder shall exercise his/her entire votes under (1) to elect one or several individuals as directors. If he/she elects several individuals as directors, he/she may not give more or fewer votes to one individual than the other.
3. The individuals receiving the highest votes will be elected in a respective order as the Company's directors according to the number of directors the Company may have or may elect on that occasion. If the individuals elected in descending order receive equal votes and exceed a required number of directors on that occasion, chairman of the meeting shall have a casting vote.
4. If a company director position becomes vacant due to other reasons than rotation, the Board shall elect a qualified person who has no forbidden characters as stipulated in the laws on public limited company and the laws on securities and exchange to replace the resigned director in the next Board of Directors' meeting unless that director's office term remains fewer than two months. The replacing individual shall remain in the position for the remaining term only.

#### • Audit Committee/ Independent Director

The Audit Committee consists of at least three independent directors. At least one of them must have competency and experience sufficient to review and audit the reliability of financial statements. The Audit Committee shall possess full qualifications as stated in the Notification of the Capital Market Supervisory Board as follows:

1. Holding no more than one percentage of all shares with voting rights of the Company, parent company, subsidiary companies, associated companies, major shareholders or persons with the Company's controlling power. The counting shall include shares held by related persons of such independent director.
2. Not being or never was a director with management role, worker, employee, advisor receiving a regular income or a person with the controlling power of the Company, parent company, subsidiary companies, associated companies, subsidiary companies of the same level, major shareholders or persons with the Company's controlling power unless the person has no longer been in such position for no fewer than two years from the applying date submitted to the Securities and Exchange Commission (SEC). These forbidden characters do not include the case when the independent director used to be a civil servant or an advisor to government agency which was the Company's major shareholder or a person with controlling power.
3. Not having a blood relationship or any legal relationship through registration as father, mother, spouse, sibling and children, including spouses of children, other directors, executives, major shareholders, persons with controlling power or persons to be nominated as directors, executives or persons with controlling power of the Company or its subsidiaries.

4. Not having or never had business relationship with the Company, parent company, subsidiary companies, associated companies, major shareholders or persons with the controlling power of the applicant in a way that could hinder an independent exercise of his discretion, including not being or never was a shareholder with a significant holding ratio or a person with controlling power over a person in business relationship with the Company, parent company, subsidiary companies, associated companies, major shareholders or persons with the controlling power unless he/she has no longer been in such relationship for no fewer than two years from the applying date submitted to the Securities and Exchange Commission (SEC). Business relationship under paragraph one refers to a trading transaction during ordinary course of business, the lease or rental of a real estate property, any transaction related to assets or services, or a provision of or the receipt of financial assistance by getting or extending loan, guarantee, an offer of asset as a debt guarantee and other similar behaviors which results in the Company or a contractual party having an obligation to repay debt to the other starting from 3% of the Company's net tangible assets or from 20 million baht, whichever is lower.

The calculation of this debt obligation will be based on a calculation method of connected transactions under the notification of the Capital Market Supervisory Board regarding the regulations of connected transactions mutatis mutandis. However, when considering this debt obligation, one is required to include debt obligations accumulated within a year before such business relationship was formed with the same person.

5. Not being or never was an auditor of the Company, parent company, subsidiary companies, associated companies, major shareholders or persons with controlling power. Neither shall be a shareholder with a significant holding ratio, a person with controlling power or a partner of an auditing office with which the auditor of the Company, parent company, subsidiary and associated companies, major shareholders or persons with the Company's controlling power is affiliated unless he/she has no longer been in such status for no fewer than two years prior to the applying date submitted to the Securities and Exchange Commission.
6. Not being or never was any professional service provider including a legal or financial advisor who received more than two million baht of service fee per year from the Company, parent company, subsidiary and associated companies, major shareholders or persons with controlling power. Neither shall he be a shareholder with

significant holding ratio, a person with controlling power or a partner of such professional service provider unless the person has no longer been in such status for at least two years prior to the applying date submitted to the Securities and Exchange Commission.

7. Not being a director who has been appointed to represent a company director, a major shareholder or a shareholder who is related to a major shareholder.
8. Not undertaking a business with the same nature and which significantly competes with the business of the Company or its subsidiaries; not being a significant partner in a partnership or a director with management role, a worker, an employee and an advisor who earns a regular income or who holds more than 1% of entire shares with voting rights of other companies which undertakes the same business and which significantly competes with the Company or its subsidiaries.
9. Not having other characteristics indicating that he/she may not be able to express the opinion independently with regard to the Company's operations.
10. Not being a director who is authorized by the Board of Directors to make a decision on the operation of the Company, parent company, subsidiary companies, associated companies, subsidiary companies of the same level, major shareholders and any persons with the Company's controlling power.
11. Not being a director of the parent company, subsidiary companies, subsidiary companies which were listed companies only. Independent Director may be authorized by the Board of Directors to make decision in the operations of the Company, the parent company, subsidiary companies, subsidiary companies of the same level, major shareholders or persons with the Company's controlling power where the decision making can be in a form of a collective decision.

If a person appointed as an independent director has or used to have a business relationship or provides or used to provide a professional service over the value stated under Clause 4 or Clause 6 above, the Board of Directors may consider loosening the rules if they deem that the appointment of such person will not affect his/her performance and expression of opinion independently. However, the following information shall be disclosed in the invitation letter to the Annual General Meeting of Shareholders under the appointment of independent director agenda:

1. Nature of a business relationship or a professional service that prevents the person from required qualifications as stated in the criteria.

2. Reason and necessity to remain or to appoint the person as an independent director.
3. The Board of Directors' opinion when proposing the person to be appointed as an independent director.

- **Senior Executives**

The Nomination and Remuneration Committee is responsible for considering policy and criteria for nominating the persons with required qualifications to serve as the Chief Executive Officer and senior executives of the Company. The committee also selects and nominates the persons with the required qualifications for the Chief Executive Officer and/or the Board of Directors for the appointment approval. The authority to appoint the Chief Executive Officer therefore belongs to the Board of Directors.

Considering that Chief Executive Officer is a very important position to the company and to ensure that the person holding this position has the knowledge, competency, experience and independence in management, the Board of Directors has assigned the Nomination and Remuneration Committee to be responsible for recruiting the person suitable for such position, in case the position is vacant.

For the position of executives at the Chief level of each department or equivalent, the Board of Directors appoints the Nomination and Remuneration Committee to perform duties in recruiting suitable persons for the position to propose to the Chief Executive Officer and the Executive Committee for consideration and to the Board of Directors for the appointment approval respectively.

- **Remuneration of Directors and Executives**

- Remuneration of Directors and Sub-Committee Members

- **Remuneration rate of company directors**

Position	Monthly remuneration (Baht/Person/Month)	Meeting allowance (Baht/Person/Meeting)
1. Chairman of the Board of Directors	30,000	30,000 (Should there be more than 1 meeting in any month, maximum allowance is 30,000 Baht.)
2. Director	20,000	20,000 (Should there be more than 1 meeting in any month, maximum allowance is 20,000 Baht.)

- **Remuneration of the Audit Committee (on top of the remuneration of company director)**

Position	Meeting allowance for Audit Committee (Baht/Person/Meeting)
1. Chairman of the Audit Committee	30,000
2. Member of the Audit Committee	20,000

- **Remuneration Rate for the Nomination and Remuneration Committee (on top of the remuneration of company director)**

Position	Meeting allowance for Nomination and Remuneration Committee (Baht/Person/Meeting)
1. Chairman of the Nomination and Remuneration Committee	30,000
2. Member of the Nomination and Remuneration Committee	20,000

- Remunerations for Executive Committee (on top of the remuneration of company director)

Position	Meeting allowance for Executive Committee (Baht/Person/Meeting)
1. Chairman of the Executive Committee	30,000
2. Member of the Executive Committee	20,000

- Remunerations for the Risk Management Committee (on top of the remuneration of company director)

Position	Meeting allowance for Risk Management Committee (Baht/Person/Meeting)
1. Chairman of the Risk Management Committee	30,000
2. Member of the Risk Management Committee	20,000

- Remunerations for the Corporate Governance Committee (on top of the remuneration of company director)

Position	Meeting allowance for Corporate Governance Committee (Baht/Person/Meeting)
1. Chairman of the Corporate Governance Committee	30,000
2. Member of the Corporate Governance Committee	20,000

The Advisor to Chairman of the Board or advisor of the Company, who is appointed as member of the board or Sub-Committee Member, shall receive meeting allowance of such position. Senior executive who is appointed as a director in the board and committees shall not receive any compensation.

In addition to the remunerations in financial form, the Board of Directors receive benefit in a form of 24 passenger tickets

a year on the flight routes offered by the Company (excluding such fees and expenses as fuel surcharge, airport charge, insurance fee, operation fee and value-added tax, etc.)

In 2019, the Company paid remuneration for 18 directors and Sub-Committees in the form of monthly compensation and meeting allowance, in total of 6,860,000 Baht as follows:

Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Governance Committee	Executive Committee	Total
1. Mr. Prasert Bunsumpun <sup>1</sup>	720,000	-	-	-	-	90,000	810,000
2. Mr. Pravej Ongartsittigul <sup>2</sup>	280,000	-	-	-	-	270,000	550,000
3. Mrs. Nalinee Ngamsetthamas <sup>3</sup>	480,000	-	-	-	-	100,000	580,000
4. Mr. Sumeth Damrongchaitham	340,000	-	-	-	-	-	340,000
5. Mr. Rathapol Bhakdibhumi <sup>4</sup>	120,000	-	20,000	-	-	-	140,000
6. Mr. Wiwat Piyawiroj	360,000	-	-	-	-	-	360,000
7. ACM.Dr.Nopporn Chandawanich <sup>5</sup>	200,000	-	-	-	-	140,000	340,000
8. Mr. Wutthiphum Jurangkool <sup>6</sup>	60,000	-	-	-	-	-	60,000
9. Mr. Chavlit Uttasart	460,000	-	-	-	-	-	460,000
10. Mrs. Chiraporn Chemnasiri	480,000	150,000	80,000	-	-	-	710,000
11. Mr. Visit Tantisunthorn	440,000	80,000	-	80,000	-	-	600,000
12. Mr. Apichart Chirabandhu	460,000	100,000	120,000	-	-	-	680,000
13. Mrs. Heather Mary Suksem (OBE)	440,000	-	-	-	80,000	-	520,000
14. Mr. Teerapol Chotichanapibal	-	-	-	-	-	260,000	260,000
15. Gen. Pornchai Kranlert	-	-	-	-	120,000	-	120,000
16. Mr. Sorasit Soontornkes	-	-	-	150,000	-	-	150,000
17. Mr. Nivat Bangsa - ngiam	-	-	-	-	80,000	-	80,000
18. Mr. Prasert Akkharapraphomphong	-	-	-	100,000	-	-	100,000

<sup>1</sup> Mr. Prasert Bunsumpun was appointed as the Chairman of Executive Committee in place of Mr. Pravej Ongartsittigul, effective from August 27, 2018 to June 14, 2019.

<sup>2</sup> Mr. Pravej Ongartsittigul was appointed as an Acting Chief Executive Officer, effective from September 11, 2018 to June 14, 2019 and as the Chairman of Executive Committee on June 14, 2019.

<sup>3</sup> Mrs. Nalinee Ngamsetthamas resigned from the member of Executive Committee effective from October 1, 2019.

<sup>4</sup> Mr. Rathapol Bhakdibhumi resigned from the Company Director and the member of Nomination and Remuneration Committee, effective from May 1, 2019.

<sup>5</sup> ACM. Dr. Nopporn Chandawanich held the position of the Director in place of Mr. Rathapol Bhakdibhumi, effective from August 8, 2019.

<sup>6</sup> Mr. Wutthiphum Jurangkool held the position of authorized director in place of Mr. Piya Yodmanee, effective from April 3, 2019 and Chief Executive Officer and member of the Executive Committee effective from June 14, 2019.

## Remuneration to Executives

As of December 31, 2019, the Company had 1 executive who received remuneration in form of salary, bonus, and other benefits, such as social security money, provident fund, position allowance, travel allowance, etc. Bonuses for directors and executives were considered based on operation and performance of each executive. Bonuses of committees followed the consideration of shareholders' meetings. In 2019, the Company paid remuneration to 5 executives in form of salary for 18.19 million Baht and no bonus.

In addition to cash, the Company's executives received the privilege on passenger tickets in the routes serviced by the Company for more than 20 flights per year (excluding such fees as fuel fee, airport tax, insurance fee, operational fees and VAT, etc.)



### Board of Directors Meeting

In the year 2019, the Company held 12 Board of Directors meetings and 2 Board of Directors meetings without any executives, including committee meetings, i.e. 5 Audit Committee meetings, 4 Nomination and Remuneration Committee meetings, 5 Risk Management Committee meetings, 4 Corporate Governance Committee meetings, and 13 Executive Committee meetings. The details of the meeting are as follows:

Name	Number of meeting attendance					
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Corporate Governance Committee	Executive Committee
1. Mr. Prasert Bunsumpun <sup>1</sup>	14/14	-	-	-	-	3/3
2. Mr. Pravej Ongartsittigul <sup>2</sup>	14/14	-	-	-	-	12/13
3. Mrs. Naline Ngamsetthamas <sup>3</sup>	13/14	-	-	-	-	5/8
4. Mr. Sumeth Damrongchaitham	7/14	-	-	-	-	-
5. Mr. Rathapol Bhakdibhumi <sup>4</sup>	2/4	-	1/2	-	-	-
6. Mr. Wiwat Piyawiroj	7/14	-	-	-	-	-
7. ACM.Dr.Nopporn Chandawanich <sup>5</sup>	6/6	-	-	-	-	7/7
8. Mr. Wutthiphum Jurangkool <sup>6</sup>	9/11	-	-	-	-	7/8
9. Mr. Chavlit Uttasart	11/14	-	-	-	-	-
10. Mrs. Chiraporn Chemnasiri	14/14	5/5	4/4	-	-	-
11. Mr. Visit Tantisunthorn	12/14	4/5	-	4/5	-	-
12. Mr. Apichart Chirabandhu	12/14	5/5	4/4	-	-	-
13. Mrs. Heather Mary Suksem (OBE)	12/14	-	-	-	4/4	-
14. Mr. Teerapol Chotichanapibal	-	-	-	-	-	13/13
15. Gen. Pornchai Kranlert	-	-	-	-	4/4	-
16. Mr. Sorasit Soontornkes	-	-	-	5/5	-	-
17. Mr. Nivat Bangsa - ngiam	-	-	-	-	4/4	-
18. Mr. Prasert Akkharaprathomphong	-	-	-	5/5	-	-

<sup>1</sup> Mr. Prasert Bunsumpun was appointed as the Chairman of Executive Committee in place of Mr. Pravej Ongartsittigul, effective from August 27, 2018 to June 14, 2019.

<sup>2</sup> Mr. Pravej Ongartsittigul was appointed as an Acting Chief Executive Officer, effective from September 11, 2018 to June 14, 2019 and as the Chairman of Executive Committee on June 14, 2019.

<sup>3</sup> Mrs. Naline Ngamsetthamas resigned from the member of Executive Committee effective from October 1, 2019.

<sup>4</sup> Mr. Rathapol Bhakdibhumi resigned from the Director and the member of Nomination and Remuneration Committee, effective from May 1, 2019.

<sup>5</sup> ACM. Dr. Nopporn Chandawanich held the position of the Company Director in place of Mr. Rathapol Bhakdibhumi, effective from August 8, 2019.

<sup>6</sup> Mr. Wutthiphum Jurangkool held the position of authorized Director in place of Mr. Piya Yodmanee, effective from April 3, 2019 and Chief Executive Officer and member of the Executive Committee effective from June 14, 2019.

# Corporate Governance

Nok Air Public Company Limited (“Company”) realizes the importance of compliance with corporate governance code in sustainably creating values to business and, thus, promotes the corporate governance in every level of the corporate continuously and raises the Company’s corporate governance to higher standards so that the Company has competency and good performance. The Company also takes into consideration the long-term effect by conducting business with ethics, respecting rights of and holding responsibilities to shareholders and all groups of stakeholders, bringing benefits to society, developing or reducing negative impact on environment, and enabling the Company to adjust to the changing factors.

The Company believes that the Corporate Governance Policy is a tool reflecting the efficient, transparent and auditable management system which creates confidence to shareholders, investors and stakeholders. The Company is aware that in order to be successful, business must consider ethics, impact to society and environment, in addition to financial performance which shall lead to the Company’s stability, progress and sustainable growth.

The Board of Directors assigned the Corporate Governance Committee to operate, follow up, assess and review the policy, code of conduct and good practices of corporate governance of the Company to assure its compliance with the rules, regulations and recommendations of the corporate and relevant agencies. The Corporate Governance Committee shall consider and propose to the Board of Directors to approve the the Company to define the policy and implement such rules. As for any rules which have not yet defined as policy or been implemented, the corporate governance department has reported to the Corporate Governance Committee for consideration every year since 2018. In 2019, the Board of Directors meeting no. 12/2019 held on December 12, 2019 had resolution to approve the revision of the Corporate Governance Policy as proposed by the Corporate Governance Committee regarding the determination of independent director’s term of office for not over 9 years with no exception.

In addition to the Corporate Governance Policy, the Board of Directors approved the policy relating to code of conduct and practices in performing duties of directors, executives and employees, with the latest revision in 2017, to be updated and suitable for circumstances and complied with the international standards. This was to assure that the Company’s directors, executives and employees perform their duties with honesty and integrity to promote and maintain the reputation, image and confidence of the corporate in the view of outsiders, shareholders, investors, and relevant parties and to be in accordance with the Corporate Governance Policy defined by the Company.

In addition to the Corporate Governance Policy and the policy related to code of conduct and practice of directors, executives and employees as mentioned above, the Company also defined the connected transaction policy, the conflict of interest prevention policy, the anti-corruption policy and regulations for each matter to be the clear practice guidelines that shall develop to build the corporate culture in various matters that support the corporate governance.

Other relevant policies and practice that are enforced include the policy and practice towards employees, the policy and practice towards shareholders or investors, the policy and practice towards customers, the policy and practice towards suppliers and/or creditors, the policy and practice towards society/ community, the policy and practice of environment, the investor policy, the policy of connected transactions, the policy of quality, safety and corporate security, the practice of receiving-giving of gift, entertainment or other benefits, etc. The details can be seen in the company website: (<http://nok-th.listedcompany.com/cg.html>)

The Company regulates to communicate the Corporate Governance Policy and the policy relating to code of conduct and practice of directors, executives and employees, including relevant policies regularly and in various channels so that directors, executives and employees shall understand and put into practice, such as nokintranet, e-mail, etc. Another communication channel is the company website: <http://nok-th.listedcompany.com/>

cg.html to provide convenience to access for shareholders, investors and interested persons in order to ensure that everyone understands and there are enough mechanics for the policy compliance.

With the strict and consistent compliance with the Corporate Governance Policy, the Company received the assessment result in 2019 as follows:

- The assessment result from the Corporate Governance Report of Thai Listed Companies - CCR in 2019 was the Very Good level with the average score of 87, surveyed by the Thai Institute of Directors (IOD), which was higher than the 2018 average scores of 81.
- The assessment result of the Annual General Meeting of Shareholders in 2019 was level 4 TIA with 96 scores, organized by the Thai Institute of Directors.



## Corporate Governance Policy

The Board of Directors recognizes the importance of good corporate governance and encourages the upgrading of corporate governance code's standards to be in line with the guidelines of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). This is important and necessary for the business that enables the Company to have an effective management system and is an important driver to promote the company business' expansion and stability which will maximize the benefits of the Company and all stakeholders in the long run.

Therefore, the Board of Directors Meeting No. 12 / 2019 held on December 13, 2019 had resolution to approve the revision of Corporate Governance Policy by dividing into 5 sections as follows:

## Section 1: Right of Shareholder

The Board of Directors gives values and respects the rights of each shareholder equally and is aware that shareholders have the rights of ownership to oversee Nok Air business by appointing the Board as their representatives, entitled to make a decision about the Company's major change. As a result, the Company facilitates the shareholders by offering fundamental legal rights or the rights they deserve, such as the right to sell or transfer shares, the right in profit sharing, the right to receive accurate, comprehensive and adequate company information in a timely and equitable manner for decision making, the right to propose director names or additional meeting agendas before the shareholders' meeting, the right to attend shareholders' meetings to vote for appointment or dismissal of directors, the right to set director's remuneration rate, the right to appoint auditors, and the right to set the auditing fee. This includes the issues that affect the Company. Nok Air will never take an action to violate or limit the rights of shareholders.

Thus, the Board of Directors defined the good practice to provide convenience and promote the attendance of shareholders and other relevant rights as follows:

## Shareholders' Meeting Arrangement

### 1. Prior to the Shareholders' Meeting Day

- 1.1 Thailand Securities Depository Company Limited (TSD), securities registrar of Nok Air, will send invitation letter, also available in English for foreign shareholder, to shareholder. Enclosed with the letter are supporting documents that contain key information to help shareholders in decision making, such as objectives and rationality as well as the Board's opinions stated in all meeting agendas. Shareholders will be able to study the information at least seven days prior to the shareholders' meeting. Moreover, the Company will announce the shareholders' meeting in newspapers to comprehensively inform the shareholders about date, time, venue and agenda of meeting in Thai and English in compliance with the law.
- 1.2 Nok Air adds communication channels of shareholders through its website [nok-th.listedcompany.com](http://nok-th.listedcompany.com) where information and detail will be exclusively posted. The invitation letter to the meeting will be posted in advance before the meeting day for shareholders to conveniently and comprehensively download the meeting agendas.

- 1.3 If a shareholder cannot attend the meeting himself/herself, the Company allows that shareholder to appoint an independent director or any individual to attend the meeting on his/her behalf using any of three proxy appointment forms provided with the invitation letter as regulated by law. The Company will also help them with proxy instruction and prepare complimentary stamp duty for the proxy.
- 1.4 The Company prepares venue and facilities to equally facilitate all shareholders who attend the meeting, such as adequate parking space for shareholders who drive and convenient transportation for all shareholders, with map of venue enclosed with the invitation letter.
- 1.5 The meeting must not take place on public holidays or long weekends. Its timing must be appropriate.

## 2. On the Shareholders' Meeting Day

- 2.1 The Board of Directors will assign adequate staff members to review the participants' documents to ensure prompt, accurate, and auditable process. At the shareholders' registration point, the bar code system was implemented to expedite process of registration, vote counting, and result display to ensure quick and precise outcome.
- 2.2 Nok Air will appoint independent individuals to count or check the shareholders' votes in the meeting. Ballots are used in every agenda requiring voting in order to make the voting transparent and auditable if there is any disagreement later. The Company will clearly count the ballots, disclose the results, and record the meeting's resolution in the minutes of meeting.
- 2.3 In the shareholders' meeting, the Company arranges for consideration and voting of each agenda respectively without changing any significant information or without adding any agenda without prior notice. Shareholders will vote for each item in case there are items under one agenda, such as appointment of directors.
- 2.4 Shareholders have equal rights to examine the Company's operation and to inquire and express their opinions as well as recommendations. All directors and relevant executives will attend the shareholders' meeting to answer shareholders' questions. Shareholders can also question to chairman of each committee on related issues.
- 2.5 Prior to the meeting, the Board of Directors, chairman of each committee, executives, and auditor (s) will be introduced to the meeting. The Chairman will announce the quorum, consisting of the number of participating shareholders, the number of proxies, and the number of shareholders who appoint independent directors of Nok Air as their proxies. Moreover, the voting procedures and counting of shareholders' votes for each session will be clarified.
- 2.6 The Chairman of the meeting will allocate adequate meeting time to give each shareholder equal chance to inquire or comment on related issues. Shareholders' key questions will be comprehensively answered. All major questions, explanation and opinions will be recorded in the minutes of meeting to further inform the shareholders who cannot attend the meeting.

## 3. After the Shareholders' Meeting Day

- 3.1 The minutes of the meeting, which discloses the meeting resolution, must be completely recorded with accuracy and transparency, consisting of following details:
  - Name list and position of directors, committees, senior executives and auditor's representative who attend and do not attend the meeting (if any.)
  - Quorum, consisting of the number of participating shareholders, the number of proxies, and the number of shareholders who appoint an independent director as proxy.
  - Voting procedure in each agenda, counting of total shareholders' votes to be the shareholders' meeting resolution before the meeting, and ballot instruction.
  - The number of votes of approval, disapproval, and abstention in each agenda that requires voting, including names and number of non-eligible voters in each agenda (if any.)
  - The record of key questions, explanation and comments in the minutes of meeting.
- 3.2 The shareholders' meeting resolution will be announced in the Stock Exchange of Thailand's media channel on the next working day, declaring the number of approval, disapproval, and abstentions votes in each agenda. Both Thai and English minutes will be issued and submitted to the Stock Exchange of Thailand and related agencies. The information will be posted on Nok Air website within the timeline specified by law so that the shareholders can review

it without waiting until the next meeting. Moreover, the minutes of meetings are kept in an effective storage system which is referable and auditable.

- 3.3 Nok Air provides more convenience for shareholders in receiving their dividend by transferring it to their bank accounts (if any dividend is paid) which shall help shareholders receive dividend payment punctually and prevent the problem of defected or lost cheques or any delayed delivery.

## Section 2: Equitable Treatment to Shareholders

The Board of Directors requires the equitable and fair treatment to all shareholders, no matter executives or non-executives they are, including foreign shareholders. The Company is committed to facilitate shareholders in exercising their rights across all areas that they are eligible for. The Board of Directors therefore implemented a policy as follows:

1. The Company sends meeting schedule, agenda, and directors' opinions to the Stock Exchange of Thailand (SET) and publishes them on the company website (nok-th.listedcompany.com.)
2. Shareholders have voting rights under the condition that one share equals one vote. For the same type of share, shareholders have equal right based on one - share - one - vote principle.
3. The Company offers shareholders a chance and right to appoint individual director.
4. The Company offers opportunity for minor shareholders to nominate directors or to propose any additional meeting agenda prior to the Shareholders' Meeting.
5. The Company facilitates the shareholders who are unable to attend the meeting by sending all three types of proxy appointment forms: Form A, Form B and Form C, to shareholders along with invitation letter and instruction on proxy, to ensure that shareholders are well prepared and avoid the difficulties for proxies. Such information is also published on the Company's website (nok-th.listedcompany.com) as another channel for shareholders to download.
6. The Company offers at least one independent director of the Company as an option of proxy for shareholders. The name and profile data of an independent director is enclosed with the invitation letter.
7. The Company conducts the shareholders' meeting according to the agenda stated in the invitation letter. No additional agenda is allowed without prior notice to shareholders. This reflects the fairness to unattended shareholders.

8. Ballots are used in every agenda requiring voting in order to make the voting transparent and auditable if there is any disagreement later. The vote counting, voting result and resolution of the meeting shall clearly be recorded in the minute of meeting.
9. The Company gives equitable treatment to shareholders, including major shareholders, minor shareholders, Thai or foreign shareholders.

To give equitable treatment to shareholders, the Company has measures to prevent directors and executives from improperly using internal information for benefits of their own or others which takes advantage of other shareholders, such as insider trading, disclosing internal information to an individual related to director and executive, which may cause damages to shareholders in overall. Thus, the Company defined the policy of the use of internal information as follows:

## The Use of Internal Information Policy

1. Educating directors and executives regarding their duties in reporting the securities holding of themselves, their spouses and immature children to The Securities and Exchange Commission according to Section 59 and penalties under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992) (and the amended) and reporting the acquisition or disposal of securities of one's own, one's spouse and immature children to The Securities and Exchange Commission under Section 246 and penalties under the Section 298 of the Securities and Exchange Act, B.E. 2535 (1992) (and the amended.)
2. The Company's directors and executives as well as their spouses and immature children are required to prepare and disclose their securities holding report and a report of change in their holding of the Company's securities to The Securities and Exchange Commission under Section 59 and penalties under Section 275 of the Securities and Exchange Act, B.E. 2535 (1992) (and the amended). A copy of these reports is to be sent to the Company on the same day as they are submitted to The Securities and Exchange Commission.
3. Directors, executives, employees and workers of the Company and its subsidiaries who acknowledge internal information that is significant to the price of the Company's securities need to have caution in trading the Company's securities within one month before the financial statement or such internal information is disclosed to the public and within 24 hours after such

internal information is disclosed to the public. Persons relating to the internal information must not disclose the information to any one unless the information is notified to the SET. Regarding the penalties, in case of violation, Nok Air will consider it as a disciplinary violation against the Company's work regulations and will penalize the person based on the circumstance in the following manners: verbal warning, written warning, probation, and termination by firing, dismissing or discharging, as the case may be.

4. Directors, executives, employees and workers of the Company are prohibited to use the Company's internal information, not yet released to the public that has or may have an effect to the Company's securities price, that they have known due to their position in the buying or selling or to offer to buy or sell or to persuade someone else to buy or sell or to offer to buy or sell the Company's other shares or securities (if any) whether directly or indirectly in a manner that could negatively affect the Company directly or otherwise and whether or not such an action is executed for one's interest or for someone else's or to disclose such fact for someone else to undertake these foregoing actions whether or not the directors, executives, employees and workers stand to benefit from it.
5. Directors, executives, employees and workers of the Company are prohibited to disclose its internal information or confidential information of the Company's trade partners that they know during their duty performing to the third party although such disclosure will not pose any negative effect to the Company and its partners.
6. Directors, executives, employees and workers of the Company shall have duty to keep the Company's secret and/or internal information as well as duty to use such internal information for the benefit of the Company's business only. Directors, executives, employees and workers of the Company are prohibited to use the Company's secret and/or internal information for the benefit of other companies in which they are shareholders, directors, executives, employees and workers.
7. Directors, executives, employees and workers of the Company are obliged to comply with the guidelines on the use of internal information under the Securities and Exchange Act and the Public Limited Company Act as well as other relevant regulations.

Furthermore, the Board of Directors gives importance to the consideration of transactions with transparency and mainly for the benefits of the Company. They also emphasize the prevention of any transactions that could cause conflicts of interest, connected transactions or related transactions, all of which have been translated into the policy with the main contents as follows:

#### **Policy of Connected Transactions**

1. Executives and employees are to comply with the Company's Code of Conduct which is considered important and requires the strict compliance to gain reliability and confidence from all stakeholders. The information in the Code of Conduct will be communicated to all employees for their understanding and compliance.
2. Company directors and executives are to inform the Company of their relationship or any connected transactions in any business which may cause a conflict of interest.
3. A connected transaction will be submitted to the Audit Committee for consideration before being proposed for the Board of Directors' approval based on the corporate governance code. The Company will oversee to ensure the compliance with rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

The Board of Directors obliges directors and executives to disclose information about their own and related individuals' interests in order to enable the Board to consider Company's transactions that may have a conflict of interest and to perform decision-making to ensure interest of the Company as a whole. The directors and executives who have interest in a transaction with the Company will not be involved in decision-making on such transaction. The Company's policy for preventing a conflict of interest is provided as follows:

#### **Policy of Conflict of Interest Prevention**

The Board defined a policy of conflict of interest prevention on the principle that any business decision shall be executed for the best interest of the Company only and any action that could lead to a conflict of interest shall be avoided at all costs. Any person relating to or having an interest in the matter under the review must notify the Company of the relationship or interest in such transaction and will not be involved in a decision-making process, nor shall they be authorized to approve the transaction.

In addition, directors and executives are to submit a meeting agenda expected to cause a conflict of interest between the Company and any major shareholder to the Audit Committee in advance. If the Audit Committee finds the transaction as either of the following:

1. A connected transaction - The Audit Committee is to request the Board of Directors to comply with the Notification of the SET Re: Disclosure of Information and action of listed companies relating to connected transactions, B.E. 2546 (2003); or
2. A conflict of interest - The Audit Committee is to inform the Board of Directors about the issues of possible conflict of interest and the director's name who could have a conflict of interest so that the Board and the director shall strictly comply with Section 80 of the Public Limited Company Act.

In addition, if any company director or executive views any transaction clearly qualified as either a connected transaction or a transaction with a conflict of interest and he/she intends to comply with the Notification of the SET Re: Disclosure of information and action of listed companies relating to connected transactions, B.E. 2546 (2003) and/or Section 80 of the Public Limited Company Act Re: Abstention of directors with direct or indirect interest, he/she may submit the agenda directly to the Board of Directors without first seeking the Audit Committee's opinion.

### Section 3: Roles of Stakeholders

The board realizes and recognizes the rights of all stakeholders, be they internal stakeholders; namely, shareholders or investors, employees, and external stakeholders; namely, customers, suppliers, creditors, competitors, the governmental sector and other agencies and neighboring communities. Since the Company has been supported by all stakeholders which enable the Company to strengthen its competitiveness, to generate profits and sustainable growth to the business, these stakeholders should therefore be treated well according to their legal rights. The Board of Director defined the policy and practice as follows:

#### Policy and Practice towards Employees

The Company realizes that its employee is the valuable key to success to achieve the Company's goal. Thus, the Company's policy is to treat employees fairly in the aspects of opportunity, compensation, appointment, transfer and potential development. In compliance with such policy, the Company defines following practices:

1. Treat employees politely and with respect to their individual rights.
2. Offer fair remuneration to employees, set up a provident fund for employees and underline the importance of employee welfare.
3. Maintain the workplace environment to be safe to employee's life and property.
4. Appointment, transfer, award and punishment to employees will be conducted with integrity and on the basis of that employee's knowledge, competency and suitability.
5. Underline the importance of employee's knowledge and skill development by providing opportunity thoroughly and consistently to develop employee's capability to unlock their potential for their professional performance. The Company has schedules and plans for internal and external training to employees on a yearly basis.
6. Listen to advices and recommendations based on employee's professional knowledge.
7. Strictly comply with the law and regulations relevant to employees.

#### Policy and Practice towards Shareholders and Investors

The Board of Directors are always aware that shareholders are the business owners and the Company has duty to create value added to shareholders in the long run. The Company's directors, executives and employees are required to comply with the following practices:

1. Perform duties with integrity and make decision on any action based on professional principle with caution, care and fairness to major and minor shareholders for the best interest of all shareholders.
2. Present the report of the Company's status, operating performance, financial and accounting information and other reports regularly, completely and truly.
3. Do not seek interest for oneself and others by using any information of the Company which has not yet been disclosed to public or do any action that may cause a conflict of interest with the Company.

#### Policy and Practice towards Customer

The Company is aware of the significance of customer and set the policy of practice towards customer as follows:

1. Provide customer service with politeness, enthusiasm and a service mind where the service is provided with sincerity, willingness, care and attention. All customers are treated as close relatives. The service is offered with speed, accuracy and reliability.

2. Keep customer's confidential information and do not use it for own interest or related person's interest.
3. Inform customers with accurate, adequate and timely information about the services provided with no over-advertising that could lead customers to misunderstand the quality or condition of services.
4. Provide advice regarding the Company's means of service for the efficiency and for the best interest of customers.

#### **Policy and Practice towards Suppliers and/or Creditors**

The Company has a policy that employees shall treat all suppliers and/or creditors in a fair and sincere manner without taking their advantage and taking into consideration the Company's best interest on the basis of fair returns to both parties while avoiding any circumstances that could lead to a conflict of interest. Any discussion for resolution shall be based on the business relationship. The practice is as follows:

1. Do not demand or accept or pay any dishonest trade benefit to supplier and/or creditor.
2. If there is any information indicating that a demand or receipt or payment of any dishonest benefit was made, such information must be disclosed to supplier and/or creditor and both parties shall mutually resolve the problem with fairness and speed.
3. Strictly comply with all previously-agreed conditions. If any condition can't be complied with, creditor has to be quickly notified to find a possible solution together.

#### **Policy and Practice towards Competitors**

The Company has a policy to treat business competitors without violating or revealing their confidential information in a fraudulent manner. The policy in this area is as follows:

1. Behave within the good competition framework.
2. Shall not seek the competitor's confidential information in an inappropriate and fraudulent manner.
3. Shall not destroy competitor's reputation with accusation.

#### **Policy and Practice towards Society / Community**

The Company has a policy to conduct business that will benefit economy and society as a committed corporate citizen who complies with the laws and related regulations without violating the basic human rights while promoting and upgrading the quality of society and communities.

#### **Policy and Practice towards Environment**

The Company has a policy to provide quality-enhancement activities as well as those relating to occupational health and environment. The working environment shall be maintained

to be safe to employee's life and property. Employees are encouraged to have awareness and responsibility to society and environment through activities which employees constantly participate.

The Company provides channels for complaints and whistleblowers from all stakeholders as below:

Letter : Corporate Governance Committee  
Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17<sup>th</sup> Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120

E-mail : nok\_cg @ nokair.com  
Tel : 0 2627 2000 ext. 2326  
Fax : 0 2285 6944

#### **Section 4: Disclosure of Information and Transparency**

The Board of Directors has a policy to disclose financial information and other information relating to Nok Air's business and its performance that is accurate, comprehensive and adequate on a regular and timely fashion and that reflects its actual financial status and operating results as well as its future.

The Board of Directors is strictly committed to compliance with laws, rules and regulations relating to the disclosure of information and transparency. Information has been posted in Nok Air's website and the SET's media channel for shareholders and other related parties to get a thorough access. The Company shall update or change any information in accordance with the direction of the Stock Exchange of Thailand and the Securities and Exchanges Commission including the enforced announcement.

Nok Air underlines the importance of its financial reports which reflect the Company's actual financial status and operating results on the basis of accurate, comprehensive and adequate accounting information according to the Generally Accepted Accounting Principles (GAAP). The Company will also disclose information related to each director as well as roles and responsibilities of the Board of Directors and other committees in the Annual Report Form (Form 56 - 2) and the Annual Information Declaration Form (Form 56 - 1). It will also disclose remunerations of its directors and executives in its Annual report (Form 56 - 2) and the Annual Information Declaration Form (Form 56 - 1). Nok Air therefore formulates the policy and guideline as below:

## Investor Relations Policy

The Company delegates the staff to contact and communicate with investors or shareholders, including institutional investors and minor shareholders. The Company not only holds meetings to regularly analyze the performance, but also publicizes the corporate information, such as financial and general information, to shareholders, securities analysts, credit rating agencies, and relevant government agencies, via different channels, such as report submitted to the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the company website ([nok-th.listedcompany.com](http://nok-th.listedcompany.com)).

Recognizing the importance of regular information disclosure, the Company keeps the shareholders informed via the company website that always updates its content, namely vision, mission, financial statement, press releases, annual reports, organization and management structure, structure of shareholding and major shareholders. Shareholders or investors may inquire about the information at:

Letter : Investor Relations Department  
Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17<sup>th</sup> Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120  
E-mail : [nok\\_ir@nokair.com](mailto:nok_ir@nokair.com)  
Tel : 0 2627 2000 ext. Investor Relations Department  
Fax : 0 2285 6944

## Section 5: Responsibility of Board of Directors

The Board of Directors is responsible for shareholders in overseeing the Company's business to meet corporate goal and to steer the business in a direction that will maximize shareholders' interest taking into consideration benefits of all stakeholders.

The Board of Directors' duty is to ensure compliance with the laws, objectives, Articles of Association and resolutions of the shareholders' meeting. The Board is to perform its duty with integrity and to take care of the interest of shareholders and stakeholders both in the short and long run. To ensure that Nok Air's business is in a direction that will maximize the interest of shareholders and stakeholders, the Board will supervise the preparation of the Company's vision, mission, goal, objective, business direction, strategic plan, operation plan and annual budget. The Board will express its opinions for a mutual understanding of the business overview before considering an approval. It will monitor the management to ensure that corporate goals will be achieved in accordance

with the guidelines of the Stock Exchange of Thailand and the Securities and Exchange Commission.

Nok Air has 12 directors who stay in the positions for three years per term. One director is from the management while the remaining 11 directors are non-executives. Five out of them are independent directors based on criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission's regulation that require listed companies to appoint independent directors equivalent at least to or more than one-third of their entire directors. Nok Air's Board of Directors consists of competent personnel from various industries ranging from business to accounting and finance, all of which are related and supporting Nok Air's business.

The Company's Articles of Association require one-third directors to resign at the Annual General Meeting of Shareholders (AGM). If the entire number of directors cannot exactly be divided into three portions, the closest number to one-third of directors who are to retire from their positions shall be used in Year 1. In Year 2 after being listed, use a drawing method to find directors to retire. In subsequent years, directors who stay in their positions for the longest period shall resign. However, directors resigning on rotation may be re-elected.

Independent directors are not able to hold their positions for more than 9 consecutive years and their terms shall be completed on the date of the Annual General Meeting of Shareholders of the year of completing terms.

In order to ensure the most benefit that the Company shall gain from the time devoted by the directors to perform their duties efficiently, the Board of Directors has set a policy for directors to hold positions in other listed companies for not more than 5 companies. However, this policy shall not be of any enforcement for the directors who have been holding the positions in more than 5 companies prior to the date of this announcement.

In the event that the Chief Executive Officer is appointed to be a director, sub-committee, working group, expert, advisor or any position in a company or other juristic person that is not working in the business of the Company, it must be approved by the Board of Directors before accepting the position.

The Company has set up an orientation for all new directors to be informed of the Company's information, rules, manuals, ethics, various policies, director's benefit, and sufficient relevant Company information before performing their duties, including presentation on the Company's business operations by the Chief Executive Officer and the Chief Operating Officers.

The Company requires non-executive directors to have a meeting among themselves and schedule meetings among independent directors at least once a year to discuss various important business issues that are beneficial to all stakeholders. A summary of useful issues and suggestions shall be submitted to the Chief Executive Officer for acknowledgement in order to further develop the relevant operations.

The Company has clearly divided roles and responsibilities between the Board of Directors and Executives. While the Board of directors defines the policies and oversees the management of executives at a policy level, Executives execute corporate management in accordance with the policy.

Chairman of the Board is independent director and is not the same person as the Chief Executive Officer. The two positions have clearly separated roles and responsibilities for the purpose of management balance. No one has an absolute power. Chairman of the Board has no relationship with the Company's management. The Chairman's role is to define a policy and to provide advice only. The Board appointed committees as below:

1. The Audit Committee is responsible for supervising business of the Company. The Audit Committee consists of 3 members, all of whom are independent directors. The Audit Committee is responsible for monitoring the effectiveness of the audit work, risk management, financial and internal accounting controls, and financial reporting, as well as other duties as required by the Stock Exchange of Thailand and the Securities and Exchange Commission.
2. The Nomination and Remuneration Committee is responsible for overseeing the recruitment of persons with appropriate qualifications and beneficial to the business of the Company to hold the positions of directors, Chief Executive Officer and senior executives to replace such positions when they are vacant or their terms are completed, to propose to the Board of Directors for consideration and screening and/or to shareholders for approval, as the case may be. The Nomination Committee has three members. The Chairman of the Nomination Committee is an independent director.

3. The Risk Management Committee is responsible for supervising and defining risk management policy and guidelines that are significant to the business operations, as well as reporting to the Board of Directors to be aware of the risks and direction to manage such risks appropriately and adequately.
4. The Corporate Governance Committee assists in overseeing the Company's business to be in line with standard practices and focuses on promoting sustainable growth.
5. The Executive Committee is responsible for supporting the performance of the Board of Directors in accordance with the direction, policy, and business strategy as determined by the Board of Directors.

To supervise and assist in overseeing Nok Air's operation, Chief Executive Officer (CEO) has established five committees as follows:

1. The Management Committee (MC) has role and responsibility to define business strategy, business plan and budget to align with the corporate policy. The MC is also responsible for making decisions and orders under its authority entrusted by the Board. It will also act in accordance with what the Board of Directors has approved. In addition, the MC will supervise the management's performance to ensure its compliance with what the Board assigned and with resolutions legally adopted by the shareholders' meeting and by the Board.
2. The People Management Committee has duty to manage and define internal rules and regulations and other related matters related to human resources to be in accordance with the Company's policy.
3. The Commercial Management Committee will manage and define rules and regulations relating to commercial tasks, ticket price setting, flight schedules planning, flight routes planning according to the Company's policy.
4. The Operating Management Committee has duty to manage and define rules and regulations relating to flight operation and other relevant matters in accordance with the Company's policy.
5. The Safety Management System Committee has duty to handle the safety management system within the Company to be in compliance with the requirement of the International Civil Aviation Organization (ICAO) and relevant laws and regulations.

In addition, the Board of Directors established an internal control system that covered all business areas, including finance and operations, in compliance with related laws, rules, and regulations and regularly provided effective check-and-



balance mechanism to protect the Company's assets. The approval authority ranking and responsibilities of the executives and employees are defined, audited and self-balanced with written operational regulations. The internal audit department, working independently, oversaw the operations of each department to ensure its compliance with regulations and also evaluated the effectiveness and sufficiency of internal control within each department of the Company.

#### **Implementation of Corporate Governance Code for Listed Companies 2017**

The Board of Directors applied the Corporate Governance Code for Listed Companies 2017 announced by the Securities and Exchange Commission in 2018.

In 2019, the Corporate Governance Committee proposed to revise the Corporate Governance Policy to the Board of Directors on December 12, 2019. The Board of Directors approved the revision of Corporate Governance Policy regarding the term of independent director position which was defined to be not over than 9 years with no exception.

The practice of corporate governance of the Company in 2019 according to the corporate governance code of listed companies 2017 is summarized as follows:

#### **Principle 1: Realization of role and responsibility of Board of Directors as the corporate leader to create sustainable values to business.**

##### **1.1 Realize role and responsibility of the leader**

The Board of Directors realizes its role, duty and responsibility as a leader that must regulate the corporate to have good management and thus defines the Board of Directors Charter which covers the following duties:

- (1) Define objectives and goals.
- (2) Define strategy, operation policy and significant resources allocation to achieve objectives and goals.
- (3) Follow up, assess and supervise the operation result report.

- (4) The Company discloses the scope of authority of the Board of Directors under the subject: Board of Directors and Board of Directors Charter on the company website: <http://nok-th.listedcompany.com/cg.html>.

##### **1.2 Create sustainable value to business**

To create sustainable value to business, the Board of Directors supervises and leads business to:

- (1) Be able to compete and deliver good performance in consideration of long term effect.
- (2) Conduct business with ethics, respect rights of shareholders and have responsibility to shareholders and stakeholders.
- (3) Be beneficial to society and develop or reduce the impact to environment.
- (4) Be able to adjust under the change factors.

##### **1.3 Perform duty with responsibility, caution and integrity to corporate**

The Board of Directors supervises all directors and executives to perform their duty of care and duty of loyalty and ensure the operation to be in compliance with the laws, such as the Securities and Exchange Act, rules, shareholders' meeting resolutions, etc. There is a process of approval for significant actions, such as investment, transaction with significant impact to business, connected transactions, acquisition or disposal of assets, dividend payment, etc. to be in accordance with the law, announcement, terms and relevant regulations.

In order for the Company to conduct business with ethics and code of conduct, the Board of Directors sets the policy of ethics and code of conduct for directors, executives, and employees in written and published for directors, executives, and employees to acknowledge and practice accordingly on the company website: <http://nok-th.listedcompany.com/cg.html> and on the company's internal network (nokintranet). The compliance shall be regularly monitored.

#### 1.4 Role and Responsibility of Board of Directors

The Board of Directors established the Charter of Board of Directors and approved the Corporate Governance Policy to be reference of every director's practice and duty with the clear scope of duty in operations. The Board of Directors Meeting no. 12/2019 held on December 12, 2019 approved the revision of the Company's latest version of Corporate Governance Policy and had it published on the company website: <http://nok-th.listedcompany.com/cg.html> and on the company's internal network (nokintranest).

#### Principle 2: Define objectives that Promotes Sustainable Value Creation

##### 2.1 Define or supervise the goals of business for sustainability

The Board of Directors defines the business objectives and goals for sustainability in accordance with value creation to business, customers, stakeholders and overall society, as follows:

- 1) Objectives or goals which are clear, appropriate and can be used as the main concept for business model and communicate to everyone in the corporate to drive in the same direction with the following motto and vision:

**Motto:** "We Fly Smiles"

**Vision:** "To be the most innovative airline and provide the most comfortable and convenient travelling services to passengers worldwide at the valuable price with variety of choices and full of truly Thai touch services."

- 2) Corporate value is the appropriate practice defined as a policy for every employee aiming to create the discipline in operations and resulting in the achievement of corporate operational goals. The Company's corporate value is "2BE SAFE" consisting of:

**Be Creative** - To create new ideas, to commit to development, and to apply new concepts and ideas for the better and difference with flexibility.

**Be Courageous** - Have courage to think, do and experiment in new things, take responsibility for it, solve the problems, accept what happens and find the route cause.

**Safety** - Be conscious, aware of and pay attention to safety in all aspects. Commit to provide services in conderation of the highest flight safety according to

the international standard by applying Just Culture to work and daily life as well as understand the defined rules and law of safety.

**Accountability** - Have responsibility for assignment on duty and give it full attention and ability to reach achievement. Perform transparently, openly and ready to be audited.

**Fun** - Have passion in work and commit to accomplish all work with pride, happiness, and fun. Create inspiration in working environment and pass it on to people around.

**Efficiency** - Develop work efficiency by saving costs, resources, time while remain professionalism and competitiveness.

- 3) The Board of Directors promotes the communication of corporate objectives and goals by reflecting it in the decision and operation of personnel at every level.

##### 2.2 Annual Objectives and Goals are in accordance with the business objectives and goals achievement.

The Board of the Directors supervises to ensure that the medium-term and/or annual objectives, goals and strategies are in accordance with the Company's main objectives and goals by applying the innovation and technology appropriately and safely as follows:

- 1) Supervise to arrange and/or review the strategy and annual operating plan in accordance with the Company's objectives and goals in consideration of current circumstances, opportunity and acceptable risks.
- 2) Support the arrangement or review of objectives, goals and strategy for medium term 3-5 years to be assured that the strategy and annual plan take the long-term impact into account and can be reasonably predictable.
- 3) Define strategy and annual operating plan with analysis of circumstances and risk factors that may affect stakeholders along through the value chain including various risks that may affect the Company's goals.
- 4) Define and supervise to promote the innovation creation and applying innovation and technology to build competitiveness and respond to stakeholders' demand on the basis of social and environmental responsibility.

- 5) Define goals appropriate to business circumstances and company potential by defining both cash and non-cash objectives and also be aware of the risk of goal setting that may lead to illegal and unethical behavior.

### Principle 3: Strengthen Board Effectiveness

#### 3.1 Board of Directors Structure and Independent Directors Proportion

The Board of Directors is responsible for defining and reviewing the structure of the board in term of size and component. The appropriate proportion of independent directors is necessary to lead the corporate to achieve defined objectives and goals. The component and proportion of independent directors is defined in the Board of Directors Charter and Corporate Governance Policy, section 5 Re: Board of Directors Responsibility.

The Board of Directors consists of directors who have qualifications according to the Public Limited Company Act and the Securities and Exchange Act and shall not have any forbidden characters according to the Securities and Exchange Act and other relevant laws and regulations. The qualifications include skill, experience, ability and special character, gender and age that contribute to the Company's objective and goal achievement and be able to understand and respond to stakeholders' needs. At least one director must be non-executive with experience in the same business or main industry as the company and shall be considered based on the director skill criteria to ensure that the overall board has appropriate qualifications in accordance with business strategy of the Company.

The Board of Directors has appropriate proportion of executive directors and non-executive directors which reflects a well balancing power. The current Board of Directors structure has non-executive directors of over the half of total directors. 11 out of 12 directors are non-executive, which is the appropriate proportion according to the corporate governance code (which requires at least 5 but not over 12 non-executive directors) and is good for the size, type and complexity of the business. There are 3 female directors, 2 of which are independent directors. Most of the company directors are non-executive directors who can give opinions on the work of management independently.

The Company defines 5 independent directors who can provide opinions on management independently. The Audit Committee consists of 3 independent directors

performing their duty under the Audit Committee Charter and regulations of the Stock Exchange of Thailand (SET). The number of total directors shall be according to the fair proportion of investment of each shareholder group.

The company revealed the various components of the board and director profiles, such as age, gender, education, experience, share holding ratio, number of years of service in director position, and the director position holding of listed company under the subject: Board of Directors and Executives Profile.

The structure of Board of Directors as December 31, 2019 had 12 directors as follows:

- 6 Non-executive Directors
- 1 Executive Director
- 5 Independent Directors

This is accounted for 41.66% of total directors.

#### 3.2 Chairman of the Board Position

The Board of Directors selects an individual qualified for the Chairman of the board and supervises to ensure that the components and management of the board contribute to his/her independent consideration in decision making. The Company's Corporate Governance Policy section 5: Responsibility of the Board defines that the Chairman of the board must be independent director and must not be the same person as Chief Executive Officer. Their duty and authority shall be clearly separated for management balance and no absolute power on anyone. The Chairman of the board shall not have any relationship with the company management and has responsibility on defining policy and providing advice only.

#### 3.3 Nomination of Company Director

The Board of Directors appoints the Nomination and Remuneration Committee to consider policy and criteria in nominating individual who is qualified for the company director position and selects and proposes individual who is qualified for company director to the Board of Directors meeting and/or shareholders' meeting for consideration and appointment.

The structure of Nomination and Remuneration Committee consisted of at least 3 members. As of December 31, 2019, the Nomination and Remuneration Committee had 2 members who, and the Chairman, were independent directors.

### 3.4 Remuneration of Company Director

The Board of Directors appoints the Nomination and Remuneration Committee to consider and review the policy and criteria of defining remuneration and benefit for company director and give recommendation to the Board of Directors to propose to the Board of Directors meeting and shareholders' meeting for approval respectively.

The structure of the Nomination and Remuneration Committee consisted of at least 3 members. As of December 31, 2019, the Nomination and Remuneration Committee had 2 members who, and the Chairman, were independent directors.

The Company discloses the information of remuneration for the Board of Directors under the subject: Remuneration of Directors and Executives.

### 3.5 Time Management of Company Director

In order to ensure the most benefit that the Company shall gain from the time devoted by directors to perform their duties efficiently, the Board of Directors has set a policy for directors to hold positions in other listed companies for not more than 5 companies. However, this policy shall not be of any enforcement for the directors who have been holding the positions in more than 5 companies prior to the date of this announcement (before December 13, 2019.) As of now, there was only one director who held a position in more than 5 other listed companies prior to the policy announcement date, that is, Mr. Prasert Bunsumpun, who has been holding positions of Director and Chairman of the Board of Directors since February 26, 2018.

The Company discloses the information about the director holding other positions under the subject: Board of Directors and Executives Profile.

Every member of the Board of Directors had intention to attend the meeting as scheduled, including Board of Directors meetings, committee meetings, and the annual general meeting of shareholders. In 2019, the average number of attendance of the Board of Directors was 81.3%. The company shall disclose the information about the attendance of directors and committees under the subject: Board of Directors Meetings.

### 3.6 Regulation of Policy and Operation of Subsidiary and Associated Companies

The Company defined the policy of management in subsidiary companies, associated companies and merger

businesses to regulate the policy and management of the subsidiary companies and other businesses in which the Company significantly invested as summarized below:

- 1) Appoint representatives to hold the director position in subsidiary companies or associated companies.
- 2) Monitor the operation and performance of the subsidiary companies or associated companies closely and propose the analysis and comments or recommendation to the Board of Directors.
- 3) Control the business conduct in the subsidiary companies or associated companies to be in accordance with the rules and regulations of the Company and related laws of subsidiary companies.
- 4) Disclose financial status and result of connected transactions, acquisition or disposal of assts, other significant transactions, increase in capital, investment, termination of subsidiary companies.
- 5) Invest in other businesses significantly and define the agreement for the clear scope of authority in management and participation in decision making on significant matters.

### 3.7 Performance Evaluation of Board of Directors

The Board of Directors requires the performance evaluation of the board by group and by individual with self-evaluation and cross-evaluation, including performance evaluation of committees at least once a year so that directors can review their performance, issues and obstacles during the past year which will finally lead to the increase in effectiveness of the board.

The Board of Directors assigned the Corporate Governance Committee to prepare and review performance evaluation form of the board based on the corporate governance code and propose to the Board of Directors for approval. The criteria for performance evaluation of the board by group, the subcommittees by individual, the committees by individual and the scores (1 = need improvement, 2 = moderate, 3 = good, 4 = very good) was in accordance with the Stock Exchange of Thailand guidelines.

The board assigned the company secretary to send and collect the performance evaluation forms of each director and summarize the result for Chairman of the board and the Board of Directors' acknowledgement. In 2019, the performance evaluation result of each committee was in a very good level. The topics of evaluation are as follows:

Evaluation topic	Board by group	Sub-committee	Board by individual
Structure and qualification of director	/	/	/
Role/ duty/ responsibility of director	/	/	/
Duty performance of committee	/	/	/
Regulatory and relationship with the management	/	-	-
Training and self-development	/	-	/

In 2019, the performance evaluation result of the Chief Executive Officer, evaluated by the board, was in the good level. The topics of evaluation were in accordance with the Stock Exchange of Thailand guidelines, for example, the strategy definition and implementation, leadership, financial planning and operating result, relationship with committees, and product and service knowledge, etc.

### 3.8 Orientation and Knowledge Development

To be assured that the individual appointed to be a new director shall receive introduction and information useful for his/her duty and he/she understand objective, goal, vision, mission, corporate values, nature of business and business conduct of the Company, the Company has set up an orientation for all new directors to be sufficiently informed of the Company's information, rules, manuals, ethics, various policies, director's benefit, and relevant information of the Company before performing their duties, including presentation on the Company's business operations by the Chief Executive Officer and the Chief Operating Officers.

The Company supports the training and knowledge development necessary for the board continuously. The Company discloses the information about training and knowledge development programs of the board under the subject: Board of Directors and Executives Profile.

### 3.9 Board of Directors Meeting and their attendance

The Company schedules the meeting date of the Board of Directors for the whole year in advance so that directors can manage time to attend the meetings. In 2019, there were 12 Board of Directors meetings.

The Board of Directors has independence in making comments to the Company's vision, mission, strategy, goal, plan, and budget proposed by the company management.

The Company requires that the meeting invitation letter and documents for the meeting shall be sent to directors at least 7 days before the meeting day, except for the urgent cases to save the benefits of the company when other means shall be used for meeting appointment and the meeting date can be set sooner.

The Board of Directors supports Chief Executive Officer to invite senior executives to attend the Board of Directors meetings so that they can provide detailed information as the directly concerned persons to the board. This is also the opportunity for the board to know and consider senior executives for the succession plan.

The Company defines the policy for non-executive directors to arrange meeting among themselves and meeting among independent directors at least once a year to discuss key business issues for the interest of all stakeholders. The issues and recommendations of interest shall be summarized and proposed to Chief Executive Officer for acknowledgement and further improvement of the related operations. In 2019, two meetings were held on June 11, 2019 and September 27, 2019.

The Board of Directors considers qualification and experience of the company secretary position of which duty is to provide advice about the law and related regulations to the Board of Directors, to arrange documents for the Board of Directors meetings, important documents and activities of the board, including coordinating with various departments to ensure the compliance with the Board of Directors resolution. The qualification and experience of the company secretary is disclosed under the subject: Board of Directors and Executives Profile.

The Company supports the training and development for the company secretary continuously to support his/her duty. The company secretary attended training, seminar and knowledge development programs in the following topics:

- Enhancing Good Corporate Governance based on CGR Scorecard

## Principle 4: Ensure Effective CEO and People Management

### 4.1 Nomination and development of Chief Executive Officer and senior executives

The Board of Directors assigns the Nomination and Remuneration Committee to consider the policy and criteria of selecting individuals qualified for the position of Chief Executive Officer and senior management of the Company, to recruit qualified individuals for such positions and to propose qualified individuals to Chief Executive Officer for consideration and to the Board of Directors for approval respectively.

The Board of Directors supports and promotes training and development to senior executives and internal personnels involving in corporate governance including training and development in other areas that shall add useful knowledge and experience to their functions.

The Company defines a policy for the case that Chief Executive Officer shall hold a position of director, subcommittee, working group, expert, advisor or any position in other companies or jurisdictions which are not the Company's business, such position holding must be approved by the Board of Directors before accepting the offer.

#### 4.2 Structure of Remuneration and Assessment of Senior Executive

The Nomination and Remuneration Committee is assigned by the Board of Directors to consider and review a policy and criteria of defining the remuneration and benefits of Chief Executive Officer and senior executives in accordance with corporate objectives and main goals and also with the business interest in the long run.

The Nomination and Remuneration Committee has duty to give recommendation to the Board of Directors in proposing the remuneration for Chief Executive Officer and senior executives to the Board of Directors meeting. The remuneration of Chief Executive Officer and senior executives is disclosed under the subject: Remuneration of Executives.

The Board of Directors requires the arrangement of performance evaluation of Chief Executive Officer every year. The Board of Directors shall do the evaluation and assign Chief Executive Officer and human resource department to prepare the evaluation form and evaluate the performance of senior executives to employees at operational level every year.

#### 4.3 Structure and Relationship of Shareholders

The Board of Directors oversees the Company's shareholders and relationship of major shareholders that can affect the Company's management and operation and, thus, defines the policy of connected transactions which does not allow any individual who may have conflict of interest to do any connected transaction. Such transactions need to be considered and commented from the Audit Committee before being done.

#### 4.4 Human Resource Management and Development

The Company gives importance to human resource management and development in order to respond to

changes in business and economic environment. The Company is confident that its personnel have potential to bring business to sustainable success. The Company arranges training and development programs to increase potential of personnel every year. The information about training and development programs is disclosed under the subject "Human Resource Development Policy."

The Company set up a provident fund to encourage employee's saving in the long run, to motivate employees to work with the Company for a long time and to create good relationship between employer and employees. Employees can choose a policy of investment suitable for their ages and preferred risks level. The information is disclosed under the subject: Provident Fund.

### Principle 5: Nurture Innovation and Responsibility Business

#### 5.1 Innovation Promotion

The Company gives importance to innovation according to changes in the world and technology which is beyond expectation of customer, supplier and stakeholders. The purpose is to see change which creates benefit or value among business, customer, supplier, society and environment, based on business corporate governance code.

#### 5.2 Business Conduct with Social and Environmental Responsibility

The Company is aware of and recognizes the rights of all stakeholders, both internal and external stakeholders. All stakeholders should receive the rights under related laws. Thus, the Company defines a policy and practice in the Corporate Governance Policy as follows:

- **Responsibility to Employees**

The Company realizes that employee is the valuable key to success to achieve the Company's goal. Thus, the Company's policy is to fairly treat employees in accordance with the laws and related standards in terms of career opportunity, remuneration, appointment, job transfer and potential development. To correspond to this policy, the Company has the following practices:

- 1) Treat employees politely with respect to their individual rights and human rights.
- 2) Provide fair remuneration to employees, set up a provident fund for employees and underline the importance of employee welfare by providing group health insurance (IPD insurance, accident insurance, and life insurance), insurance of pilot's permanent license loss, reimbursement for OPD medical expenses, gift hamper to visit

staff of sickness and childbirth, annual physical check-up welfare, passenger ticket welfare, and wedding gift welfare, etc.

- 3) Maintain environment in workplace to be safe to employee's life and properties. The Company is always responsible for life and property safety of employees and strictly committed to compliance with labor law. The Company operates the safety under the Safety Management System (SMS) for the sustainable safety management. In the past year, the Company supports and promotes safety in various forms, such as the safety, occupational health, and environment in work place training program for new employees, safety officer course for supervisor level, safety officer course for executive level, introductory fire fighting course, the safety promotion activity with technician division of Thai Airways International Plc. which has objectives to campaign, promote and support employees and operational staff to have knowledge and understanding of work safety, the fire evacuation drill, and the regular communication of news and information about SSQ Bulletin to employees via the Company's e-mail, etc. From all activities of safety, occupational health, and environment in work place concerning accident prevention, the accident statistics in 2019 was 7 times in which employees got little injured and did not need to stop working.
- 4) Appointment, transfer, award and punishment to employees will be conducted with integrity and on the basis of employee's knowledge, ability and appropriateness.
- 5) Realize the importance of employee's knowledge and ability development by thoroughly and regularly providing opportunity to develop employee's competency to fulfill their professional potential. The Company set the internal and external training and development plan for employees every year.
- 6) Listen to advices and recommendations based on employee's professional basic skill, such as conveying Safety Culture Survey to improve and develop the safety culture in the Company.
- 7) Strictly comply with laws and regulations related to employees.

- **Responsibility to Customer**

The Company recognizes the importance of customers by compliance with the law and related

standards in consideration of customer's health, safety, fairness, satisfaction and action with responsibility. The Company has set customer treatment policy as follows:

- 1) Provide customer service with politeness, enthusiasm and a service mind where the service is provided with sincerity, willingness, care and attention. All customers are treated as close relatives. The service is offered with speed, accuracy and reliability.
- 2) Keep customer's confidential information and do not use it for own interest or related person's interest.
- 3) Inform customers with accurate, adequate and timely information about the services provided provided with no over-advertising that could lead customers to misunderstand the quality or condition of services.
- 4) Provide advice regarding the Company's means of service for the efficiency and for the best interest of customers.

- **Responsibility to Supplier and/or Creditor**

The Company has a policy which requires employees to treat all suppliers and/or creditors in a fair and honest manner without taking their advantage and taking into consideration the Company's best interest and on the basis of fair returns to both parties while avoiding any circumstance that could lead to a conflict of interest. Any discussion for resolution shall be based on the business relationship, providing knowledge and potential development, raising the production capacity and services to the standard. The Company shall inform and assure suppliers to respect human rights and treat their labors fairly and to have social and environmental responsibility. It shall monitor and assess supplier to develop sustainable inter business with the following practices:

- 1) Do not demand or accept or pay any dishonest trade benefit to supplier and/or creditor.
- 2) If there is any information indicating that a demand or receipt or payment of any dishonest benefit was made, such information must be disclosed to supplier and/or creditor and the parties shall mutually resolve the problem with fairness and speed.
- 3) Strictly comply with all previously-agreed conditions by granting loan for its financial purpose, not using money in the way that could

cause damages, overseeing the guarantees to control the repayment of principal and interest to all creditors in full amount according to the due date, and manage operation to ensure creditors in the Company's financial status and ability to repay debts. If any condition can't be complied with, creditors have to be quickly notified to find a possible solution together.

In addition, the selection of supplier must be conducted fairly, transparently, auditably, and in compliance with procurement regulations. The procurement committee is appointed with clear procedure and practice.

- **Responsibility to Society/ Community**

The Company has a policy to conduct business that will benefit economy and society as a committed corporate citizen who complies with the laws and related regulations without violating the basic human rights while promoting and upgrading the quality of society and communities. The information is disclosed under the subject: Responsibility to Society.

- **Responsibility to Environment**

The Company has a policy to support activities concerning quality-enhancement, occupational health and environment. The working environment shall be maintained to be safe to employee's life and property. Employees are encouraged to have awareness and responsibility to society and environment through activities in which employees constantly participate. In order to ensure that the Company shall not create or cause negative impact to environment, the Company finds the way to reduce the use of natural resources in production and services process. For instance, the Company chose to use the new generation Boeing 737-800 which used the new innovation of Carbon Brake that could reduce the weight of equipment compare to the older version of Steel Brake, resulted in the saving of fuel and reduction of carbon dioxide released. Technology of Carbon Brake uses carbon material which has higher durability and longer service life than Steel Brake, resulted in the shorten period of repairment.

In addition, the Company chose the NextGen Q400 propeller plane for the short flight routes, which was

the only model in the market that installed Active Noise and Vibration Suppression (ANVS) to reduce vibration and noise in passenger room. Its special features reduced the noise pollution and fuel consumption rate for 7% and reduce carbon dioxide release for 35%. Thus, passengers could experience the short flight which was convenient, quiet, fast and environmental friendly. Nok Air was the first and only one airline in Thailand that used this airplane model.

In addition to the innovative airplane which helped reduce the use of natural resources, the Company also implemented the e-Boarding Pass for check-in online on website and application in customer's compatible smart phone, such as iPhone, iPod Touch, iPad, or Andriod, in order to reduce paper consumption during production and service process, regarded as another way to help reduce global warming.

The Company provides channels for complaints and whistleblowing from all stakeholders as below:

Letter : Corporate Governance Committee  
Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17th Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120  
E-mail : nok\_cg@nokair.com  
Tel : 0 2627 2000 ext. 2326  
Fax : 0 2285 6944

- **Fair Competition**

The Company has a policy to treat business competitors without violating or revealing their confidential information in a fraudulent manner. The Company conducts business with transparency and does not create unfair competitive advantage with the intention to sustain free and fair competition. The Company shall not do any action that will violate or be against the law related to trading competition or that may cause damage to competitor's reputation. The policy in this area is as follows:

- 1) Practice by the competition rules and framework.
- 2) Shall not seek the competitor's confidential information in an inappropriate and fraudulent manner.
- 3) Shall not destroy competitor's reputation with accusation.

- **Anti-Corruption**

The Company gives priority to anti-corruption and is committed to operating its business by adhering to moral, integrity, transparency and responsibility towards all stakeholders. Following this principle, the Company has come up with the best practice for the Board of Directors, the management and employees at all levels by announcing the Anti-Corruption Policy of the latest revision in 2019. In the same year, the Company joined the Collective Action Coalition Against Corruption or CAC and signed the declaration of intent in April 2019.

In 2019, the Company implemented the practice of giving-receiving of gift, entertainment, or other benefits to prevent any uncomfortable situation and any decision that could lead to the risk of corruption and to set the good standard of transparent and efficient operations and for sustainable growth.

The Company continuously provides training to employees on the policy and practice of anti-corruption.

### 5.3 Resources Allocation and Management

The Company encourages the use of resources efficiently, including financial resource, resource for production process, intellectual asset, human resource, natural resource, as well as social relationship. The Company reflected its resource allocation and management in fuel saving measure which was contributed by many departments in the company; for example, the weight distribution in cargo and passenger hall helped lower the fuel consumption rate, the consideration of using the right type of fuel for aviation conditions and flight planning helped contribute to the most efficiency of fuel consumption, the electricity saving in the office and paper reused campaign could create consciousness in resource consuming appreciation, etc.

### 5.4 Information Technology Management in Corporate Level

The Company set the framework of information technology management in the corporate level in accordance with business needs by complying with the laws, rules, regulations and measures related to technology. The Company defined a policy of resource allocation and management regarding information technology, such as a policy of information security system management to ensure that the security of information assets is managed systematically, and is

reviewed, assessed and improved regularly, a policy of information security to be the standard of safety for any activities related to information system, technology and communication. In order to have the same understanding for practice and to be the principle to develop and improve the information security quality, information technology system, and the communications, there needs to be regulations for the use, maintenance and protection that suit the business conduct, which shall also provide the completeness, ready to use and maintain accuracy and confidentiality.

The corporate risk management covers the risk management of information technology as well, such as business continuity management, incident management, etc.

## Principle 6: Strengthen Effective Risk Management and Internal Control

### 6.1 Risk Management and Internal Control System

The Company has the risk management and internal control system to help achieve objectives effectively. The business conduct of the Company complies with the law and relevant standards, both domestic and international. The internal control system is set to be proper and sufficient to drive business to achieve objectives, goals and be in accordance with the laws, disciplines, rules, and regulations related to business and operations, to reduce risks from operations and to create confidence that the Company has reasonable corruption prevention measures. The Company discloses the information under the subject: Internal Control and Risk Management.

The Board of Directors assigns the Risk Management Committee to consider and approve acceptable risks, risk identification, strategic risk, operational risk, financial risk, and compliance risk. Those risks, being considered by internal and external factors, may result in the company's inability to achieve defined objectives. The risk management policy shall be approved in accordance with objectives, goals, strategies and acceptable risks of the business and be referred as the operational framework in the risk management process for everyone in the corporate. The impact and chance to occur of the identified risks shall be assessed and prioritized to find the appropriate risk management method.

The Board of Directors assigns the Audit Committee to independently propose recommendations on corporate governance, risk management, and internal control to

assure that the company operation is in compliance with efficiency and effectiveness according to the corporate governance guidelines which focus on sustainable development. The information is disclosed under the subject: Internal Control and Risk Management.

The Board of Directors recognizes the importance to regularly monitor and assess the effectiveness of risk management and the importance of the early warning signal. The risk management policy is reviewed regularly at least once a year.

## 6.2 Establishment of Audit Committee

The Board of Directors established the Audit Committee to perform duty with efficiency and independence. Every member of the Audit Committee is independent director who has comprehensive qualification according to the criteria of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

The Board of Directors defines role and duty of the Audit Committee in the Audit Committee Charter as disclosed under the subject: Committees.

The Board of Directors provides mechanism or tools to help the Audit Committee be able to access information that is necessary for performing the assignment, such as to request for information from concerned persons, to consult with auditor, to seek independent opinion from other professional advisor for the Audit Committee's consideration. An individual or internal audit team who has independence in performing duty is responsible for developing and reviewing the efficiency of risk management and internal control system and reporting to the Audit Committee for consideration and comment on the sufficiency of the system. The report is enclosed in the annual report.

## 6.3 Conflict of Interest Management

The Board of Directors follow up and manage conflict of interest that may occur between the Company and management, committee or shareholders, including preventing the improper use of assets, information and opportunity of the Company and the transaction with persons who have improper relations with the Company.

The Board of Directors regulates the information security system and defines a policy and practice for confidentiality, integrity and availability of information

including market sensitive information. Moreover, the Board of Directors supervises directors, senior executives, employees and relevant external advisors to comply with the information security system in accordance with corporate governance code regarding measures of prevention to prevent directors, executives, and employees from using inside information for own or others' benefits improperly. The Board of Directors defines the policy of inside information and disclosed its details under the subject: Corporate Governance Policy.

In addition to the inside information control, the connected transaction that may cause conflict of interest to the Company is also significant. The Board of Directors thus requires the management and monitoring of transactions that may have conflict of interest and set the guidelines and practice for such transaction to be in compliance with the operating procedures and the information disclosure as required by law, in consideration of the Company's and shareholders' interest while stakeholders do not contribute to the decision making. To comply with the corporate governance code regarding the transaction with conflict of interest, the Board of Directors defines a policy to prevent conflict of interest as disclosed under the subject: Corporate Governance Policy.

The Board of Directors defines practice for directors to report their interests at least before the consideration of the Board of Directors meeting agenda and to have them recorded in the minute of every Board of Directors meeting. The Board of Directors also oversees directors who have significant interests not to make opinion independently and refrain from participation in such agenda. Moreover, directors and executives shall report interests of their own or their relevant persons whenever there is a change to the board in every Board of Directors meeting.

## 6.4 Anti-Corruption Policy and Practice

The Company implemented the Anti-Corruption Policy of the latest revision in 2019 and implemented the practice of giving-receiving of gift, entertainment, or other benefits. The Company supports and encourages the cultivation of corporate culture of anti-corruption. In 2019, the Company joined the Collective Action Coalition Against Corruption or CAC and signed the declaration of intent in April 2019.

The Company communicates the anti-corruption direction regularly through training courses and online media. The training program of Anti-Corruption Policy is included in

the orientation to new employees program. The Company published the Anti-Corruption Policy on the company website: (<http://nok-th.listedcompany.com/cg.html>)

#### 6.5 Mechanism for handling complaints and whistleblowing

The Board of Directors supervises to have a mechanism and management process by recording, progress monitoring, troubleshooting, and reporting complaints of stakeholders and supervises to provide more than one channel for receiving complaints conveniently. The channels are disclosed on the website and annual report.

The Company has clear policy and guidelines for whistleblowing by providing channels for whistleblowing, the process to examine the information and reporting to the board. The protection measure is also provided for whistleblower.

Channels for whistleblowing are as follow:

1. Sealed mail to  
Chairman of Audit Committee or Chairman of Corporate Governance Committee or Company Secretary  
Nok Air Public Company Limited  
3 Rajanakarn Building, 17<sup>th</sup> Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120
2. Suggestion box of Human Resource Department
3. E-mail to  
Chairman of Audit Committee:  
chiraporn.che@nokair.com or  
Chairman of Corporate Governance Committee:  
pornchai.kra@nokair.com or  
Company Secretary: sunun.wit@nokair.com

#### Principle 7: Ensure Disclosure and Financial Integrity

##### 7.1 Financial Reporting and Significant Information Disclosure

The Board of Directors has a policy to disclose the financial information and other information related to business and company's performance which is actual, comprehensive, sufficient, constant, and timely, reflecting the financial status and actual operation of the Company including the future of business according to the regulation, standard and relevant practice.

The Company disclosed significant information transparently, comprehensively, and timely, both financial information and non-financial information, such

as the Company's performance in the past year of the Board of Directors and committees, corporate governance policy, social responsibility policy, compliance with policies, via the accessible, equitable and reliable channels according to the standard and regulation of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Board of Directors assigns relevant personnel to prepare and disclose information, knowledge, skill, and experience qualified for duty and responsibility. Those personnels include top executives of finance and accounting, bookkeeper, internal auditor, company secretary and investor relations.

The Company set the financial reporting process which has quality and can be assured that the information in the report is accurate according to the Generally Accepted Accounting Standard and passes the audit from independent auditor. The report of the Board of Directors responsibility has to be reported in financial report together with the report of independent auditor. On the approval of financial information disclosure, the Board of Directors considers the assessment result of internal control sufficiency, opinion of internal auditor on financial report, notice of auditor on internal control system, notice of auditor in other communication channels, comments of Audit Committee and the compliance with the Company's objectives, goals, strategies, and policies.

The Board of Directors supervise the sufficient information disclosure, including financial statement and annual report for 56-1, reflecting financial status and operating result. The management discussion and analysis or MD&A is also provided with the financial statement every quarter in order to let investors acknowledge the information and better understand changes that may occur to financial status and operating result in each quarter in addition to the figures in financial statement only. In the case that information disclosure of any transaction relates to any director, such director must review to ensure that such disclosed information is accurate and comprehensive.

##### 7.2 Financial Liquidity and Ability to Pay Debt

The Board of Directors supervise management to monitor and assess financial status of the business and report to

the Board of Directors regularly by coordinating with management to quickly solve problem if there is a sign of liquidity problem and ability to pay debt.

To approve any transaction or propose recommendation to shareholders, the Board of Directors shall consider such transaction with confidence that it will not affect the business continuity, financial liquidity, or ability to pay debt of the company.

### 7.3 Financial Problem Solving

The Board of Directors shall supervise to ensure that the Company has problem solving plan or other mechanisms to solve financial problem and to closely monitor and supervise the Company to conduct business with caution and comply with regulations regarding information disclosure, in consideration of fairness to stakeholders and creditors, and report to the management regularly. The Board of Directors is assured that any consideration of financial problem solution shall be reasonable.

### 7.4 Report of Sustainability

The Board of Directors considers the appropriateness of information disclosure in accordance with the law, code of conduct, anti-corruption policy, treatment to employees and stakeholders, fair treatment and human right respect, social and environmental responsibility. The Board of Directors considers the information disclosure important and reflecting practices that can lead to creating value to the corporate sustainably. Such information is disclosed in annual report under the subject: Social Responsibility.

### 7.5 Investor Relations

The Company has the investor relations department to communicate with investors or shareholders, institutional investors and minor shareholders. The Company arranges the meeting to analyse operating result regularly. The corporate information, financial information, and general information shall be published to shareholders, security analyst, credit rating companies and relevant governmental agencies via various channels, such as report to the Stock Exchange of Thailand and the Securities Exchange Commission and company website: <http://nok-th.listedcompany.com>

The Company underlines the regular information disclosure for shareholders via company website where information is regularly updated, including vision,

mission, budget, PR news, annual report, company structure and structure of shareholding and major shareholders. Shareholders or investors can request for the information at:

Letter : Investor Relations Department  
Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17th Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120  
E-mail : [nok\\_ir@nokair.com](mailto:nok_ir@nokair.com)  
Tel : 0 2627 2000 ext. Investor Relations  
Fax : 0 2285 6944

In 2019, the Company did not hold the meeting with investors and analysts but held 4 Public Presentation meetings to give information to investors and relevant parties. The information is published on company website regularly.

### 7.6 Use Information Technology to Publish Information

In addition to publishing information according to the defined criteria and via channels of the Stock Exchange of Thailand (SET) in Annual Information Declaration Form (Form 56 - 1) and annual report, the Board of Directors requires information disclosure in Thai and English on company website: <http://nok-th.listedcompany.com> which shall be updated regularly and comprehensively according to corporate governance code of listed companies.

## Principle 8: Ensure Engagement and Communication with Shareholders

### 8.1 Participation in significant matters of the Company

The Board of Directors underlines the importance and respects the right of every shareholder equally and is aware that every shareholder has a right of ownership and can exercise his/her right by appointing the board to be the representative and to make decision on major changes of the company. As a result, the Company facilitates the shareholders by offering fundamental legal rights or the rights they deserve, such as the right to sell or transfer shares, the right in profit sharing, the right to receive accurate, comprehensive and adequate company information in a timely and equitable manner to make decisions, the right to propose director names or additional meeting agendas before the shareholders' meeting, the right to attend shareholders' meetings to vote for appointment or dismissal of directors, the right to



set director's remuneration rate, the right to appoint auditors, and the right to set the auditing fee. This includes the issues that affect the Company. Nok Air will never take any action to violate or limit the rights of shareholders.

In the 2019 Annual General Meeting of Shareholders, the Board of Directors opened a chance for shareholders to propose additional agenda and director name for director position and send the questions in advance before the shareholders' meeting during January 3 - February 1, 2019. The criteria of sending questions in advance are published on company website: <http://nok-th.listedcompany.com>.

The Company has a policy to send information to shareholders via Thailand Securities Depository Co., Ltd. who will send the invitation letter and meeting documents which are necessary for consideration and decision making in Thai and English for foreign shareholders, including objectives, reasons and comments of the board of all agendas. Shareholders will be able to study the information comprehensively at least seven days prior to the shareholders' meeting. Moreover, the Company will announce in newspapers to inform the date, time, venue and agenda of meeting in Thai and English in compliance with the law.

As for the 2019 Annual General Meeting of Shareholders, the Company sent the invitation letter to shareholders by mail in advance 16 days before the meeting date and posted the complete version of invitation letter on company website (<http://nok-th.listedcompany.com>) in advance 34 days before the meeting date.

## 8.2 On the Shareholders' Meeting Day

The Company has a policy to equally facilitate all shareholders in terms of venue and convenience, such as adequate parking space for shareholders who drive and convenient transportation for all shareholders, with map of venue enclosed with the invitation letter. The meeting must not take place on public holidays or long weekends. Its timing must be appropriate.

In order not to limit the opportunity to attend the meeting or add burden to shareholder when any shareholder cannot attend the meeting, the Company allows that shareholder to appoint an independent director or any individual to attend the meeting on his/her behalf using any of three proxy appointment forms provided with the invitation letter as regulated by law. The proxy instruction and complimentary stamp duty for the proxy are also available at no charge.

The Company assigns adequate staff members to review the participants' documents to ensure prompt, accurate, and auditable process. At the shareholders' registration point, the bar code system was implemented to expedite process of registration, vote counting, and result display to ensure quick and precise outcome.

In the shareholders' meeting, the Company arranges for consideration and voting of each agenda respectively without changing any significant information or without adding any agenda without prior notice. Shareholders will vote for each item in case there are items under one agenda, such as appointment of directors. Shareholders have equal rights to examine the Company's operation and to inquire and express their opinions as well as recommendations. All directors and relevant executives attend the shareholders' meeting to answer shareholders' questions. Shareholders can also question to chairman of each committee on related issues.

Prior to the meeting, the Board of Directors, chairman of each committee, executives, and auditors are introduced to the meeting. The Chairman announces the quorum, consisting of the number of participating shareholders, the number of proxies, and the number of shareholders who appoint independent directors of the Company as their proxies. Moreover, the voting procedures and counting of shareholders' votes for each session are

clarified.

The Company appoints independent individuals to count or check the shareholders' votes in the meeting. Shareholders must use ballots to vote for every agenda requiring voting, which will ensure transparency and auditability in case there is any disagreement later. The Company clearly counts the ballots, disclose the results, and records the meeting's resolution in the minutes of meeting.

### 8.3 Disclosure of Meeting Resolution and Minute of Meeting

The Company shall announce the shareholders' meeting resolution in the Stock Exchange of Thailand's media channel on the next working day, declaring the number of approval votes, disapproval votes, and abstentions in each agenda. Both Thai and English minutes will be issued and submitted to the Stock Exchange of Thailand (SET) and related agencies. The information will be posted on Nok Air website within the timeline specified by law so that the shareholders can review it without waiting until the next meeting. Moreover, the minutes of meetings are kept in an effective storage system which is referable and auditable

In 2019, the Company held the Annual General Meeting of Shareholders on April 25, 2019 and informed the meeting resolution in the Stock Exchange of Thailand's media channel on April 25, 2019. A copy of meeting minute was sent to the Stock Exchange of Thailand (SET) on May 9, 2019 which was within the 14 days period from the shareholders' meeting day.

The Company manages to have a minute of meeting which shall be disclosed to the meeting. The minutes of the meeting must be completely recorded with accuracy and transparency, consisting of following details:

- 1) Name list and position of directors, committees, senior executives and auditor's representative who attend and do not attend the meeting (if any.)
- 2) Quorum, consisting of the number of participating shareholders, the number of proxies, and the number of shareholders who appoint an independent director as their proxies.
- 3) Voting procedure in each agenda, counting of total shareholders' votes before the meeting, and ballot instruction.
- 4) The number of votes of approval, disapproval, and abstention in each agenda that requires voting, including names of number of non-eligible voters in each agenda (if any.)
- 5) The record of key questions, explanation and comments in the minutes of meeting.

The non-compliance of Company and the substituted measures in 2019 were as follows:

Non-compliance issues	Reasons
1. The Board of Directors should require each director to hold positions in not more than 5 other listed companies without any exception.	The Company set a policy for directors to hold positions in not more than 5 other listed companies. However, this policy shall not be of any enforcement for the directors who have been holding the positions in more than 5 companies prior to the date of this announcement (before December 13, 2018.) At present, there is only one director who has held position in more than 5 listed companies before the announcement date.
2. The Company should set a policy that the minimum number of quorum required when making a vote was not less than 2 out of 3 of total directors.	The Company had a policy of conflict of interest prevention which has been strictly complied with.
3. More than 50% of the Board of Directors should be independent directors.	The structure of the Board of Directors at present consists of non-executive directors for over the half of total directors. 11 out of 12 of total directors of the Company were non-executive directors. The Company requires 5 independent directors, or 41.66% of total directors, to give opinions on the management performance independently. The Chairman of the board was independent director and was not the same person as Chief Executive Officer.

### Investment Policy

For the Company's investment to appropriately follow the principle, the Company set the policy of investment for the operational guideline as follows:

1. The Company shall invest in business with potential to constantly generate revenues and profits after investment feasibility analysis has been made.
2. The business in which the Company shall invest must have enough cash flow to pay debt obligation and interest expense.
3. The business in which the Company shall invest must generate appropriate return on investment under acceptable risks.
4. The Company shall assign executives or individuals with expertise and experiences in such business to look after the Company's investment.
5. The Company shall always assign representatives to be the directors of the invested companies.
6. The Company shall not invest in any illegal or unethical business.
7. The investment of the Company must be approved by the Board of Directors or shareholders' meeting according to the regulation of the Company, the law regarding public limited companies, the law regarding securities and exchange, or the relevant rules, notifications, orders or requirements of the Capital Market Advisory Board or the Stock Exchange of Thailand.
8. The Company shall report the performance of the business in which the Company invests to the Board of Directors of the Company on a quarterly basis.

9. The Board of Directors has duty to consider and approve the dividend payment of the business in which the Company invests.
10. The Company does not have a policy to invest in the equity securities listed in the Stock Exchange of Thailand.

### Policy of Investment in Subsidiary and Associated Companies

The Company focuses on investment in subsidiary or associated companies which had potential of growth and good return on investment in order to drive the Company to be the leader in low-cost airline business with comprehensive services. The approval on investment shall be in accordance with the Capital Market Supervisory Board's notification on significant transaction related to asset acquisition and disposition and the announcement of the Stock Exchange of Thailand on the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004).

Regarding the investment in such business, the Company shall focus on the long-term investment by considering the foundation of the business in which the Company shall invest and the trend of that business sector. Moreover, the Company has a policy to invest in a substantial proportion to obtain the right to participate in the management and to define the business direction in such subsidiary companies, associated companies, and jointly controlled businesses. The Company shall also support the invested business to achieve sustainable growth.

The Company may invest in other related businesses in the future but that investment must be in accordance with the business nature and strategic plan of the Company. In decision making of any investment, the Company shall analyze the possibility of the project, its potential, and the risks from investment before proposing the investment plan to the Board of Directors for consideration and recommendations to reduce the investment risks that may occur.

#### **Policy of Management in Subsidiary Companies, Associated Companies and Jointly Controlled Businesses**

The Company assigns its representatives to serve as directors in its subsidiaries to oversee their operations. The representatives shall have the qualifications and experiences in such business and do not have business conflict of interest. The representatives shall manage the subsidiary business in accordance with the policy approved by the Company and its rules and regulations as well as the subsidiaries' related laws.

The Company also closely monitors the operations and performance of those businesses and presents the analysis, opinions and recommendations to the Board of Directors of such subsidiaries, associated companies or jointly controlled businesses for their consideration on defining policy or improving their businesses to continuously development and expansion.

#### **Criteria for Trade Agreement with General Business Condition for Transactions between the Company and its Subsidiaries and Directors, Executives or Related Parties**

Directors, executives or related individuals can do a transaction with the Company and its subsidiaries only when being approved by the Company's shareholders' meeting unless such transaction has trade agreement in the same manner a reasonable person will do with other contractual parties under the same circumstance with a bargaining power that is not influenced by the status of the Company's director, executive or related person. The Company will report the summary of a transaction with the value over 15 million Baht to the Audit Committee meeting and the Board of Director meeting on a quarterly basis.

#### **Connected Transaction Policy**

The Company shall comply with the laws on securities and exchange and regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand related to connected transactions. Executives or stakeholders cannot involve in the approval of such connected transactions.

If the law requires an approval from the Board of Directors' meeting, the Company will have the Audit Committee attend the meeting to consider the matter and to provide an opinion as to the necessity and rationality of such transaction. When executing a transaction which is a trade agreement with or without a general trade condition, one needs to do it on the basis of the following principles:

#### **Transaction which is a trade agreement with general trade condition**

For a connected transaction which is a trade agreement that contains a general condition between the Company and its subsidiary vs. a director, an executive or a related person already approved in principle by the Board, the management may approve such transaction if it contains an agreement in the same manner a reasonable person will do to contractual parties in general under the same circumstance with a bargaining power that is not influenced by the status of the Company's director, executive or related person.

The Company will report the summary of a transaction with the value over 15 million Baht to the Audit Committee and the Board of Directors meetings on a quarterly basis.

#### **Transaction which is a trade agreement without general trade condition**

For any transaction that is a trade agreement without trade condition in general, the transaction has to be reviewed by the Audit Committee before being submitted to the Board of Directors and/or the Shareholders' Meeting for further approval. This however has to be in compliance with the laws on securities and exchange as well as regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand and with the requirements for disclosure of connected transactions. If the Audit Committee has no expertise to review the connected transaction that may occur, the Company may appoint an independent expert or its auditor to express an opinion regarding such connected transaction to support a decision of the Audit Committee and/or the Board and/or shareholders, as the case may be, to ensure that the transaction is necessary and reasonable by taking into consideration the Company's interest. Nok Air will disclose connected transactions in the Annual Report Form and notes to financial statements already audited by the Company's auditor.

#### **Future Connected Transaction Policy**

The Board of Directors has to ensure that future connected transaction must comply with the securities and exchange laws, regulations, notifications, orders or requirements of the

Capital Market Supervisory Board and the SET as well as the regulation on disclosure of connected transaction of company and subsidiaries according to the accounting standard set by the Federation of Accounting Professions.

In case of a connected transaction occurring from normal business practice and shall be continued in the future, the Company set criteria and framework to make it a trade agreement with general business condition. The transaction shall be based on the referenced prices and conditions that are appropriate, fair, reasonable and auditable. The criteria were presented to the Audit Committee for review and agreement. In case of a future connected transaction, the Company requires the Audit Committee to provide opinion on the appropriateness of the transaction. In case the Audit Committee does not have expertise in considering such connected transaction, the Company shall appoint a person with special expertise, such as the auditor or independent property appraiser to provide opinion on the connected transaction. The opinions provided by the Audit Committee or the specialists shall be used to support the consideration of that transaction by the Board of Directors or shareholders depending on the nature of the case to ensure that the transaction is not involved with transfer of interest between companies or between shareholders. The transaction must bring the best benefits to shareholders.

### Investor Relations Policy

The Company set the policy for investor relations code of conduct to be a guideline of practice as follows:

1. Perform duty with integrity, equitability and responsibility.
2. Disclose information accurately, sufficiently and timely in accordance with the regulations of relevant regulatory agencies, such as the Securities and Exchange Commission and the Stock Exchange of Thailand.
3. Use judgment when providing information cautiously and prudently. Investor relations can refuse to provide information if considering such information to be a trade secret which may cause the Company the loss of competitiveness.
4. Keep confidential and internal information of the Company and shall not use such information for own interest or others' interest.
5. Open opportunity for the Company's stakeholders to equally access information.
6. Within the silent period, 15 days before the disclosure of the Company's financial statement in each quarter, the Company refrains from appointment and answering the questions regarding the business' performance in the near future or business prediction.

7. Investor relations shall comply with the policy and code of conduct for employees as defined by the Company.

### Auditor Fee

Auditor fee of the Company and its subsidiaries in 2019 were 2,680,000 Baht and 1,870,000 Baht respectively without any other service charges.

### Personnel

In 2019, the Company had 1,581 employees in total, including pilots, crew, aircraft maintenance, ground hostess, head office, flight operation, etc. The remuneration for employees (excluding 5 executives) in the form of salary total commissions and other remunerations were 1,792 million Baht. There was no bonus for employees in 2019.

### Provident Fund

The Company set up a provident fund on July 13, 2011 with SCB Asset Management Co., Ltd. with the objectives to promote the long-term saving of employees, to create insurance for employees and families when they leave the jobs, retire or die. Moreover, provident fund motivates employees to work with the Company for a longer period and creates good relationship between employer and employee which improves the work efficiency. In 2019, the Company paid 37,014,847.72 Baht to contribute to the Company's provident fund.

### Human Resource Development Policy

Human resource is a critical factor that drives the Company to grow in a sustainable manner. The Company realizes the importance of continued development and taking good care of its human resources to enhance their potential and to promote the Company's corporate culture.

Every employee shall receive a chance to develop his/her knowledge and competency that meet business competition. Leaders shall be developed to have attitudes, knowledge and competency to be able to develop their subordinates for their higher potential and to further become the key power of Nok Air. The Company designs and manages the development and training programs in a Training Roadmap of each year for employees at each level to develop and train their soft skills, especially leadership and good leader skills. This is to prepare employees to grow in their career path and to promote qualified and quality staff to grow with Nok Air.

For specialized personnel such as pilot, flight attendant, engineer, and ground hostess, the Company has constantly organized training to sharpen their knowledge and expertise according to the aviation's regulations and orders.

Leadership development and management courses as well as soft skills training are also offered to provide specialist with the opportunity to develop their knowledge, skills, attitudes and behavior in parallel with their special expertise. These programs are customized to match corporate needs and enhance the airline's professionalism and long-term competitiveness.

#### Pilot

The guideline for flight personnel recruitment is as follows:

1. Captain: The Company has a policy to hire personnel with intensive flight experiences who possess all qualifications as required by the Civil Aviation Authority of Thailand. As for co-pilot, the airline recruits those with high experiences, comprehensive qualifications who have passed international standard tests. The new recruits will be trained to be promoted to captain in the future.
2. Co - pilot: Nok Air organizes a co-pilot recruiting examination based on demands for its flight personnel where the consideration is based on the increasing number of aircrafts. Qualified persons who are entitled to sit in an examination to be Nok Air's pilot have to be undergraduates in a field appropriate to become a pilot, complete a flight training from domestic and overseas flight institutes certified by the Civil Aviation Authority of Thailand and possess a commercial pilot license and a health certificate for airborne personnel.
3. Selected pilots will attend the training programs required by the Civil Aviation Authority of Thailand as follows:
  - General training for commercial pilots
  - Specific training based on the aircraft model to pilot
  - Crew resource management (CRM) training

Once passing the ground training courses, these pilots will have to attend the airborne training which includes simulator training and training with actual aircraft, all of which are under responsibility of certified flight instructors and conducted in accordance with the rules and regulations of aircraft manufacturers subject to the examination of the Civil Aviation Authority of Thailand in every step.

Nok Air's pilot is to be ready for being audited at all times whether from the Company's aviation standard department or from the Civil Aviation Authority of Thailand aside from the test of aviation capability held every six months. If failing to pass the test at any step, the pilot will not be allowed to fly and will have to return to the theory and practical trainings as required by the airline until he/she passes the test before receiving flying permission again.

Aside from the flight training, pilots who are considered as the Company's valuable resources will also be trained in other fields by attending the Company's training courses as required by the Human Resources Department, such as leadership management and other soft skills, with a purpose to turn the Company's pilot into a real pro.

#### Flight Attendants (Cabin Crew)

All newly-recruited crews are required to attend the safety and customer service training, training about specific aircraft information and safety procedure during emergency training, all of which are held at the place and with equipment that meet international standards. In addition, the Company requires all crews to attend this training annually to review their knowledge. The Company also has a policy to enhance other types of knowledge for its crew by having them intern or work with other departments within the company to develop additional skills and to be able to work in other fields after their contract with the Company as cabin crews expires.

#### Engineer

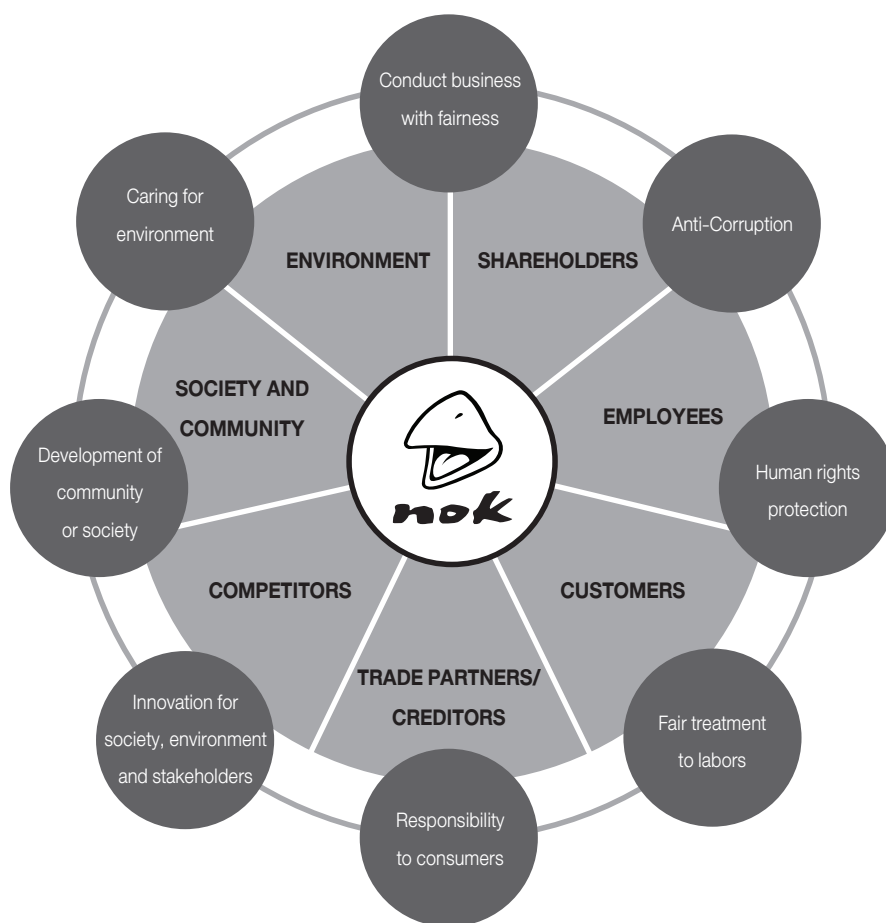
The Company selects engineers with no fewer than five years of direct experiences in aircraft maintenance who also possesses the ground engineer license, Class 2, from The Civil Aviation Authority of Thailand. Nok Air's engineer is to complete two main training courses; namely, the Human Factor Training Course and the Type License Course which trains engineers to repair and maintain a particular type of aircraft to be able to repair and maintain such type of aircraft. Flight engineer possessing an aircraft maintenance license is to attend the brush-up course every two years. Engineer is not able to sign Nok Air's airworthiness certificate unless otherwise approved in writing by the Aircraft Maintenance Standard Department.

#### Ground Attendants

The newly-recruited ground hostess are required to attend the safety and customer service training, training about specific aircraft information and conditions and requirements of services, such as check-in procedures for each type of passenger, etc. Moreover, the Company requires every ground hostess to review such knowledge every year according to the regulations of the Civil Aviation Authority of Thailand. The Company also has a policy to promote skills and knowledge in other fields to ground hostess, for example, the third language, such as Chinese language, Japanese language, to be ready for the new routes in China and Japan.

# Social Responsibility

The Company has realized the importance of social responsibility in the past many years. In addition to corporate governance, the Company also underlines social responsibility in consideration of internal and external stakeholders, including employees, shareholders, suppliers/ creditors, customers, competitors, society, community and environment. The social responsibility guideline as a part of normal business conduct (In-Process) and social responsibility beyond normal business conduct (After-Process) are taken into account in accordance with 8 social responsibility principles as follows:



## Social Responsibility as a part of normal business conduct (In-Process)

### 1. Fair business conduct

The Company conducts business while giving importance to fair treatment to all stakeholders, including shareholders, employees, customers, suppliers, contract partners, community, society and environment. Fair treatment includes action defined by law and action that does not violate or deprive the rights of stakeholders. The Company's Code of Conduct is defined to ensure the fair business conduct since the company's reputation in honesty as well as the reputation

and goodness of executives are the valuable keys to success of business and have an effect on business progress and profits.

### 2. Anti-Corruption Policy

Nok Airlines Public Company Limited is committed to conduct business by giving importance to anti-corruption, morality, ethics, transparent management and responsibility

to all stakeholders. Thus, Nok Airlines Public Company Limited defined the practice guidelines of business code of conduct and employee ethics for directors, executives, and employees at all levels as part of the Company's "Corporate Governance" and development of corporate sustainability. In the Board of Directors meeting no. 6/2019, the revision of Anti-Corruption Policy was approved by adding e-mail as the channel for complaints and whistleblowing. The Company's Anti-Corruption Policy was as follows:

### Objectives

1. To encourage committees, executives and employees at all levels to express their commitment in compliance with the guideline and policy of Anti-Corruption of the Company.
2. To define criteria and procedures to prevent the company and its employees to violate the anti-corruption policy.
3. To Review, regulate and monitor to ensure that the Company and its employees strictly comply with the Company's Anti-Corruption Policy.
4. To support the Company and its employees in being cautious and to report any fraud or corruption via the secure communication channels.

### Definition

Corruption means "To perform or refrain from performing the duty or to use authority in the illegal way which violates the law, regulation, or policy of the Company, including unethical and immoral action that seek for improper benefits, such as to demand for, accept, offer, or give assets, things, political support and other benefits to governmental officers, private companies, any individuals, and persons doing business with the Company and its subsidiaries, etc. Political support includes giving assets, money, things, benefits, directly and indirectly to help, support or bring other benefits of any political party, politician, any person related to politics and political activities. Related persons include spouse, child, parent, sibling/closed relative of directors, executives, and employees at all levels of the Company and its subsidiaries.

### Policy

The Company defined the Anti-Corruption Policy for practices as follows:

1. Directors, executives, and employees shall not do or support any fraud or corruption and shall comply with the anti-corruption measures strictly.
2. Perform duty in compliance with the corporate governance policy and anti-corruption policy. The Board of Directors assigns the management to communicate and implement the Anti-Corruption Policy.

3. Directors, executives, and employees at all levels shall comply with anti-corruption law in all areas where company business locates.
4. Create corporate culture of integrity and fairness.
5. Arrange training programs for employees and encourage employees to be honest to their duties and ready to strictly apply the corporate governance policy's code and ethics in the corporate practices.
6. Arrange the human resource management process to reflect the Company's commitment to anti-corruption measures, including selection, training, performance evaluation, remuneration and career promotion.
7. Arrange the internal audit to be assured that the internal control system helps the Company achieve its goals. The operation of every department shall be audited to ensure the compliance with the rules and regulations, to find the flaws or weaknesses and to provide recommendations to develop the operational process system to be efficient and effective according to the corporate governance guidelines.
8. Cooperate with the public sector by requiring every department working with the public sector as a contract partner to reveal the income and expense account form to the Office of National Anti-Corruption Commission.
9. Assign the company secretary and internal audit manager to reinforce the corporate governance implementation.

### Practices

The Company defined the following practices:

1. Directors, executives and employees at all levels must comply with the Anti-Corruption Policy and must not involve with corruption in all forms directly and indirectly.
2. Shall not take any action that reflects the fraud or corruption purpose, including the giving or receiving of bribes to all stakeholders of the Company and its subsidiaries in the area that they have responsibility for, both directly and indirectly, to get benefits for the Company, themselves or related persons.
3. Risk assessment - Every executive has to be aware of how the business conduct process has risks from bribery and corruption in order to manage risks and review the risk management measures.
4. In any transaction or operation that has risks to occur corruption or against the anti-corruption policy, employees at all levels including subsidiaries shall comply with the following practices:
  - 4.1 The giving-receiving of gifts, souvenirs, entertainment shall follow the practice of corporate governance, business code of conduct and anti-corruption policy.

- 4.2 Shall not accept or agree to accept assets, gifts, souvenirs, and other benefits from customers, traders, suppliers, competitors and any individuals doing business with the Company or any entertainment proved to be inappropriate and leading to omissions of duty. If the acceptance is necessary, it needs to be examined to ensure its compliance with the law. The value of gift should be appropriate, except the traditional gifts or business entertainment for the customary exchange. If the gift value is over 3,000 Baht, it has to be informed to directors as soon as possible.
  - 4.3 Expenses for business entertainment or other expenses related to business conduct must be reasonable, auditable, and processed according to the Company's procedures.
  - 4.4 Do not do any inappropriate action by persuasion, domination or intention to gain any advantages or benefits.
  - 4.5 The donation for charity to any organization shall be made on behalf of the Company and to the reliable organization. The objectives are to give benefits to society and not to expect return on business. There must be an evidence of certificate and receipt. The monitoring and auditing shall be conducted to be assured that such donation is in accordance with the objectives and shall not be used as a claim for bribery.
  - 4.6 Any support to promote business, corporate image and subsidiary company image, in any form of cash, service, material or asset, to any project or activity must identify the name of the Company or subsidiary company and must be transparent, legal and be in accordance with the Company's auditable procedures.
  5. The Company sets the appropriate and consistent internal control to prevent employees from inappropriate practices, especially in sales, marketing, procurement, which have to follow the rules and procedures of the Company with transparency and auditability.
  6. The Company has a political neutrality policy which defines that every employee has a political right and freedom but must be aware of not doing any political activity or bringing any resources of the Company and its subsidiaries to use in or for political activities which shall result in the Company's and its subsidiaries' loss of political neutrality standing point. An employee shall also not provide any help or support to any political party either directly or indirectly.
  7. The Company regularly arranges the training session regarding the anti-corruption issues for employees at all levels for their awareness of this policy. The training session is included in the orientation for new employees or before every new employee's inauguration.
  8. Supervisors of all levels have responsibility to communicate and provide understanding to subordinates to ensure that employees at every level have enough skill to apply the measure and guideline in their own work and are aware of the Company's expectation and penalty code if they are not in compliance with this policy.
  9. Employees shall not neglect or ignore any action considered as a corruption to the Company and subsidiaries by informing their supervisors or person in charge immediately through the channels available for whistleblowing on fraud or corruption issues as defined in this policy and shall cooperate in investigation.
  10. The Company shall provide fairness and protection for employee or any individual who informs the clues or whistleblowing of the Company and subsidiaries, including employee who refuses the action, by applying the protection policy to complainants or persons who cooperate in such corruption reporting as defined in this policy.
  11. The Company ensures employees that no employee shall be demoted, penalized or affected from his/her refusal to give or accept bribes although such refusal will cause any loss and opportunity loss to the business. The Company shall not allow anyone to intimidate, threaten, or delay an employee who intends to comply with this policy.
  12. A person who commits fraud or corruption shall be considered violating this policy and shall be disciplinary penalized and legally punished if violating the law.
  13. The Company regularly examines the practices and measures to comply with the changes in related law, business condition and corporate governance.
- ### Scope of complaint and whistle blowing
- When encountering any doubt or action that breaches the following practices:
1. Fraudulent action directly or indirectly related to the Company and subsidiaries, for example, when an employee is found to offer or receive bribes from government or private organization that has business relationship with the Company or subsidiaries.
  2. An action that causes the Company to directly or indirectly lose benefit and affect reputation.

3. An action that does not follow operational process or company's regulations which doubtfully allow an act of fraud or corruption.
4. An illegal, immoral and unethical action.
5. Breach of this policy and corporate governance principles.

### Channel for clue reporting or whistleblowing

The Board of Directors assigns the Audit Committee to receive clues or complaints related to an act doubtfully involved with fraud and corruption, directly and indirectly, against the Company through complaint reporting channel under this policy. The complainant shall provide true details of the issues or complaints, name, address and telephone number to the Company through the following channels:

#### 1. Sealed mail

##### 1.1 Chairman of the Audit Committee

Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17<sup>th</sup> Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120

##### 1.2 Chairman of the Corporate Governance Committee

Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17<sup>th</sup> Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120

##### 1.3 Company Secretary

Nok Airlines Public Company Limited  
3 Rajanakarn Building, 17<sup>th</sup> Floor,  
South Sathorn Road, Yannawa,  
Sathorn, Bangkok 10120

#### 2. Suggestion box at human resource department

#### 3. E-mail

- 3.1 Chairman of the Audit Committee: Chiraporn.che@nokair.com
- 3.2 Chairman of the Corporate Governance Committee: Pornchai.kra@nokair.com
- 3.3 Company Secretary: Sunun.wit@nokair.com

### The person who can file complaint

The persons who can file complaints related to fraud or corruption are all stakeholder groups, including shareholders, customers, trade competitors, creditors, public sector, community, society, executives and employees of the Company and subsidiaries. Regardless of the channel where the complaints are made, the person who reports such clues will be protected according to the legal right protection or defined practice.

### Measures to protect the person who makes complaints or report clues related to fraud or corruption

1. The Company shall keep confidential of information and conceal name, address and other information that can identify the complainants or the informants. Only the authorized persons responsible for the investigation shall have access to such information.
2. A person who receives complaints has duty to keep confidential of such information, complaints and evidences from complainants or informants and must not disclose such information to other persons not involved in this matter, unless it was required by law.
3. The Company shall reveal information as necessary in consideration of safety and damage of complainants or informants, sources of information, relevant persons or information.
4. A person who is damaged shall be alleviated with proper and fair process.

### Investigation and Penalt

If an investigation shows that the received information or evidence provides sufficient reason to believe that the accused is involved in fraud or corruption, the Company will give the accused the right to have access to the allegation and the right to prove himself/ herself. The accused will be given the opportunity to present additional information and evidence showing that he/she is not involved with such fraud or corruption as accused.

If the accused is actually involved with the fraud or corruption, he/ she is considered breaching the Company's anti-corruption policy and shall receive disciplinary penalty according to the Company's regulations. In case that such fraud action or corruption is also illegal, the person will be subject to legal penalty. The Audit Committee's decision on disciplinary penalty is considered final.

### Anti-Corruption Policy Publicity

To ensure that all employees are aware of the Anti-Corruption Policy, the Company shall take the following actions:

1. The Company shall post the Anti-Corruption Policy on the notice board at the Company's offices at all locations.
2. The Company shall publicize the Anti-Corruption Policy via corporate communication channels to all employees, such as email and corporate website.
3. The annual information disclosure report (Form 56 - 1) and the Annual Report (Form 56 - 2), etc.
4. The Company shall arrange the training on the Anti-Corruption Policy for new employees.

5. The Company shall regularly review and update the Anti-Corruption Policy to be in accordance with related announcement and policy.

Moreover, the Company joined the Collective Action Coalition Against Corruption or CAC and signed the declaration of intent in April 2019. In addition to the Anti-Corruption Policy, the Company implemented the practice of giving-receiving of gift, entertainment, or other benefits to prevent any uncomfortable situation and any decision making that could lead to the risk of corruption and to set the good standard of transparent and efficient operations for sustainable growth as following details:

#### **Practice of giving-receiving gift, entertainment and other benefits**

Nok Airlines Public Company Limited conducts business under the corporate governance code which requires transparency and fair treatment to all stakeholders in accordance with the Anti-Corruption Policy and business code of conduct by not accepting or agreeing to accept assets or other benefits from customers, traders, suppliers, competitors or any other individuals doing business with the Company. Thus, the Company implemented the policy of giving-receiving of gift, entertainment, or other benefits to prevent any uncomfortable situation and any decision making that could lead to the risk of corruption and to set the good standard of transparent and efficient operations for sustainable growth as follows:

#### **Principles**

The Company's personnel must commit not to receive or to offer bribes or other benefits to any personnel of the Company or third parties, especially government officers. If anyone is proved to fall in such case, he/she is considered guilty by company regulations and by law.

#### **Practices**

##### **1. Receiving gift, souvenir, entertainment or other benefits.**

- 1.1 Company's personnel are not allowed to receive any gift, souvenir, entertainment or other benefits from customers, traders, suppliers, competitors or any other individuals doing business with the Company or involving with the company business. They are also required to inform external parties to acknowledge such policy.
- 1.2 In the case that gift, souvenir or other benefits have to be accepted or cannot be returned, the Company shall appoint a unit responsible for gathering those

gifts and donating them to an external individual or unit for charity or public interest or follow the Company's regulations unless:

- 1.2.1 The gifts are consumer goods which will be expired within 30 days. The supervisors in gift receiving function shall consider how to manage them.
- 1.2.2 The gifts that are calendars, diaries which are PR tools of the company can be received by employees.
- 1.2.3 The gifts received as the souvenirs from corporate to corporate, such as business contract signing, shall be considered as the Company's asset.

##### **2. Acceptance of invitation to meeting, training, seminar, company visit by supplier's budget.**

- 2.1 The invitation to meeting, training, seminar, and company visit by using supplier's budget can be accepted if it follows the agreement identified in the contract without the hidden travelling agenda (by enclosing the documents of meeting, training, seminar and company visit in details to supervisors for approval.)
- 2.2 The invitation to meeting, training, seminar, and company visit by using supplier's budget that is not identified in the agreement or contract can be accepted if it is considered appropriate and useful for the Company. It has to be approved by supervisors and be in accordance with the Company's regulations.
- 2.3 The training and seminar with hidden travelling agenda which is not truly aimed for knowledge sharing shall not be accepted.

##### **3. Giving gift, souvenir or other benefits.**

- 3.1 Giving gift, souvenir or other benefits in the conventional way can be done without violating relevant law and local customs, for example, the gift value in Thailand should not be over 3,000 Baht per person per occasion according to the announcement of the National Anti-Corruption Commission and should be in the form that helps promote the company image, such as:
  - 3.1.1 Calendar, diary
  - 3.1.2 Product of the Company or group companies
  - 3.1.3 Product used as company PR tool.
  - 3.1.4 Product of the royal projects, community product, charity product, product for public

interest, product from the inabilities or product supporting sustainable growth.

- 3.2 Gift and souvenir giving shall be processed on the same standard to avoid discrimination.
- 3.3 No gift, souvenir, asset or other benefit are allowed to be given to spouse, child or related person of government officers, customers, traders, suppliers and contacted persons since they are considered as their representatives.
- 3.4 Giving souvenir can be done on the important business occasions, such as the establishment day, the business contract signing ceremony. If such souvenir's value is over 3,000 Baht, it shall be considered and approved by top management of such division or by the Company's regulation.

#### 4. Entertainment

The expenses for business entertainment in form of foods and drinks, sports activity, and other expenses related directly to business conduct or commercial customs including creating business understanding can be made but must be reasonable and do not affect any decision making on operation or create conflict of interest.

#### 5. CSR activities with government organizations or government officers.

- 5.1 CSR activities with government organizations or government officers can be conducted as deemed appropriate and must be on behalf of the Company with the objectives that are in accordance with the Company's CSR Policy. The criteria, plan and performance indicator must be clear and follow the defined procedures and regulations.
- 5.2 CSR or any activities on behalf of the Company should be related to the Company business and not related to political support.

#### 6. Support of travelling expense and other expenses for government officers

The support of travelling expense and other expenses for government officers can be done as deemed appropriate but has to be in accordance with the Company's relevant rules.

#### 7. Donation and support to government sector, government officer or charity.

Donation and support to any organization must comply with the following conditions:

- 7.1 Trusted organization and/or legally established.

7.2 Action must be made on behalf of the Company transparently, legally and complying with the Company's regulations.

7.3 A donation should not be paid directly to government officer or any individual under an individual name unless the detail is identified in the support request letter and there is an evidence of support receiving in written.

7.4 A donation should be monitored to be assured that such donation and/or support is really used for public interest and/or according to objective of such donation and/or support.

The Company's personnel must understand and comply with the policy of receiving-giving gift, entertainment or other benefits. If any doubt is found, it shall be informed to the corporate governance department and corporate risk management or department/individual in charge.

#### Training to educate employee on Anti-Corruption Policy

In 2019, the Company provided training about the anti-corruption policy and code of conduct to educate and promote to employees for acknowledgement and compliance as the following details:

Course	Date of training	No. of attendant (person)
Policy of anti-corruption and Code of conduct	September 2, 2019	29
Policy of anti-corruption and Code of conduct	October 28, 2019	13
Promotion of anti-corruption understanding	December 19, 2019	31
<b>Total</b>		<b>73</b>

### 3. Human Right Protection

The Company conducts business by realizing the importance and promotion of the human right protection, providing services to passengers without discrimination on nationality, skin colour, age, language, religion, etc. The Company provides equal treatment, in terms of dignity, freedom, independence with no violation on other people's rights, both legal rights and the rights that do not depend on legal provisions but on standard-based rights, which aim to ensure righteousness, fairness and justice; for example, services for passengers who need special assistance, sales service of fair-price tickets, and services to provide compensation in the case of the Company's failure to provide the services as required. However, all shall be in compliance with relevant laws, requirements, and regulations.

#### 4. Fair Treatment to Labour

Considering that employees are the Company's key component and the most valuable assets, Nok Air has a policy to offer fair remuneration in accordance with relevant laws and to give assure the safety in working environment for employees, which in the end has an impact on passenger safety. The Company provides employees, supervisors and executives with enhanced relevant knowledge through safety training courses. In addition, the Company prepares monthly Safety Bulletin to promote safety and thoroughly communicate to all employees. In 2019, the Company held 8 training courses about safety, occupational health and working environment, safety officer for supervisor level, and safety officer for executive level, as follows:

Course	Date of training	No. of attendant (person)
Safety, occupational health and working environment	September 3, 2019	29
Safety, occupational health and working environment	October 29, 2019	13
Safety officer for supervisor level	September 24-25, 2019	25
Safety officer for executive level	October 24-25, 2019	15
Total		72

Nok Air developed the Safety at Work Manual for its employees to ensure compliance with ministerial regulations and defined the administration and management standards for safety, occupational health and working environment. All these aimed to raise their awareness of work hazards and practice guidelines to ensure safety at work because any types of jobs can involve risks of accidents due to negligence and ignorance. The main causes of accidents are related to individual actions, such as being careless, taking a shortcut in a work process, disobeying rules and regulations, and failing to wear personal safety protection equipment. Actually, these can be prevented by employees themselves, to ensure the better health and quality of life of every Nok Air employee. The Company realizes that safety will strengthen their spirit and morale, which will eventually lead to corporate success and efficiency. All conducted activities related to safety, occupational health and working environment to prevent accident resulted in the Company's 2019 statistics of 7 accidents with small injured employees and no leave.

Regarding personnel recruitment and selection, the Company gives importance to the recruitment and selection process to ensure quality personnel well-suited to the nature of business

and corporate culture. The Company also provides job opportunities for persons with disabilities under the intention of the Article 33 of the Person with Disabilities Empowerment Act, B.E. 2550 (2007) and the Amendment (No. 2), B.E. 2556 (2013). This aims to improve the quality of life of persons with disabilities in terms of guaranteed jobs and enable them to use their capabilities to generate income and live by themselves while reducing burden on their families and society. At the same time, this will empower them to strengthen the economy of family and country.

The Company implemented the remuneration management policy that adheres to fairness, appropriateness and consistency with staff's knowledge, ability, and performance through performance evaluation. In addition, the Company surveyed remuneration rate of external labour markets and companies in the same business to ensure that the Company's remuneration is appropriate, competitive in the same industry and attractive for new talents.

Furthermore, the Company underlines the importance of employee development by reviewing training courses to enhance skills and capabilities of employees at each level. This is based on the training plan which is annually planned and designed, especially all management training courses for supervisors, junior management, and senior management. In 2019, the Company provided internal and external training for 566 employees, accounted for the average number of training hours per employee of 5 days per year.

Corporate communication has been continually focused on and corporate activities have been organized all year to develop and enhance bonding among employees. The Company also had the "Nok Huang Yai" and "Nok Klai Chit" programs for employees to communicate, share ideas, and directly make inquiries with the Human Resource Department.

New employees are provided with orientation program and training program concerning Basic Airline Knowledge, which aim to equip them with knowledge and understanding about components of the aviation business as well as the relations between the aviation business and aviation industry. New employees are exposed to actual working systems and procedures of all functions, including Flight Operations. They also learn about the Company's Anti-Corruption Policy to realize its significance.

Providing all the above fair treatment to labour, the Company realizes that, "Safety, development, bonding, and

communication are the key responsibilities that the Company commits to and strongly intends to give to all employees of Nok Air.”

## 5. Responsibility for Consumer

Always taking responsibility for consumer into consideration, the Company focused on providing quality, safety, and customer satisfaction services. Creating passenger's confidence started with the new jet Boeing 737 - 800 aircraft and propeller Bombardier Q400 aircraft and the aircraft maintenance which hired the expert and world-class famous aircraft maintenance service provider. Consumers can be assured of the internationally-recognized safety standards for production and maintenance. This aims to comply with Nok Air's safety policy which is the top priority of the corporate values and is the obligation and highest responsibility of Nok Air's personnel to consumers.

Considering that aviation safety is its top priority, the Company has continually provided training for its pilots to ensure the highest standards. As a result, Nok Air pilots have been certified by the Federal Aviation Administration (FAA), the most recognized organization in aviation, and are equipped with extensive flying hours and experience in flying, routes, topography, and local weather. Consumers can have complete confidence and trust in its high-quality personnel whenever they travel by Nok Air flights. Being trained by international standards, Nok Air's flight attendants are ready to ensure passenger's safety, convenience, and smiling throughout the flight.

In addition to confidence on safety, the Company emphasizes on services that provide customers with utmost convenience and satisfaction, including the sales channels that provide convenient and quick ticket reservation and payment. In case of flight delay or cancellation, passengers will be informed with prior notification via email, SMS, or telephone. Passengers who cannot be reached via these channels will be informed at the check-in counter. The Company developed its service process to ensure travel flexibility and convenience, with the Web Check-in service via the website and the App Check-on via Smart Phone to check-in in advance before travelling. The Company added the payment channels for passenger's convenience through WeChat Pay, Alipay, credit card machine and 0% instalment for 3 months through credit card. Moreover, the Fly'n'Ride service is also provided for passengers who want to travel to the destinations where the Company does not directly provide service and provided shuttle bus to the final destinations. The Baggage Delivery service provided more

convenience to passengers, by delivering baggage from Don Meung Airport to passengers' houses or places in Bangkok and from Chiangmai Airport to houses or places in Chiangmai. To respond to consumer's feedback suggestion or complaints, “Nok Care” and “Nok Feedback” Programs were dedicated to receiving customer complaints on services, which will be analyzed to improve services to be more efficient and in line with consumer needs.

## 6. Responsibility for Environment

The Company was aware of its part of environmental protection and searched for ways of reducing natural resource usage in the production and service processes. Nok Air chose New Generation Boeing 737 - 800, which uses ‘Carbon Brake,’ an innovation that significantly reduces the aircraft weight, compared with its traditional brakes like ‘steel brakes.’ This new brake system helps save fuel and reduces carbon dioxide emissions. Using carbon materials, which are more durable and have a longer service life than steel materials, the carbon brake can significantly shorten maintenance periods.

In addition, Nok Air also used the NextGen Bombardier Q400 for short-haul routes. It is the only turboprop model that is accompanied with the Active Noise and Vibration Suppression (ANVS) system, which reduces vibration, noise inside cabin and noise pollution. It can decrease fuel consumption by 7% and reduce carbon emissions by 35%. Thus, Nok Air passengers can enjoy a convenient, quiet, fast, and environmental friendly short-haul flight experience, exclusively offered in Thailand by Nok Air.

In addition to using the aircraft with innovation that helps reduce natural resource usage, the Company introduced the “Mobile Boarding Pass.” With this system, passengers can do online check-in via its website and via mobile application on Smart Phone with iOS and Android operating system. This significantly reduces paper consumption in the production and service processes, regarded as another way to help reduce global warming.

## 7. Possession and Publicity of Innovation Derived from Activities related to Responsibility for Society, Environment, and Stakeholders

With the good understanding of passenger's expectation on services, the Company offered new innovation for Nok Air passenger's comfort, convenience and confidence as follows:

- **Transit Service by Value Alliance**

Value Alliance is the alliance of leading low-cost airlines in Asia Pacific region, comprising Nok Air, Nok Scoot,

Scoot, Cebu Pacific (including Cebgo), and JEUair, to create flight route network among the alliance and increase travel options, which connect the routes in Southeast Asia region, North Asia and Australia continent to provide more convenience to passengers.

Passengers may select flights and reserve air tickets directly on the website of each airline. They can reserve a seat of one airline to fly to other destinations of Value Alliance's members. The system will select the best flight from all airlines and connect all flights in one transaction with the advanced technology developed by Air Black Box (ABB), top ticket reservation service provider. This service will offer more choices of destinations and provides more convenience to passengers of each airline.

- **Nok Air Mobile Service**

Nok Air introduced a new alternative to increase more convenience in ticket reservation and manage booking via mobile application on Smart Phone on both iOS and Android operating system. This paperless system contributes of the global warming reduction. The passengers can download Nok Air application on Smart Phone to enjoy the following services anytime anywhere:

- Ticket reservation service on domestic and international flights with Fly 'n' Ferry and Fly 'n' Ride services in some routes.
- Payment by credit card or ATM or counter service, Line Pay, Apple Pay, QR Payment.
- Receive Nok Air news, promotion and privileges.
- Passengers can check-in via application on their smart phone and show boarding pass via smart phone.
- Check the low-cost ticket price on "low-cost ticket price" function.
- Passengers can check their reservation and boarding pass on their smart phone application off line, in spite of no internet connection.

## Social Responsibility Beyond Normal Business Conduct (After-Process)

Nok Air recognizes the importance of business conduct with social responsibility. It also has good intention to take part in community and social development, especially children development. That is because the Company is aware that they will become the quality citizen in the future. In 2019, the

Company arranged activities for tangible community and social development in 3 topics: Sharing Nok, Learning Nok, and Delighted Nok.

In 2019, the Company had opportunity to conduct activities under such projects as follows:

- **Nok Sharing**

Nok Sharing is a project that provides support and assistance to those who lack opportunities or have social disadvantages in accessing various development areas to create a better quality of life. This includes extending the life of the underprivileged. The project throughout the year 2019 consisted of:

1. **Nok takes children to the city:** the project provided opportunity to students from a school on Doi Mae Sariang in Mae Hong Son to fly to Bangkok for a field trip and out-of-school experience.
2. **Nok Gives Life:** To give opportunity is one of the most beautiful giving. Happiness from sharing love to the unprivileged for the new life can help the Thai society be more livable and beautiful. This project has been run continuously until its 13<sup>th</sup> year this year. Nok Air created Nok Gives Life key chains for sale. All proceeds from the sales after deducting expenses were donated to the Children's Heart Disease Foundation under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Narathawat Rajanagarindra to help pediatric patients with heart disease that is scarce. It could help more than 500 patients to receive heart surgery. The key chains can be purchased at all airports and on every flight of Nok Air, "because we believe Love is giving" YOU GIVES LOVE, NOK GIVES LIFE.
3. **Nok Help Hope:** The project gave help and hope to flood victims in the Northeast region by providing consumer goods and area visit with physicians from Bangkok 9 International Hospital to take care of flood victims' sickness.

- **Nok Support**

The Company recognized the importance of activities of various organizations providing help to human beings. Thus, the Company gave support on travelling as follows:

1. Support air ticket of Nok Airlines to Human and Social Assistance Projects, such as,
  - 1.1 Thai Red Cross Eye Center: For a period of more than a decade, Nok Air has sponsored free air tickets for 600 flights per year to

physician teams and medical support teams to work on the field. There were 2,504 recipients of the donated organs who resumed the sight and continued a better life.

1.2 “Panfun Panyim Project” (Share a Dream, Share a Smile) was a coordinative project of the Office of the Permanent Secretary for Defenses and Nok Air on social assisting through many projects, such as building schools in the remote areas, helping the underprivileged patients from various areas to be admitted in hospitals in Bangkok, etc.

1.3 Medical Volunteer Foundation (Por Or. Sor Wor. - The Princess Mother’s Medical Volunteer Foundation): Nok Air provided air tickets to the Foundation’s mobile dentists team to serve people in rural and remote areas in contribution to the royal determination of The Princess Mother who once said, “It’s a troublesome to let a farmer leave his plantation and go to see the doctor in the city”. Nok Air’s recognition and support on travel helped the Medical Volunteer Foundation on their budget which could be spent on more efficient medical equipment which enabled them to help more fellows.

1.4 Ruamkatanyu Foundation, The Mirror Foundation and other rescue foundations to visit and help flood victims in Northeast region area.

1.5 Support projects of student volunteers from various educational institutes.

## 2. Air Transport Support

2.1 Thai Red Cross’ transport of organs, tissues and blood. Nok Air has supported the transport of organs, tissues and blood for the Thai Red Cross Organ Donation Center. Total of 2,504 patients received organ transplants from 2011 until now with the contribution of Nok Airlines.

2.2 Transport of donated goods to soldiers in three border provinces.

2.3 Transport to help dogs in Soi Dog Project which helped 127 dogs and cats in 2019.

2.4 Transport of consumer goods and equipment to help the flooding in Northeast region.

Every passenger contributes to the implementation of these projects from the first day of the organs, tissues and blood transport project of the Thai Red Cross Society until the present day when the social contributions of Nok Air have grown into many more projects. These projects were accomplished well because of the co-operations from all sectors, including government agencies, private agencies, passengers, and Nok Air employees. Nok Air would like to express appreciation to everyone here.

## Business Conduct that Affected Social Responsibility

In 2019, the Company did not have any business conduct that affected social responsibility.

# Board of Directors and Executives Officer Profile



## 01 Mr. Prasert Bunsumpun

Independent Director/ Chairman of the Board

**Effective date** February 26, 2018

**Age** 67 years old

### Education

- Honorary Doctoral Degree in Engineering, Chulalongkorn University
- Honorary Doctoral Degree in Business Administration, National Institute of Development Administration (NIDA)
- Honorary Doctoral Degree in Business Administration of General Management, Phetchaburi Rajabhat University
- Honorary Doctoral Degree in Business Administration of Business Administrative Program, Mahasarakham University
- Honorary Doctoral Degree of Arts, Social Innovation Management, Suan Sunandha Rajabhat University
- Master Degree of Business Administration (M.B.A.) Utah State University, USA
- Bachelor Degree in Engineering, Civil Engineer, Chulalongkorn University

### Training record

- Rule of Law for Democracy (Class 7), College of the Constitutional Court
- Business Revolution and Innovation Network (BRAIN 1) Class 1, The Federal of Thai Industries

- Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 3, Thailand Energy Academy
- Leadership Program (Class 3), Capital Market Academy (CMA)
- Advance Certification Course in Politics and Governance in Democratic System of Executive (POI) Class 6 King Prajadhipok's Institute
- Certificate in Advance Management Program, Class 155, Harvard Business School, USA
- Certificate of National Defense Program for Government and Private, Class 10 Thailand National Defense College (TNDC 4010)
- Thai Institute of Directors (IOD)
  1. Role of the Chairman Program (RCP), Class 28 / 2012
  2. Director Accreditation Program (DAP), Class 26 / 2004

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

### Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children

None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

August 27, 2018 - June 14, 2019	Chairman of The Executive Committee	Nok Airlines Public Company Limited
2014 - 2019	Member of the National Legislative Assembly (NLA)	National Legislative Assembly
2014 - 2015	Chairman of The Executive Committee	Krung Thai Bank Public Company Limited
2011 - 2015	Independent Director	Krung Thai Bank Public Company Limited
2006 - 2013	Chairman of The Board / Chairman of The Executive Committee	IRPC Public Company Limited
2003 - 2011	President / Chief Executive Officer/ Independent Director	PTT Public Company Limited
2000 - 2011	Director / Chairman of the Board	PTT Exploration and Production Public Company Limited
2006 - 2008	Member of the National Legislative Assembly (NLA)	National Legislative Assembly

### Director / Executive Positions in Listed Companies (present)

2017 - Present	Independent Director/ Chairman of the Board	Nok Airlines Public Company Limited
2017 - Present	Independent Director / Chairman of the Board / Chairman of the Nomination and Remuneration Committee	SVI Public Company Limited
2019 - Present	Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee	T.K.S. Technology Public Company Limited
2015 - Present	Independent Director / Chairman of the Board	Thaicom Public Company Limited
2012 - Present	Chairman of the Board / Chairman of The Executive Committee	Thoresen Thai Agencies Public Company Limited
2011 - Present	Independent Director / Chairman of the Risk Management Committee	PTT Global Chemical Public Company Limited
2011 - Present	Independent Director	Intouch Holdings Public Company Limited

### Positions in Other Companies / Businesses (present)

2019 - Present	Chairman of the Board	Yuanta Securities (Thailand) Co., Ltd.
2019 - Present	Chairman of the Board	Aira Property Co., Ltd.
2012 - Present	Chairman of the Board / Chairman of The Executive Committee	Mermaid Maritime Public Company Limited
2011 - Present	Chairman of the board	Thailand Business Council for Sustainable Development (TBCSD)
Present	Distinguished Member	Chulalongkorn University Council
Present	Distinguished Member	Suranaree University of Technology Council
Present	Council President	Dhurakij Pundit University

**Mr. Pravej Ongartsittigul**

Director/ Chairman of Executive Committee

**Effective date** September 11, 2017**Age** 64 years old**Education**

- Bachelor of Accounting, Chulalongkorn University
- MBA in Decision Support Systems, New Hampshire College, USA
- MBA in Finance, New Hampshire College, USA

**Training record**

- Thai Institute of Directors (IOD)
  1. Board that Make a Difference (BMD), Class 6/2018
  2. Ethical Leadership Program (ELP), Class 8 / 2017
  3. Corporate Governance for Capital Market Intermediaries (CGI), Class 17 / 2016
- Advanced Senior Executive Program, Class 4/2009  
Northwestern University (Kellogg)
- Director Certification Program (DCP), Class 86/2017

- Capital Market Academy (CMA), Class 1 /2017,  
Stock Exchange of Thailand
- Public and Private Management, Royal Thai Police, Class 1 /2017
- Professional Certification, Chartered Bank EDP Auditor, designation 898/1990, Bank Administration Institute, Chicago, Illinois, USA
- Professional Certification, Chartered Bank Auditor, designation 3167/1987, Bank Administration Institute, Chicago, Illinois, U.S.A.

**Training Records (in 2019)** None**Shareholding in the Company (%)**

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None**Family Relation with Directors and Executives** None**Working Experience in past 5-year and / or Prominent Positions**

August 27, 2018 - June 14, 2019	Member of the Executive Committee / Acting Chief Executive Officer	Nok Airlines Public Company Limited
2011 - 2015	Secretary - General of the Board of the Office of Insurance Commission	The Office of Insurance Commission
2011 - 2015	The Credit Information and Protection Committee	Bank of Thailand
2011 - 2015	Financial Institutions Policy Committee	Bank of Thailand
2011 - 2015	Anti - Money Laundering Board	The Anti - Money Laundering Prime Minister's Office
2005 - 2011	Senior Assistant to the Secretary General	Securities and Exchange Commission of Thailand
2002 - 2005	President	Bank of America (Thailand Branch)

**Director / Executive Positions in Listed Companies (present)**

June 14, 2019 - Present	Authorized Director	Nok Airlines Public Company Limited
and 2017 - August 27, 2018	Chairman of the Executive Committee	Nok Airlines Public Company Limited
2018 - Present	Independent Director	Muang Thai Insurance Public Company Limited

**Positions in Other Companies / Businesses (present)**

2018 - Present	Independent Director / Audit Director/ Nomination and Remuneration Director	Standard Chartered Bank (Thailand) Public Company Limited
2016 - Present	Independent Director	Advance Medical Center Company Limited
2016 - Present	Independent Director / Chairman of the Board	Aira Securities Public Company Limited
2006 - Present	Investment Advisory Board	Thai Red Cross Society



## Mrs. Naline Ngamsetthamas

Director

**Effective date** February 28, 2017

**Age** 61 years old

### Education

- Ph.D. (Honorary Degree) in Finance, Sripatum University
- Certificate Master in Marketing  
Thammasat University And University of Gothenberg
- Master of Business Administration (Financial Management), National Institute of Development Administration (NIDA)
- Bachelor of Science, Srinakharinwirot University
- Advanced Master of Management Program (AMM1),  
National Institute of Development Administration (NIDA)
- Thailand Advanced Insurance Leadership Program (AIL7),  
Office of Insurance Commission
- Thammasat World Leadership Program (TWLP Batch#1), Thammasat University
- Leadership Succession Program (LSP Batch#4),  
Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (TLP Batch#3), Thammasat University
- Advance Security Management Program (ASMP Batch#3),  
Thailand National Defense College

- Capital Market Academy Leadership Program (CMA), Class 8 The Capital Market Academy

### Training record

- Thai Institute of Directors (IOD)
  1. Director Forum 2017: The Board's role in CEO Succession Planning
  2. CAC Conference 2017 "Bright Spots: Lighting the way to a corruption free society"
  3. Corporate Governance for Capital Market Intermediaries (CGI), Class 15/2016
  4. Exclusive Event (M - IEE), Class 1 /2015
  5. Role of Chairman Program (RCP), Class 31/2013
  6. Director Accreditation Program (DAP), Class 61/2007

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2017 - 2019	Member of the Executive Committee	Nok Airlines Public Company Limited
2017 - 2019	Authorized Director / Chairman of the Board	NokScoot Company Limited
2014 - 2019	Chairman of the Executive Committee	AIRA & AIFUL Public Company Limited
2017 - 2018	Director	Nok Mangkang Company Limited
2012 - 2016	Authorized Director / Chairman of the Board	AIRA Advisory Co., Ltd.
2007 - 2016	Member of the Executive Committee	AIRA Securities Public Company Limited

### Director / Executive Positions in Listed Companies (present)

2017 - Present	Authorized Director	Nok Airlines Public Company Limited
2011 - Present	Authorized Director / Member of the Nomination and Remuneration Committee / Member of the Executive Committee	AIRA Factoring Public Company Limited
2010 - Present	Authorized Director / Chairman of Investment Committee / Chief Executive Officer	AIRA Capital Public Company Limited

### Positions in Other Companies / Businesses (present)

2018 - Present	Authorized Director	AIRA Venture Capital Company Limited
2017 - Present	Authorized Director	AIRA Asset Management Limited
2016 - Present	Authorized Director	Travellex (Thailand) Limited
2016 - Present	Authorized Director / Chairman of the Board of Directors / Chairman of the Executive Committee	AIRA Leasing Public Company Limited
2015 - Present	Authorized Director / Chairman of the Executive Committee / Chief Executive Officer	AIRA Property Public Company Limited
2015 - Present	Authorized Director / Chairman of the Board of Directors	Aspiration One Company Limited
2014 - Present	Authorized Director / Chairman of Nomination and Remuneration Committee	AIRA & AIFUL Public Company Limited
2013 - Present	Authorized Director / Chairman of the Board of Directors	AIRA International Advisory (Singapore) Pte.Ltd.
2017 - Present	Authorized Director	AIRA Securities Public Company Limited



## 04 Mr. Sumeth Damrongchaitham

Director

**Effective date** December 21, 2018

**Age** 56 years old

### Education

- Bachelor of Science,  
Management and Construction Technology Program  
King Mongkut's Institute of Technology Ladkrabang
- Bachelor of Economics,  
Financial Theory and Public Finance, Chulalongkorn University
- Bachelor of Business Administration (General Administration)  
Ramkamheang University
- Master of Business Administration (Finance), Thammasat University

### Training record

1. Senior Justice Administration Program, Class 17  
Justice College, Institute of Judicial Training
2. Thai and ASEAN Economic Community Program (AEC1),  
King Prajadhipok's Institute

3. Advanced Certification Course in Politics and Governance in  
Democratic System of Executive, (Class 14), King Prajadhipok's  
Institute
4. Leadership Program, Class 8 / 2009 Capital Market Academy (CMA)
5. Thai Institute of Directors (IOD)
  1. Director Accreditation Program (DAP), Class 21 / 2004
  2. Role of the Compensation Committee (RCC), Class 3 / 2007
  3. Company Secretary Program (CSP), Class 28 / 2008
6. Rockonomics : The Economics of Popular Music, Prof. Alan B.Krueger

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own /  
Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2013 - 2018	Director / Managing Director	Thanarak Asset Development Company Limited
2016 - 2017	Employer Director in State Enterprise Labor Committee	Minister of Labor
2013 - 2014	Bank Director / Member of the Audit Committee	Government Saving Bank
2010 - 2013	Advisory Committee on Finance, Banking and Financial Institutions	House of Representatives

### Director / Executive Positions in Listed Companies (present)

2018 - Present	Authorized Director	Nok Airlines Public Company Limited
2018 - Present	President	Thai Airways International Public Company Limited

### Positions in Other Companies / Businesses (present)

2019 - Present	Chairman of the Board	Thai Smile Airways Company Limited
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## Mr. Wiwat Piyawiroj

Director

**Effective date** September 13, 2018

**Age** 54 years old

### Education

- Master of Science Management Southern Nazarene University, USA
- Bachelor of Laws, Thammasat University

**Training record** None

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

October 2017 - May 2018	Acting Executive Vice President of Commercial	Thai Airways International Public Company Limited
January 2016 - May 2018	Assistant to Vice President of Commercial	Thai Airways International Public Company Limited
May - October 2017	Acting Chief Executive Officer	Thai Smile Airways Company Limited
October 2015 - April 2016	Acting President of Sales (SS)	Thai Airways International Public Company Limited
October 2013 - September 2015	Vice President of Sales Thailand and Indochina	Thai Airways International Public Company Limited
October 2010 - September 2013	Director of East Asia, the America and the Philippines	Thai Airways International Public Company Limited

### Director / Executive Positions in Listed Companies (present)

September 2018 - Present	Authorized Director	Nok Airlines Public Company Limited
June 2018 - Present	Executive Vice President of Commercial	Thai Airways International Public Company Limited

### Positions in Other Companies / Businesses (present)

Present	Director (Authorized Signatory Director)	Tour Eueng Luang Company Limited
Present	Director	Thai Smile Airways Company Limited
Present	Director	Don Mueang International Airport Hotel Company Limited



## ACM. Dr. Nopporn Chandawanich

Director/ Member of the Executive Committee

**Effective date** August 8, 2019

**Age** 77 years old

### Education

Michigan State University, USA

- Honorary Doctoral Degree Engineering Mechanics

- Master Degree of Mechanical Engineering

Royal Thai Air Force Academy, Class 9

- Bachelor Degree of Aircraft Engineering

The National Defense College, Class 39/1996

### Training record

- Thai Institute of Directors (IOD)

Director Certification Program (DCP), class 138/2010

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None

- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2016 - 2018	Director and Vice Chairman of the Board	Navanakorn Public Company Limited
2016 - 2017	Advisor of the Board	Navanakorn International Guarding Company Limited
2015 - 2016	Vice Chairman of the Executive Board	Navanakorn Public Company Limited
2001 - 2016	Director	Navanakorn International Guarding Company Limited

### Director / Executive Positions in Listed Companies (present)

August 8, 2019 - Present	Director	Nok Airlines Public Company Limited
September 12, 2019 - Present	Member of the Executive Committee	Nok Airlines Public Company Limited
2018 - Present	Chairman of the Board	Navanakorn Public Company Limited
2009 - Present	Director	Navanakorn Public Company Limited

### Positions in Other Companies / Businesses (present)

2018 - Present	Chairman of the Board	Navanakorn Electricity Generating Co., Ltd.
2010 - Present	Director	Navanakorn Electricity Generating Co., Ltd.



## 07 Mr. Wutthiphum Jurangkool

Director/ Member of the Executive Committee/ Chief Executive Officer/ Acting Chief Financial Officer/  
Acting Chief Operating Officer

### Effective date

Director	April 3, 2019
Member of the Executive Committee /	June 13, 2019
Chief Executive Officer	

**Age** 40 years old

### Education

- Executive MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor Degree of Law, Ramkhamhaeng University

### Training record

- Thai Institute of Directors (IOD)
- Director Certification Program (DCP), class 148/2554

- Financial Statements for Directors (FSD), class 13/2554

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2018 - Present	Authorized Director	SE-EDUCATION Public Company Limited
2017 - Present	Member of Recruitment and Remuneration Committee	SE-EDUCATION Public Company Limited
2015 - Present	Director	SE-EDUCATION Public Company Limited
2018 - Present	Director	NokScoot Airlines Company Limited
2018 - Present	Authorized Director	Thai Steel Cable Public Company Limited
2015 - Present	Authorized Director	Aspiration One Company Limited
2014 - Present	Authorized Director	Aira & Aiful Public Company Limited
2014 - Present	Authorized Director	Factory Depot Supply Co. Ltd.

### Director / Executive Positions in Listed Companies (present)

April 3, 2019 - Present	Authorized Director	Nok Airlines Public Company Limited
June 13, 2020 - Present	Member of the Executive Committee/ Chief Executive Officer	Nok Airlines Public Company Limited
2018 - Present	Authorized Director	Thai Steel Cable Public Company Limited
2018 - Present	Authorized Director	SE-EDUCATION Public Company Limited
2017 - Present	Member of Recruitment and Remuneration Committee	SE-EDUCATION Public Company Limited
2015 - Present	Director	SE-EDUCATION Public Company Limited
2014 - Present	Authorized Director	Aira & Aiful Public Company Limited
2012 - Present	Authorized Director	Aira Factoring Public Company Limited

### Positions in Other Companies / Businesses (present)

2018 - Present	Director	NokScoot Airlines Company Limited
2015 - Present	Authorized Director	Aspiration One Company Limited
2014 - Present	Authorized Director	Factory Depot Supply Co. Ltd.
2013 - Present	Authorized Director	Summit Keylex (Thailand) Company Limited
2002 - Present	Director and Procurement Director	Summit Auto Body Industry Co., Ltd.
		Summit Auto Body Industry Co. Ltd. (Ayutthaya)
		Summit Laemchabang Auto Body Work Co., Ltd.
		Summit Laemchabang Auto Body Work Co., Ltd. (Rayong)
		Summit Auto Tech Industry Co., Ltd.
		Thai Auto Industry Co., Ltd.
		Summit R&D Center Co., Ltd.
		Summit Advanced Materials Co., Ltd.

**Mrs. Chiraporn Chemnasiri**

Independent Director/ Chairman of Audit Committee/ Member of the Nomination and Remuneration Committee

**Effective date** September 11, 2017**Age** 72 years old**Education**

Bachelor Degree of Accounting, Chulalongkorn University

**Training record**

- Thai Institute of Directors (IOD)
  1. Role of the Chairman Program (RCP), class 43/2018
  2. Corporate Governance for Capital Market Intermediaries (CGI), class 0/2014
  3. Advanced Audit Committee Program (AAP), class 14/2014

4. Director Certification Program (DCP), class 172/2013
5. Audit Committee Program (ACP), class 25/2009
6. Director Accreditation Program (DAP), class 71/2008.

**Training Records (in 2019)** None**Shareholding in the Company (%)**

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None**Family Relation with Directors and Executives** None**Working Experience in past 5-year and / or Prominent Positions**

1986 - 2009	Executive Vice President (Planning and Finance)	Airports of Thailand Public Company Limited
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**Director / Executive Positions in Listed Companies (present)**

2017 - Present	Independent Director / Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee	Nok Airlines Public Company Limited
2010 - Present	Independent Director / Member of the Audit Committee and the Corporate Governance Committee	AIRA Capital Public Company Limited

**Positions in Other Companies / Businesses (present)**

2008 - Present	Independent Director and Member of the Audit Committee	AIRA Securities Public Company Limited
2005 - Present	Director	SRI Consultant Limited
1994 - Present	Executive Director	Grid Business Solutions Limited
1989 - Present	Director	Managerial Excellence Limited
1988 - Present	Director	Taraporn Company Limited



## Mr. Apichart Chirabandhu

Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee

**Effective date** January 7, 2013

**Age** 62 years old

### Education

- Bachelor Degree of Law, Ramkhamhaeng University

### Training record

1. Politics and Governance in Democratic Systems for Executives, Class 18 / 2014 King Prajadhipok's Institute
2. Diploma, The Joint State - Private Sector Course (Class 24), The National Defence College of Thailand (NDC) 2011 - 2012
3. Thai Institute of Directors (IOD)
  - Advanced Audit Committee Program (AAP), class 31/2018
  - Director Accreditation Program (DAP), class 103/2013
  - Director Accreditation Program (DAP), class 103/2013

### Training Records (in 2019)

- Thai Institute of Directors (IOD)
- Corporate Governance for Executive (CGE), Class 15/2019

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

### Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children

None

### Family Relation with Directors and Executives

None

### Working Experience in past 5-year and / or Prominent Positions

2018 - 2019	Advisor to the Minister of Tourism and Sports	Ministry of Tourism and Sports
1991 - 2018	Director	Siam Premier International Law Office Limited
2012 - 2014	Consultant to the Labour Exploitation Committee	The Senate's Labour and Welfare Committee
2011 - 2014	Honorary Advisory Committee of Thai Senate Standing Committee on Corruption Investigation and Good Governance Promotion	Senate
2008 - 2014	Chairman of the Board	Wattana Capital Public Company Limited
2008 - 2013	Scholar Commission on Human Rights, Freedom and Consumer Protection	Senate
2006 - 2008	Member of the National Assembly	The National Assembly

### Director / Executive Positions in Listed Companies (present)

2013 - Present	Independent Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee /	Nok Airlines Public Company Limited
2018 - Present	Independent Director / Chairman of the Audit Committee / Member of the Corporate Governance Nomination and Remuneration Committee	Thai Vegetable Oil Public Company Limited
2016 - Present	Independent Director / Member of Audit Committee / Chairman of Corporate Governance Committee / Member of Nomination and Remuneration Committee	Triple I Logistics Public Company Limited
2014 - Present	Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee / Member of Corporate Governance Committee	Millcon Steel Public Company Limited

### Positions in Other Companies / Businesses (present)

October 1, 2019 - Present	Personal expert of senator	Senate
2009 - Present	Director and treasurer	Business lawyer foundation

**Mr. Visit Tantisunthorn**

Independent Director/ Member of the Audit Committee / Member of the Risk Management Committee

**Effective date** April 9, 2015**Age** 59 years old**Education**

- Master of Business Administration, University of Wisconsin - Madison, USA
- Bachelor of Science in Statistics, Chulalongkorn University
- Advanced Management Program, Harvard Business School, USA

**Training record**

Thai Institute of Directors (IOD)

1. Financial Institutions Governance Program (FGP), Class 3 / 2011
2. Directors Certification Program (DCP), Class 131/2010
3. Directors Certification Program (DCP), Class 8 / 2002
4. Chairman 2002 class 2/2011
5. The Role of Chairman Program (RCP), Class 2 / 2001

- Executive Program, Capital Market Academy, Class 3 / 2006
- Politics and Governance in Democratic Systems for Executives, Class 2 / 2004
- King Prajadhipok's Institute, Class 5
- Politics and Governance in Democratic System for Executive, Class 5 / 2003

**Training Records (in 2019)** None**Shareholding in the Company (%)**

- Self: 3,000,000 shares of Warrant : NOK-W1
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None**Family Relation with Directors and Executives** None**Working Experience in past 5-year and / or Prominent Positions**

2015 - 2018	President	Thailand Management Association
2001- 2009	Chairman	Fitch Rating (Thailand) Company Limited
2001- 2009	Secretary General	General Government Pension Fund of Thailand
2000 - 2001	Chairman of Executive	Lanna Resources Public Company Limited
1998 - 2001	Executive Vice President	Grammy Entertainment Public Company Limited
1992 - 1998	Senior Vice President on investment	American International Assurance Company Limited

**Director / Executive Positions in Listed Companies (present)**

2015 - Present	Independent Director / Member of the Audit Committee / Member of the Risk Management Committee	Nok Airlines Public Company Limited
July - Present	Chairman of the Board	MPG Corporation Public Company Limited
2000 - Present	Director	Lanna Resources Public Company Limited

**Positions in Other Companies / Businesses (present)**

2014 - Present	Director	True Vision Group Company Limited
2007 - Present	Director	Property Management Thai Red Cross Society



**Mr. Chavalit Uttasart**

Director

**Effective date** February 15, 2018

**Age** 72 years old

**Education**

- LL.B. (Second Class Honours), Chulalongkorn University
- Barrister - At - Law, The Institute of Legal Education Thai Bar Association
- Barrister - At - Law, The Honorable Society of Gray's Inn, London, England

**Training record**

Thai Institute of Directors (IOD)

1. Advanced Audit Committee Program (AAP), class 19/2015

2. Director Certification Program (DCP), class 125/2009

3. Director Accreditation Program (DAP), class 43/2005

**Training Records (in 2019)** None

**Shareholding in the Company (%)**

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

**Working Experience in past 5-year and / or Prominent Positions**

2015 - August 2019	Member of the Nomination and Remuneration Committee	Siam Makro Public Company Limited
1999 - August 2019	Member of the Audit Committee / Independent Director	Siam Makro Public Company Limited
2011 - August 2018	Member of the Executive Committee	Electronic Transactions Development Agency (ETDA)
2009 - 2013	Independent Director / Member of the Audit Committee	Internet Thailand Public Company Limited

**Director / Executive Positions in Listed Companies (present)**

February 15, 2018 - Present	Director (Authorized Director)	Nok Airlines Public Company Limited
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**Positions in Other Companies / Businesses (present)**

2019 - Present	Director	NokScoot Airlines Company Limited
2018 - Present	Director	Siam City Law Offices GP Limited
2018 - Present	Director	Siam City Law Offices DR Limited
2018 - Present	Director	Chalita & Co. Company Limited
2015 - Present	Director	Hongo Tsuji and Chavalit
2015 - Present	Director	RHT SCL Group (Indochina) Company Limited
2013 - Present	Director	Jiasen International Holding Company Limited
2013 - Present	Director	Lao Ztu Ching International Holding Company Limited
2012 - Present	Director	Strangers & Friends Co., Ltd.
2012 - Present	Director	Tian Yoo Agriculture Development Holding Co., Ltd.
2012 - Present	Director	SCLTax Consultants Company Limited
2011 - Present	Director	Norich Company Limited
2010 - Present	Director	Tonami (Thailand) Company Limited
2009 - Present	Director	Kuzumoto Chavalit and Partners Company Limited
2009 - Present	Managing Director	SCL International Company Limited
2007 - Present	Director	Saber Travel Network (Thailand) Company Limited
2007 - Present	Director	Chavalit and Partners Company Limited
2006 - Present	Director	Marcopolo Management (Thailand) Company Limited
2005 - Present	Managing Director	Siam City Law Offices Company Limited
2005 - Present	Managing Director	Chavalit and Associates Company Limited
2000 - Present	Director	BMC Software (Thailand) Company Limited
1999 - Present	Director	Hanna Instruments (Thailand) Company Limited
1990 - Present	Director	Kid Company Limited
1986 - Present	Director	Brinks (Thailand) Company Limited

**Mrs. Heather Mary Suksem (OBE)**

Independent Director / Member of the Corporate Governance Committee

**Effective date** May 10, 2018**Age** 64 years old**Education**

- HDN Hotel, Catering & Institutional Management, Leeds Polytechnic, United Kingdom
- Harrogate Grammar School, United Kingdom

**Training record**

Thai Institute of Directors (IOD)

1. Boards that Make a Difference (BMD), class 7/2018
2. Strategic Board Master Class (SBM), class 2/2017
3. Director Certification Program (DCP), class 83/2007
4. Directors Examination (Exam), class 21/2007

**Training Records (in 2019)**

Thai Institute of Directors (IOD)

1. Ethical Leadership Program (ELP), class 16/2019
2. Role of the Chairman Program (RCP), class 44/2019

**Shareholding in the Company (%)**

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None**Family Relation with Directors and Executives** None**Working Experience in past 5-year and / or Prominent Positions**

2018 - Present	Deputy Chairman	OCS ROH Company Limited
2013 - 2017	Chief Executive Officer	OCS ROH Company Limited
2007 - 2013	Regional Managing Director	OCS ROH Company Limited Asia Regional Office
1996 - 2007	Managing Director	Property Care Service (Thailand) Company Limited
1993 - 1996	General Manager and Director	Property Care Service (Thailand) Company Limited
1987 - 1993	Operation Manager and General Manager	Property Care Service (Thailand) Company Limited
1986 - 1987	Domestic Service Manager (Project)	Harrogate General Hospital Group
1980 - 1984	Domestic Service Assistant Manager	Riyadh Saudi Arabian Military Hospital

**Director / Executive Positions in Listed Companies (present)**

May 2018 - Present	Independent Director / Member of the Corporate Governance Committee	Nok Airlines Public Company Limited
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**Positions in Other Companies / Businesses (present)**

2018 - Present	Deputy Chairman	OCS ROH Company Limited
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## 13 Gen. Pornchai Kranlert

Advisor / Chairman of the Corporate Governance Committee

**Effective date** September 13, 2018

**Age** 68 years old

### Education

- Master of Public Administration Program, National Institute of Development Administration

### Training record

- National Defense College Program (NDC), Class 44 Thailand National Defense College
- Senior Management Program (CMA), Class 8 Capital Market Academy
- Thai Intelligent Investors Program Class 1, Thai Investors Association

- Thai Institute of Directors (IOD)

1. Role of the Compensation Committee (RCC) 7/2013
2. Role of the Nomination and Governance Committee (RNG) 3/2012
3. Directors Certification Program (DCP) 161/2012
4. Directors Accreditation Program (DAP) 61/2007

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2015 - 2016	Chairman of the Board / Independent Director	Triton Holding Public Company Limited
2012 - 2014	Independent Director	PTT Exploration and Production Public Company Limited
2012 - 2014	Chairman of the Corporate Governance Committee / Member of the Nomination and Remuneration Committee	PTT Exploration and Production Public Company Limited
2007 - 2011	Special Advisor	Office of the Permanent Secretary for Defense Ministry of Defense
2006 - 2007	Deputy Chief of Joint Staff	Royal Thai Armed Forces Headquarters
2005 - 2006	Director	IRPC Public Company Limited
2005 - 2006	Assistant Commander in Chief Royal Thai Army	Royal Thai Army

### Director / Executive Positions in Listed Companies (present)

2018 - Present	Advisor / Chairman of the Corporate Governance Committee	Nok Airlines Public Company Limited
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### Positions in Other Companies / Businesses (present)

2012 - Present	Director	Ma Boon Khong 2012 Company Limited
2011 - Present	APT Bearing Mall Company Limited	Real estate business
2007 - Present	Consultant	Thai - German Specialty Glass Company Limited

**Mr. Sorasit Soontornkes**

Advisor / Chairman of the Risk Management Committee

**Effective date** September 27, 2017**Age** 68 years old**Education**

- Master of Business Economics, Thammasat University
- Master of Accounting, Chulalongkorn University
- Bachelor of Accounting, Chulalongkorn University

**Training record**

- Senior Executive Program  
Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Executive Development Program (Wharton School)  
University of Pennsylvania, USA
- Advanced Army Academic Program, (Regular Class 46.),  
Army War College B.E. 2544 (2001)

- Senior Management Program, Capital Market Academy (CMA 8)
- Directors Certification Program (DCP), class 91/2007

**Training Records (in 2019)**

- Thai Institute of Directors (IOD)  
Advanced Audit Committee Program (AAP), class 33/2019

**Shareholding in the Company (%)**

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None**Family Relation with Directors and Executives** None**Working Experience in past 5-year and / or Prominent Positions**

2012 -2016	President and Director	Deposit Protection Agency
2011 - 2012	Deputy Governor, Corporate Development	Bank of Thailand
2011 - 2012	Director and Member of Monetary Policy Committee	Bank of Thailand
2007 - 2011	Assistant Governor, Supervision Group	Bank of Thailand

**Director / Executive Positions in Listed Companies (present)**

2017 - Present	Advisor / Chairman of the Risk Management Committee	Nok Airlines Public Company Limited
2018 - Present	Independent Director / Chairman of the Audit Committee	Alliance Ayudhya Capital Public Company Limited
2018 - Present	Independent Director / Chairman of the Board of Directors	AIRA Factoring Public Company Limited

**Positions in Other Companies / Businesses (present)**

2018 - Present	Independent Director / Chairman of the Audit Committee	Alliance Ayudhya Capital Public Company Limited
2018 - Present	Independent Director / Chairman of the Audit Committee	J.D. Food Products Company Limited
2018 - Present	Audit Committee	Eastern Economic Corridor Office of Thailand
2017 - Present	Audit Committee	Bank of Thailand
2017 - Present	Director, Internal Audit Office	Internal Audit Office, the Office of University Council, Chulalongkorn University



## Mr. Teerapol Chotichanapibal

Advisor / Member of the Executive Committee

**Effective date** April 7, 2016

**Age** 63 years old

### Education

- Master of Science, Operations Research, University of Southampton, Great Britain
- Bachelor of Arts, Mathematics/Economics (Joint Honor), University College of Wales, Great Britain

### Training record

2016 : CMO Academy, INSEAD, Singapore

2014 : Corporate Governance Program for Directors and Senior Executives of State Enterprises and Public Organizations, Batch 10, King Prajadhipok's Institute

2010 : Role of the Compensation Committee (RCC), class 10/2010

2008 : Director Certification Program (DCP), class 111/2008, Thai Institute of Directors

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2016 - September 13, 2018	Authorized Director	Nok Airlines Public Company Limited
2015 - 2017	Executive Vice President, Human Resources	Thai Airways International Public Company Limited
2014 - 2015	Executive Vice President / Consultant to President	Thai Airways International Public Company Limited
2014	Executive Vice President, Commercial	Thai Airways International Public Company Limited
2013	Executive Vice President, Strategy and Business Development	Thai Airways International Public Company Limited
2011	Executive Vice President, Customer Services	Thai Airways International Public Company Limited

### Director / Executive Positions in Listed Companies (present)

October 2018 - Present	Advisor / Member of the Executive Committee	Nok Airlines Public Company Limited
October 2018 - Present	Member of the Audit Committee	Dusit Thani Public Company Limited
2018 - Present	Independent Director	Dusit Thani Public Company Limited

**Positions in Other Companies / Businesses (present)** None



## Mr. Prasert Akkharapraphomphong

Member of Risk Management Committee

**Effective date** September 13, 2018

**Age** 53 years old

### Education

- Master of Engineering Management, Keio University, Japan (1992)
- Bachelor of Industrial Engineering, Engineering Faculty, Chulalongkorn University (1988)

### Training record

- Certificate of Enterprise Risk Management (ERM) / Business Continuity Management (BCM)
- Certificate of CU Executive Forum, Chulalongkorn University

**Training Records (in 2019)** None

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2012 - 2018	Consultant to President (Risk strategic planning and quality management)	Chulalongkorn University
2014 - 2016	Head of Industrial Engineering, Faculty of Engineering	Chulalongkorn University
2016 - Present	Executive Director of Printer	Chulalongkorn University
2014 - Present	Risk Management Director	Chulalongkorn University
2014 - Present	Risk Management Director	Chula Unisearch, Chulalongkorn University
1992 - Present	Instructor of Industrial Engineering, Faculty of Engineering	Chulalongkorn University
1992 - Present	Instructor of Industrial Engineering, Faculty of Engineering	Chulalongkorn University

### Director / Executive Positions in Listed Companies (present)

2018 - Present	Member of Risk Management Committee	Nok Airlines Public Company Limited
Present	Independent Director / Member of the Audit Director / Chairman of Risk Management Committee / Member of Nomination and Remuneration Committee	ATP30 Public Company Limited

### Positions in Other Companies / Businesses (present)

Present	Risk Management Sub-committee	Thailand Science Research and Innovation (TSRI)
Present	Subcommittee of strategy / financial and property risks	National Institute of Astronomy (Public organization)
Present	Risk management subcommittee	Digital Government Development Agency (Public Organization)
Present	Consultant on risk management and member of long-term development planning team	Mahamakut Buddhist University (MBU)



## Mr. Nivat Bangsa-ngiam

Member of Corporate Governance Committee

**Effective date** September 13, 2018

**Age** 63 years old

### Education

- Master of Business Administration for Executives, Thammasat University
- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Bachelor of Law, Ramkhamhaeng University

### Training record

- Certificate of English for Business, Sukhothai Thammathirat University
- MMP Program, class 32, Faculty of Commerce and Accountancy, Chulalongkorn University
- Member of the Federation of Accounting Professions
- Additional training every year for Certified Fraud Examiners (CPE)
- Securities business inspection of US-SEC, USA
- Inspection of unfair action of IOSCO, Canada

- Inspection of unfair action in capital market at Turkey
- Inspection of money laundering and unfair action on securities of IOSCO, Srilanka
- Inspection of unfair action on securities business and inspection of fraud of IOSCO, Spain

### Training Records (in 2019)

- Observation on anti-corruption training of Nok Airlines Plc.
- Course for Maintaining the Certified Fraud Examiner Credential 2019, i.e. law of money laundering, Nation Digital ID-NDID, Traditional Corporate Reporting, Innovation to Cyber Crime

### Shareholding in the Company (%)

- Self: None
- Spouse and Under-age Children: None

### Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children

None

### Family Relation with Directors and Executives

None

### Working Experience in past 5-year and / or Prominent Positions

2017 - Present	Consultant on working system and internal audit system of listed companies in SET	
2017 - Present	Consultant on the law of capital market for general people	
1992 - 2517	Assistant to Senior Director of Capital Market Auditor	The Securities and Exchange Commission (SEC)

### Director / Executive Positions in Listed Companies (present)

Present	Member of Corporate Governance Committee	Nok Airlines Public Company Limited
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### Positions in Other Companies / Businesses (present)

Present	Independent Director	Aira Assets Management Company Limited
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## Miss. Sunun Wittawatpongton

Corporate Secretary

**Effective date** October 20, 2014

**Age** 51 years old

### Education

- Master of Business Administration for Executive (Finance and Marketing Management), Sripatum University
- Bachelor of Business Administration (B.B.A.) Ramkhamhaeng University

### Training record

- Thai Institute of Directors (IOD)
  1. Company Secretary Program (CSP) Class 1/2015
  2. Company Reporting (CRP) Class 7/2013
  3. Board Reporting Program (BRP) Class 12/2013
- Corporate Secretary Development Program, Chulalongkorn University

### Training Records (in 2019)

- Enhancing Good Corporate Governance based on CGR Scorecard

**Shareholding in the Company (%)** None

**Change in shareholding in the Company (%) in 2019 of their Own / Spouse / Under-age children** None

**Family Relation with Directors and Executives** None

### Working Experience in past 5-year and / or Prominent Positions

2014 - Present	Corporate Secretary	Nok Airlines Public Company Limited
2004 - 2013	Secretary to the Board / Vice President Human Resources / Procurement and Administration Department	Nok Airlines Public Company Limited

# Report of Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for separated financial statements and consolidated financial statements of the Company and its subsidiaries, including financial information that appears in the annual report. The financial statements for the year ended December 31, 2019 were prepared in accordance with Thai Financial Reporting Standards by choosing the appropriate accounting policy and consistently adhered to it, using careful discretion and the best estimate for preparation, providing sufficient disclosure of important information in the notes to reflect the financial status, operation results and cash flow accurately, transparently, beneficially to shareholders and general investors and being audited by an auditor licensed by Deloitte Touche Tohmatsu Chaiyos Audit Co., Ltd., which provided unconditional comments in the audit. The Company provided support of information and documents in order for the auditor to be able to review and express opinions in accordance with the audit standards.

The Board of Directors has provided and maintained a risk management system, internal control system, internal audit with proper supervision and effectiveness to ensure that the accounting information is accurate and complete enough to maintain the Company's assets and prevent risks as well as fraud or significantly abnormal operations.

The Board of Directors appointed the Audit Committee comprising of all independent directors to be responsible for reviewing accounting policies and responsible for the quality of financial reports, the verification of internal control systems, internal audit and risk management system. This included the consideration to disclose the information of connected transactions sufficiently and appropriately. The opinion of the Audit Committee appeared in the report of the Audit Committee which has shown in the annual report.

The Board of Directors had opinion that the overall internal control system of the Company was sufficient, appropriate, auditable and could be reasonably assured that the separated financial statements and consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2019, are reliable by adhering to financial reporting standards and practicing in compliance with the law and relevant regulations.

- Wutthiphum Jurangkool -  
(Mr. Wutthiphum Jurangkool)  
Director

- Pravej Ongartsittigul -  
(Mr. Pravej Ongartsittigul)  
Director

# REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

## TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

### NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

#### Opinion

We have audited the consolidated financial statements of Nok Airlines Public Company Limited and its subsidiaries ("the Group") and the separate financial statements of Nok Airlines Public Company Limited ("the Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2019, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Nok Airlines Public Company Limited and its subsidiaries and of Nok Airlines Public Company Limited as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (TSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Key Audit Responses
<p><b>Revenue recognition</b></p> <p>Revenue recognition from airfare and related services are recognized when the services have been rendered to the passengers according to flight schedule. Proceeds from sales of the air tickets before rendering service that have not been recognized as revenue are presented as unearned income.</p> <p>Revenue recognition from airfare and related services is a key audit matter because of high occurrence of volume and frequency of transaction, variety of distribution channel, relevant to information technology connected to airfare booking and flight schedule system and significant revenue amount to the financial statements which may have risk of recording the transaction inaccuracy.</p>	<p>Significant audit procedures to response the matter were as follows:</p> <ul style="list-style-type: none"> <li>- Understood, evaluated the design and implementation of significant relevant key internal controls for revenue recognition and unearned income.</li> <li>- Tested operating effectiveness of the significant relevant internal controls of revenue recognition and unearned income including testing general control of information technology system and relevant application control of revenue from airfare and related services and unearned income.</li> <li>- Tested reconciliation of airfare booking in every channel and cash receipt information between airfare booking system and bank statement.</li> </ul>

Key Audit Matters	Key Audit Responses
<p><b>Revenue recognition (Continued)</b></p> <p>The accounting policy of revenue recognition from airfare and related service were disclosed in Note 3.14 to the financial statements.</p>	<ul style="list-style-type: none"> <li>- Verified by sample selection to compare flight information in the revenue report with flight schedule to ensure that revenue recognition from airfare and related services were recorded accurately.</li> </ul>
<p><b>Provisions for aircraft maintenance</b></p> <p>Provisions for aircraft maintenance is a key audit matter because of complexity of transaction which the management of the Group needs to exercise judgments in order to determine the reasonableness of assumptions used to estimate aircraft maintenance in each period of maintenance schedule and expense for retaining the aircraft when returning aircraft according to lease agreements.</p> <p>The accounting policy and details of provision for aircraft maintenance and details were disclosed in Notes 3.12, 3.20.1 and 18.2 to the financial statements.</p>	<p>Significant audit procedures to response the matter were as below:</p> <ul style="list-style-type: none"> <li>- Understood, evaluated the design and implementation of relevant internal controls for provisions for aircraft maintenance.</li> <li>- Tested operating effectiveness of relevant internal controls.</li> <li>- Evaluated reasonableness of the methods and significant assumptions used by management to estimate provisions for aircraft maintenance. The evaluation included recalculation of provisions for aircraft maintenance based on assumptions, reviewing maintenance condition on lease agreement and maintenance schedule obtained from engineering department, quotation from maintenance companies. In addition, compared actual maintenance expense in the past with the current assumptions.</li> </ul>

#### Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

- Suphamit Techamontrikul -  
Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356  
DLOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK  
February 27, 2020

# STATEMENTS OF FINANCIAL POSITION

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2019

UNIT : BAHT

		Consolidated		Separate	
		financial statements		financial statements	
		As at	As at	As at	As at
		December 31,	December 31,	December 31,	December 31,
	Notes	2019	2018	2019	2018
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4.1	1,233,787,384	1,419,892,206	362,394,166	447,123,966
Current investments		42,878,939	9,226,117	42,261,195	7,478,510
Trade and other current receivables	5	2,493,338,355	2,008,927,126	1,036,373,329	849,811,793
Short-term loans to a related party	6	-	-	200,000,000	-
Inventories	7	80,984,963	50,198,839	80,984,963	50,198,839
Short-term aircraft deposits and prepayments	8	272,557,947	374,971,386	272,557,947	374,971,386
Other current assets		123,046,016	101,855,473	62,844,945	60,225,578
Total Current Assets		4,246,593,604	3,965,071,147	2,057,416,545	1,789,810,072
<b>NON-CURRENT ASSETS</b>					
Deposits at bank pledged as collateral	28.4	1,153,058,005	1,122,862,488	960,659,498	993,285,608
Investments in subsidiaries	9	-	-	4,999,990	4,949,000
Investment in joint venture	10	8,119,200	1,409,685	28,420,554	28,420,554
Other long-term investments	11	46,175,400	46,662,200	45,814,200	46,318,400
Long-term loans to a related party	12	-	-	1,460,000,000	1,215,000,000
Maintenance reserve	18.1	8,342,408,284	7,788,296,566	5,650,730,869	5,649,595,719
Leasehold improvements and equipment	13	148,697,514	206,789,899	115,762,339	187,945,763
Intangible asset	14	48,916,514	45,723,821	36,269,947	32,552,616
Deferred tax assets	15	13,321,915	13,321,915	13,321,915	13,321,915
Long-term aircraft deposits and prepayments	8	1,054,093,391	820,110,704	1,006,025,752	768,342,027
Other non-current assets		109,571,430	63,815,601	158,875,441	90,599,410
Total Non-Current Assets		10,924,361,653	10,108,992,879	9,480,880,505	9,030,331,012
<b>TOTAL ASSETS</b>		<b>15,170,955,257</b>	<b>14,074,064,026</b>	<b>11,538,297,050</b>	<b>10,820,141,084</b>

Notes to the financial statements from an integral part of these financial statements

**STATEMENTS OF FINANCIAL POSITION (Continued)**NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2019

UNIT : BAHT

		Consolidated financial statements		Separate financial statements	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
	Notes				
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Short-term borrowings	16	3,620,000,000	2,400,000,000	2,520,000,000	1,700,000,000
Trade and other current payables	17	5,688,405,325	5,905,915,561	2,771,058,072	3,282,335,972
Deferred income from customer loyalty programmes		36,951,459	18,329,713	36,951,459	18,329,713
Provisions for aircraft return condition and short-term aircraft maintenance	18.3	72,407,580	120,622,592	62,210,730	106,656,715
Other current liabilities		71,469,287	15,272,178	70,397,378	14,330,942
Total Current Liabilities		9,489,233,651	8,460,140,044	5,460,617,639	5,121,653,342
<b>NON-CURRENT LIABILITIES</b>					
Provisions for aircraft maintenance as plan	18.2	8,793,346,169	8,177,323,409	5,572,635,402	5,774,825,434
Provisions for aircraft return condition and long-term aircraft maintenance	18.3	125,101,448	99,123,432	101,473,991	87,488,629
Provisions for employee benefit	19	188,664,824	273,868,177	176,680,141	266,992,567
Other non-current liabilities		42,822,602	95,238,280	42,530,668	94,124,281
Total Non-Current Liabilities		9,149,935,043	8,645,553,298	5,893,320,202	6,223,430,911
<b>TOTAL LIABILITIES</b>		<b>18,639,168,694</b>	<b>17,105,693,342</b>	<b>11,353,937,841</b>	<b>11,345,084,253</b>

Notes to the financial statements from an integral part of these financial statements

## STATEMENTS OF FINANCIAL POSITION (Continued)

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
AS AT DECEMBER 31, 2019

UNIT : BAHT

		Consolidated financial statements		Separate financial statements	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
	Notes				
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY					
SHARE CAPITAL					
Authorized share capital	21	3,408,049,800	2,499,249,882	3,408,049,800	2,499,249,882
Issued and paid share capital	21	3,108,515,756	2,271,999,796	3,108,515,756	2,271,999,796
SHARE PREMIUM ON ORDINARY SHARES	21	5,789,788,722	4,325,885,792	5,789,788,722	4,325,885,792
RETAINED EARNINGS (DEFICIT)					
Appropriated					
Legal reserve	22	62,500,000	62,500,000	62,500,000	62,500,000
Unappropriated (deficit)		(10,050,337,573)	(8,121,999,373)	(8,776,445,269)	(7,185,328,757)
Deficit arising from change in ownership interest		(5,940,185)	(5,940,185)	-	-
Total shareholders' equity attributable to owners of the Company		(1,095,473,280)	(1,467,553,970)	184,359,209	(524,943,169)
Non-controlling interests		(2,372,740,157)	(1,564,075,346)	-	-
TOTAL SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)		(3,468,213,437)	(3,031,629,316)	184,359,209	(524,943,169)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		15,170,955,257	14,074,064,026	11,538,297,050	10,820,141,084

Notes to the financial statements from an integral part of these financial statements

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
REVENUES					
Passenger revenues		16,758,564,116	16,699,711,712	11,227,896,366	12,014,186,841
Service revenues		2,847,716,405	2,560,123,725	1,291,538,531	1,476,946,512
Other income					
Interest income		22,803,479	25,462,083	57,312,124	28,228,159
Others	23	340,039,272	454,928,631	131,887,924	364,802,716
Total Revenue		19,969,123,272	19,740,226,151	12,708,634,945	13,884,164,228
EXPENSES					
Costs of passenger and services		21,770,891,808	22,551,209,638	13,566,220,821	15,482,810,514
Selling expenses		210,459,011	177,172,544	102,978,998	111,781,889
Administrative expenses		956,672,047	937,245,887	670,766,323	680,041,006
Finance costs		125,091,357	44,576,681	82,841,780	14,371,332
Total Expenses		23,063,114,223	23,710,204,750	14,422,807,922	16,289,004,741
SHARE OF LOSS FROM INVESTMENTS IN JOINT VENTURE					
		(1,409,685)	(5,466,941)	-	-
LOSS BEFORE INCOME TAX EXPENSES					
		(3,095,400,636)	(3,975,445,540)	(1,714,172,977)	(2,404,840,513)
INCOME TAX EXPENSES	15	-	-	-	-
LOSS FOR THE YEAR					
		(3,095,400,636)	(3,975,445,540)	(1,714,172,977)	(2,404,840,513)
OTHER COMPREHENSIVE INCOME					
Item that will not be reclassified subsequently to profit or loss					
Actuarial gain on defined employee benefit plans	19.1	123,056,465	17,421,365	123,056,465	-
OTHER COMPREHENSIVE INCOME - NET FROM INCOME TAX					
		123,056,465	17,421,365	123,056,465	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR					
		(2,972,344,171)	(3,958,024,175)	(1,591,116,512)	(2,404,840,513)

Notes to the financial statements from an integral part of these financial statements

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

		Consolidated financial statements		Separate financial statements	
	Notes	2019	2018	2019	2018
<b>LOSS ATTRIBUTABLE TO</b>					
Owners of the parent		(2,051,394,665)	(2,786,757,018)	(1,714,172,977)	(2,404,840,513)
Non-controlling interests		(1,044,005,971)	(1,188,688,522)	-	-
		(3,095,400,636)	(3,975,445,540)	(1,714,172,977)	(2,404,840,513)
<b>TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO</b>					
Owners of the parent		(1,928,338,200)	(2,782,574,148)	(1,591,116,512)	(2,404,840,513)
Non-controlling interests		(1,044,005,971)	(1,175,450,027)	-	-
		(2,972,344,171)	(3,958,024,175)	(1,591,116,512)	(2,404,840,513)
<b>LOSS PER SHARE</b>					
	24				
BASIC LOSS PER SHARE (BAHT)		(0.68)	(1.23)	(0.57)	(1.06)
DILUTED LOSS PER SHARE (BAHT)		(0.68)	(1.23)	(0.57)	(1.06)

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Note	Consolidated financial statements							
		Total attributions to owners of the Company						Total shareholders' equity (Capital Deficiency)	
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings (deficit)	Unappropriated	Appropriated Legal reserve	Deficit arising from change in ownership interest in a subsidiary		
Changes in shareholders' equity for the year ended December 31, 2018									
Balances as of January 1, 2018		2,271,999,764	4,325,885,718	62,500,000	(5,339,425,225)		(5,940,185)	1,315,020,072	691,002,603
Issue of ordinary shares	21	32	74	-	-	-	-	106	106
Non-controlling interests - from investment in subsidiaries during the year		-	-	-	-	-	-	-	-
Actuarial gain on defined employee benefit plans		-	-	-	4,182,870	-	-	4,182,870	235,392,150
Total comprehensive loss for the year		-	-	-	(2,786,757,018)	-	-	(2,786,757,018)	13,238,495
<b>Balances as of December 31, 2018</b>		<b>2,271,999,796</b>	<b>4,325,885,792</b>	<b>62,500,000</b>	<b>(8,121,999,373)</b>	<b>(2,786,757,018)</b>	<b>(5,940,185)</b>	<b>(1,467,553,970)</b>	<b>(3,975,445,540)</b>
Changes in shareholders' equity for the year ended December 31, 2019									
Balances as of January 1, 2019		2,271,999,796	4,325,885,792	62,500,000	(8,121,999,373)		(5,940,185)	(1,467,553,970)	(3,031,629,316)
Issue of ordinary shares	21	836,515,960	1,463,902,930	-	-	-	-	2,300,418,890	235,341,160
Non-controlling interests - from investment in subsidiaries during the year		-	-	-	-	-	-	-	-
Actuarial gain on defined employee benefit plans		-	-	-	123,056,465	-	-	123,056,465	235,341,160
Total comprehensive loss for the year		-	-	-	(2,051,394,665)	-	-	(2,051,394,665)	123,056,465
<b>Balances as of December 31, 2019</b>		<b>3,108,515,756</b>	<b>5,789,788,722</b>	<b>62,500,000</b>	<b>(10,050,337,573)</b>	<b>(2,051,394,665)</b>	<b>(5,940,185)</b>	<b>(1,095,473,280)</b>	<b>(3,468,213,437)</b>

Notes to the financial statements from an integral part of these financial statements

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)**NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Note	Separate financial statements				
		Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings (deficit)		Total shareholders' equity
				Appropriated Legal reserve	Unappropriated	
Changes in shareholders' equity for the year ended December 31, 2018						
Balances as of January 1, 2018		2,271,999,764	4,325,885,718	62,500,000	(4,780,488,244)	1,879,897,238
Issue of ordinary shares	21	32	74	-	-	106
Total comprehensive loss for the year		-	-	-	(2,404,840,513)	(2,404,840,513)
<b>Balances as of December 31, 2018</b>		<b>2,271,999,796</b>	<b>4,325,885,792</b>	<b>62,500,000</b>	<b>(7,185,328,757)</b>	<b>(524,943,169)</b>
Changes in shareholders' equity for the year ended December 31, 2019						
Balances as of January 1, 2019		2,271,999,796	4,325,885,792	62,500,000	(7,185,328,757)	(524,943,169)
Issue of ordinary shares	21	836,515,960	1,463,902,930	-	-	2,300,418,890
Actuarial gain on defined employee benefit plans		-	-	-	123,056,465	123,056,465
Total comprehensive loss for the year		-	-	-	(1,714,172,977)	(1,714,172,977)
<b>Balances as of December 31, 2019</b>		<b>3,108,515,756</b>	<b>5,789,788,722</b>	<b>62,500,000</b>	<b>(8,776,445,269)</b>	<b>184,359,209</b>

Notes to the financial statements from an integral part of these financial statements

# STATEMENTS OF CASH FLOWS

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax expense		(3,095,400,636)	(3,975,445,540)	(1,714,172,977)	(2,404,840,513)
Adjustments for:					
Depreciation	13	95,529,835	98,761,672	82,806,763	92,688,031
Amortization	14	16,917,860	23,073,157	13,385,438	21,331,630
(Gain) loss on disposals and write-off of equipment		186,525	(600,898)	186,525	(601,826)
Unrealized (gain) loss on exchange rate		23,224,370	(116,452,751)	116,766,555	(67,090,138)
Allowance for doubtful accounts		24,859,170	443,134	30,072,413	443,134
Maintenance reserve reversal		895,456,338	-	895,456,338	-
Provisions for aircraft maintenance recognized as expenses (reversal)		1,699,417,847	673,134,419	869,045,390	(398,343,023)
Deferred income from customer loyalty programmes reversal during the year (reversal)		18,621,746	(149,470)	18,621,746	(149,470)
Employee benefit expenses		80,375,833	65,976,607	75,266,760	61,741,482
Interest income		(22,803,479)	(25,462,083)	(57,312,124)	(28,228,159)
Interest expense		125,091,357	44,576,681	82,841,780	14,371,332
Share of loss from investment in a joint venture	10	1,409,685	5,466,941	-	-
Operating gain (loss) before changes in operating assets and liabilities		(137,113,549)	(3,206,678,131)	412,964,607	(2,708,677,520)
Operating assets (increase) decrease					
Trade and other current receivables		(555,586,265)	(570,058,240)	(219,925,230)	(213,199,122)
Inventories		(30,786,124)	(17,962,472)	(30,786,124)	(17,962,472)
Short-term aircraft deposits and prepayments		98,466,096	(348,476,505)	83,560,071	(349,006,065)
Other current assets		(14,659,547)	2,585,658	2,302,869	12,389,457
Maintenance reserve		(1,849,845,135)	(595,589,320)	(1,296,868,568)	168,621,747
Deposits at bank pledged as collateral		(30,195,517)	178,012,907	32,626,110	224,608,694
Long-term aircraft deposits and prepayments		(322,178,525)	5,330,902	(307,272,500)	6,019,364
Other non-current assets		(45,755,829)	(24,384,058)	(68,276,031)	(25,637,189)
Operating liabilities increase (decrease)					
Trade and other current payables		(210,033,648)	1,020,781,732	(532,166,986)	441,557,398
Aircraft maintenance paid	18.2 and 18.3	(673,701,575)	(163,070,857)	(670,882,377)	(137,845,051)
Other current liabilities		56,197,109	(15,757,692)	56,066,436	6,706,459
Employee benefit paid	19.1 and 19.2	(42,522,721)	(16,902,257)	(42,522,721)	(16,155,857)
Other non-current liabilities		(52,415,678)	(2,652,244)	(51,593,613)	(3,766,243)
Cash paid from operations		(3,810,130,908)	(3,754,820,577)	(2,632,774,057)	(2,612,346,400)
Income tax paid		(6,530,995)	(866,549)	(4,922,234)	(170,777)
Cash flows used in operating activities		(3,816,661,903)	(3,755,687,126)	(2,637,696,291)	(2,612,517,177)

Notes to the financial statements from an integral part of these financial statements

**STATEMENTS OF CASH FLOWS (Continued)**NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

UNIT : BAHT

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Cash paid for temporary investments		(33,652,822)	(9,226,117)	(34,782,685)	(7,478,510)
Cash received for other long-term investments		504,200	12,300	504,200	111,100
Cash paid for other long-term investments		(17,400)	-	-	-
Cash payments for investment in subsidiaries		-	-	(50,990)	-
Cash paid for short-term loan to related party		-	-	(200,000,000)	-
Cash paid for long-term loan to related party		-	-	(245,000,000)	(245,000,000)
Cash paid for investment in joint venture		(8,119,200)	-	-	-
Cash paid for acquisition of equipment and intangible assets	4.2	(66,542,430)	(54,316,224)	(36,720,536)	(30,027,341)
Proceeds from sales of equipment and intangible asset		123,357	821,272	123,357	821,272
Cash received from interest income		22,306,969	20,393,689	14,602,123	7,783,231
Proceeds from the shares in the subsidiary to non-controlling interests		235,341,160	235,392,150	-	-
Cash flows provided by (used in) investing activities		149,943,834	193,077,070	(501,324,531)	(273,790,248)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Cash paid for interest expense	4.3	(118,159,987)	(36,097,092)	(75,910,410)	(5,891,743)
Cash received from short-term borrowings	4.3	3,420,000,000	2,400,000,000	2,820,000,000	2,400,000,000
Cash paid from short-term borrowings	4.3	(2,200,000,000)	(700,000,000)	(2,000,000,000)	(700,000,000)
Proceeds from share capital increase	21	2,300,418,890	106	2,300,418,890	106
Cash flows provided by financing activities		3,402,258,903	1,663,903,014	3,044,508,480	1,694,108,363
<b>EFFECT FROM FOREIGN EXCHANGE RATE IN CASH AND CASH EQUIVALENTS</b>					
		78,354,344	148,750,688	9,782,542	90,456,836
Net decrease in cash and cash equivalents		(186,104,822)	(1,749,956,354)	(84,729,800)	(1,101,742,226)
Cash and cash equivalents as at January 1,		1,419,892,206	3,169,848,560	447,123,966	1,548,866,192
Cash and cash equivalents as at December 31,	4.1	1,233,787,384	1,419,892,206	362,394,166	447,123,966

Notes to the financial statements from an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

NOK AIRLINES PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

## 1. GENERAL INFORMATION AND OPERATIONS OF THE COMPANY AND SUBSIDIARIES

### 1.1 General information and operations of the Company

Nok Airlines Public Company Limited (the "Company") was incorporated as a limited company under Thai laws on February 27, 2004. The registered office is located at 3 Rajanakarn Building, 17<sup>th</sup> Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, and its principal activity is to provide air transport services for passengers. On January 18, 2013, the Company registered to convert the Company from a limited company to a public limited company and registered the change of the Company's name from Nok Airlines Company Limited to Nok Airlines Public Company Limited with the Ministry of Commerce. On June 20, 2013, the Company had been approved by the Stock Exchange of Thailand to be a listed company in the Stock Exchange of Thailand.

As at December 31, 2019, the Company's major shareholders were Mrs. Hatairatn Jurangkool, Mr. Nattapol Jurangkool, Mr. Taveechat Jurangkool and Thai Airways International Public Company Limited which are Thai shareholders, holding 24.37%, 24.32%, 20.98% and 15.94%, respectively, of the Company's issued and paid-up share capital.

As at December 31, 2018, the Company's major shareholders were Mr. Nattapol Jurangkool, Thai Airways International Public Company Limited, Mr. Taveechat Jurangkool and Mrs. Hatairatn Jurangkool which are Thai shareholders, holding 23.77%, 21.80%, 18.86% and 12.49%, respectively, of the Company's issued and paid-up share capital.

For the year ended December 31, 2019, the consolidated and separate financial statements shown net loss of Baht 3,095.40 million and Baht 1,714.17 million, respectively. As at December 31, 2019, total current liabilities exceeded total current assets of Baht 5,242.64 million and Baht 3,403.20 million, respectively, and as at December 31, 2019, the consolidated financial statements shown capital deficiency of Baht 3,468.21 million.

The Company has solved loss of the Company by the Extra-ordinary General Meeting of Shareholders No. 1/2020 on January 14, 2020, approved the increase of registered capital of 888.15 million shares at an offering price of Baht 2.50 per share. The Company determined the allocation ratio as 3.50 existing share to 1 newly-issued ordinary share. On February 11, 2020 the Company received subscriptions in the amount of Baht 1,551.68 million from issued and paid-up share capital totaling 620.67 million shares at an offering price of Baht 2.50 per share with a par value of Baht 1 per share.

The Company has a plan to manage their aircraft fleet, expand routes, and increase their aircraft utilization in order to have better operation result, and NokScoot Airlines Company Limited (the subsidiary) received a letter dated January 22, 2020, from Scoot Tigerair Pte. Ltd., major shareholder, to confirm continuing to provide financial support to such subsidiary to enable to continue its operation satisfactorily for the period at least of twelve months after the date of the letter.

### 1.2 General information and operations of subsidiaries

1.2.1 Nok Holidays Company Limited was incorporated as a limited company under Thai laws on April 4, 2014. The registered office is located at 3 Rajanakarn Building, 17<sup>th</sup> Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, and its principal activity is to provide tourism and other relevant business.

1.2.2 Nok Mangkang Company Limited was incorporated as a limited company under Thai laws on June 13, 2014. The registered office is located at 3 Rajanakarn Building, 17<sup>th</sup> Fl., South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120, and its principal activity is to provide air transport service for passengers, parcel and parcel post.

1.2.3 NokScoot Airlines Company Limited was incorporated as a limited company under Thai laws on October 30, 2013. The registered office is located at 999/9 The Offices at Central World Building, 26<sup>th</sup> Fl., Rama 1 Road, Pathumwan, Pathumwan, Bangkok, and its principal activity is to provide air transport service for passengers, parcel and parcel post.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

- 2.1 The Company and subsidiaries maintain their accounting records in Thai Baht and prepares their statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Company and subsidiaries' financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2018) "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2019 onwards, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements (No.2) B.E. 2559" dated October 11, 2016.
- 2.3 The consolidated financial statements included the accounting records of the Company and its subsidiaries, after elimination of intercompany transactions.

As at December 31, 2019 and 2018, the Company has shareholding portion in the subsidiaries as follows:

Subsidiaries	Type of business	Country of registration	Registration date	Shareholdings (%)	
				As at	As at
				December 31, 2019	December 31, 2018
Direct subsidiaries					
Nok Holidays Co., Ltd.	Tourism and other relevant business	Thailand	April 4, 2014	99.99	49
Nok Mangkang Co., Ltd.	Air transport service for passengers, parcel and parcel post	Thailand	June 13, 2014	49	49
Indirect subsidiary					
NokScoot Airlines Co., Ltd.*	Air transport service for passengers, parcel and parcel post	Thailand	October 30, 2013	24.33	24.01

\* A subsidiary of Nok Mangkang Co., Ltd.

- 2.4 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (See Note 3).
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

Nevertheless, the revenue recognition under the Thai Financial Reporting Standard No. 15 “Revenue from Contracts with Customers” required the Group to recognize revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. This new accounting policy superseded the previous accounting policies regarding revenue recognition. Therefore, the Company and its subsidiary will recognize change fee after the services have been rendered to the passengers as per flight schedule indicated in the air ticket instead of recognize when received cash and changed flight had been proceeded. However, the adoption of TFRS 15 does not have any significant impact on the Company’s financial statements.

Thai Accounting Standard No.28 (Revised 2018) “Investment in Associates and Joint Ventures”

This revised accounting standard clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss (that is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, unit trust and similar entities including investment-linked insurance funds). An entity shall make this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. This accounting standard requires retrospective method for such amendment.

In addition, this revised accounting standard clarifies the consideration about the impairment of an investment in an associate or a joint venture.

2.6 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The Company's management will adopt such TFRSs in the preparation of the Company and subsidiaries' management statements when it becomes effective. The Company and subsidiaries' management management has assessed the impact of these TFRSs and considered that the adoption of these financial reporting standards does not have any material impact on the financial statements of the Company and its subsidiaries in the period of initial application, except the financial reporting standards as follow:

Thai Accounting Standard No.28 “Investments in Associates and Joint Ventures”

This revised accounting standard clarifies about the application of TFRS 9, including its impairment requirements, to long-term interests. An entity does not take into account adjustments to their carrying amount required by TAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with TAS 28). This accounting standard requires retrospective method for such amendment. Earlier application is permitted.

Group of Financial Instruments Standards

**Thai Accounting Standards (“TAS”)**

TAS 32 Financial Instruments: Presentation

**Thai Financial Reporting Standards (“TFRS”)**

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

**Thai Financial Reporting Standard Interpretations (“TFRIC”)**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These Standards will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Company and subsidiaries' management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Company and subsidiaries' management in the period of initial application.

#### Thai Financial Reporting Standards No. 16 "Leases"

This TFRS provides a comprehensive model for the identification if lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS will supersede the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 "Leases", Thai Accounting Standard Interpretation No.15 "Operating Lease - Incentives", Thai Accounting Standard Interpretation No.27 "Evaluating the Substance of Transactions involving the Legal Form of a Lease" and Thai Financial Reporting Standard Interpretation No.4 "Determining whether an Arrangement contains a Lease".

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement for all leases, except for short-term- leases and leases of low value assets. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

The Company and subsidiaries' management is in the process to assess the impact of these Financial Instruments Standards on the financial statements of the Company and subsidiaries' management in the period of initial application.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and all types of deposit at financial institution and certificate of deposits with maturity date within 3 months, excluding deposits at financial institution used as collateral.

#### **3.2 Temporary investments**

Temporary investments consist of certificate of deposit and fixed deposit with maturity over three months but not over 1 year which are stated at cost.

#### **3.3 Trade receivables and allowance for doubtful accounts**

Trade receivables are stated at the net realizable value. Allowance for doubtful debts is provided for the estimated collection losses that may incur in collection of receivables. The allowance for doubtful accounts is based on collection experience and current status of receivables outstanding at the statement of financial position date.

#### **3.4 Inventories**

Inventories are stated at the lower of cost or net realizable value. Cost is determined by weighted average method. Net realizable value is the estimate of the selling price in the ordinary course of business less the estimated costs necessary to make sale.

#### **3.5 Investments in subsidiaries**

Investments in subsidiaries in the separate financial statements are stated at cost less allowance for impairment (if any).

**3.6 Investments in joint venture**

Investments in joint ventures are stated by the equity method in the consolidated financial statements and are stated at cost less allowance for impairment (if any) in the separate financial statements.

**3.7 Other long-term investment**

Other long-term investment is a non-marketable equity security, which is recorded at cost less allowance for impairment (if any).

**3.8 Maintenance reserve**

Maintenance reserve is prepayments which the Company and its subsidiary pay to the lessor at the rate specified in the agreement. It can be reimbursed when sending the aircraft to the overhaul maintenance in accordance with overhaul plan with the conditions specified in the agreements.

**3.9 Leasehold improvements and equipment**

Leasehold improvements and equipment are stated at cost net of accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets as follows:

Leasehold improvements	5 years or duration of lease period
Aircraft improvements	5 years or duration of lease period
Equipment, office equipment, communication equipment and tools	5 years
Computer equipment	3 and 5 years
Vehicles	5 years

**3.10 Intangible asset**

Intangible asset is computer software program which is stated at cost net of accumulated amortization. Amortization is calculated by the straight-line method based on the estimated useful lives of 3-5 years or contact period.

**3.11 Customer loyalty programmes**

The Company operates a loyalty programmes which allows customers to accumulate points when they flown through the Company. The points can then be redeemed for air ticket.

Passenger revenue and service revenue are allocated to the accumulated points which are calculated based on proportion of exercised points to total points and presented as deferred income from customer royalty programmes. The Company recognizes revenue when the customer redeem the points and receive flight service.

**3.12 Provisions for aircraft maintenance****3.12.1 Provisions for aircraft maintenance as plan**

Provisions for aircraft maintenance as plan is recorded over the entire period of aircraft lease agreement by using best estimation based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The provisions are calculated based on the expenses expected to be incurred and allocate to be expenses in cost of passenger and services and provisions for aircraft maintenance until the shop visit plan using period and flight usage.

**3.12.2 Provisions for aircraft return condition and aircraft maintenance**Provisions for aircraft return condition

The Company records provision for aircraft return condition when return the aircraft to lessor at the expiration date of operation lease agreement over the entire period of aircraft lease agreement. The Company use best estimation based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The provisions are calculated based on the expenses expected to be incurred and the delivery costs and allocate to be expense in cost of passenger and services and provisions for aircraft maintenance until the redelivery date using the periods in the contract.

Provisions for aircraft maintenance

The Company records provisions of short-term aircraft maintenance for the maintenance according to the maintenance plan. The provisions are calculated based on the expenses expected to be incurred and allocate to be expense in cost of passenger and services and provisions for aircraft maintenance until the maintenance date using the flight hour.

**3.13 Employee benefits**

**3.13.1 Provident fund**

Under Provident Fund Act. (B.E.2530), the Company has established the provident fund for its employee. Each employee contributes 2-15% of the gross salary and the Company contributes the same amount not exceeding 5%. The Company records contributory provident fund as expenses when incurred.

**3.13.2 Post-employment benefits**

The Company and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act. Such benefits are calculated by an independent actuary at the end of reporting period using the Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions including employee salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in the calculation of provision is referenced to the yield curve of Thai government bond.

The Company recognized the actuarial gains or losses arising from defined benefit plan in other comprehensive income in the period incurred.

**3.13.3 Pilot saving fund**

The Company has provided other benefits to pilots on the retirement date or upon resignation or loosen license cause. This accumulated saving fund is calculated on the basis of actual number of flights per month and years of service of its employees as per the Company's policy.

**3.14 Revenue and expense recognition**

The Company and its subsidiaries recognize the revenue from airfare after the services have been rendered to the passengers as per flight schedule indicated in the air ticket. Proceeds from sales of the air tickets that have not been recognized as revenue are presented as unearned income in current liabilities of the statement of financial position.

Revenues from services are recognized when the services are rendered.

Interest income, other income and expenses are recognized on an accrual basis.

**3.15 Income tax**

Income tax expense (income)

Income tax expense (income) represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be

available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date. Deferred tax asset shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the statement of financial position date.

### 3.16 Foreign currency transactions

Transactions in foreign currencies incurred during the year are converted to Baht at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting are converted into Baht at the reference exchange rates established by the Bank of Thailand at that date.

Gain or loss from settlements and conversion are recognized in the statement of profit or loss and other comprehensive income.

### 3.17 Leases

#### Operating lease

Leases in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged as an expense to the statement of profit or loss and other comprehensive income on the straight-line basis over lease term.

Sale and leaseback transaction results in an operating lease

If it is clear that the transaction is established at fair value, any profit or loss shall be recognized immediately in the statement of profit or loss and other comprehensive income.

If the sale price is below fair value, any profit or loss shall be recognized immediately in statement of profit or loss and other comprehensive income. Except for the loss is compensated for by future lease payments at below market price, it shall be deferred and amortized in proportion to the lease payments over the period for which the lease asset is expected to be used.

If the sale price is above fair value, the excess over fair value shall be deferred and amortized over the period for which the lease asset is expected to be used.

### 3.18 Basic loss per share and diluted loss per share

Basic loss per share is determined by dividing loss for the year by weighted average number of ordinary shares during the year.

Diluted loss per share is determined by the loss for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the period after adjusting for the effects of all dilutive potential ordinary shares.

### 3.19 Fair value measurements

Fair value is the price that would be received from sell of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company and its subsidiaries take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2018), leasing transactions that are within the scope of TAS 17 (Revised 2018), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in TAS 2 (Revised 2018) or value in use in TAS 36 (Revised 2018).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

### **3.20 Use of management's judgements and key sources of estimation uncertainty**

Management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Group's management to exercise various judgements in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgements in applying accounting policies are as follows:

#### **3.20.1 Provisions for aircraft maintenance**

The management of the Group need to exercise judgments in order to estimate the reasonableness of assumptions used to estimate aircraft maintenance in each period of maintenance schedule and expense for retaining the aircraft when returning aircraft according to lease agreement based on reviewing maintenance condition with lease agreement and maintenance schedule obtained from maintenance company, actual information in the past and management's experience. Additional information is disclosed in Note 3.12.

#### **3.20.2 Sale and leaseback transaction results in an operating lease**

To determine sale and leaseback transaction resulting in an operating lease, the Company's management has to exercise significant judgments to determine the appropriateness of lease agreement according to operating lease, aircraft fair value and returned rental fee. If it is clear that the selling transaction is established at fair value, any profit or loss shall be recognized immediately in the statement of profit or loss and other comprehensive income. Additional information is disclosed in Note 3.17.

#### **3.20.3 Employee benefit obligations**

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 3.13.2.

Past service cost related to the plan amendment is recognized as an expense in the statement of profit or loss when the plan amendment is effective.

#### Key sources of estimation uncertainty

The Group has estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

## 4. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

## 4.1 Cash and cash equivalents consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Cash on hand	21,186,297	25,584,529	10,103,639	18,316,868
Deposits at banks - current accounts	394,000,487	612,225,026	73,867,804	127,490,236
Deposits at banks - saving accounts	817,455,643	764,357,486	278,422,723	301,316,862
Certificates of deposit (interest at the rates of 0.90% - 1.00% p.a. with maturities within 3 months)	1,144,957	17,725,165	-	-
Total	1,233,787,384	1,419,892,206	362,394,166	447,123,966

## 4.2 Non-cash items from purchases and increase in equipment and intangible assets for the years ended December 31, consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payables for purchases of equipment and intangible asset brought forward	9,129,593	2,393,750	9,129,593	2,393,750
Add Purchases during the years	57,857,885	61,052,067	28,035,991	36,763,184
Less Cash payments during the years	(66,542,430)	(54,316,224)	(36,720,536)	(30,027,341)
Payables for purchases of equipment and intangible asset carried forward	445,048	9,129,593	445,048	9,129,593

## 4.3 Cash and non-cash items from changes in liabilities and capital of financing activities for the years ended December 31, consist of:

UNIT : BAHT

	Consolidated financial statements				
	Balance as at January 1, 2019	Interest recognized during the year	Change in cash items		Balance as at December 31, 2019
As at December 31, 2019			Cash received	Cash paid	
Short-term borrowings from financial institutions	1,600,000,000 <sup>(1)</sup>	-	300,000,000	(1,400,000,000)	500,000,000
Short-term borrowings from shareholder	800,000,000	-	2,920,000,000	(800,000,000)	2,920,000,000
Short-term borrowings from other	-	-	200,000,000	-	200,000,000
Accrued interest expenses	8,479,589	125,091,357	-	(118,159,987)	15,410,959
Total	2,408,479,589	125,091,357	3,420,000,000	(2,318,159,987)	3,635,410,959

<sup>(1)</sup> The subsidiary has renewed the promissory notes of Baht 700 million at January 28, 2019, February 28, 2019, March 28, 2019, April 26, 2019, May 25, 2019, June 26, 2019, September 20, 2019, November 15, 2019, December 13, 2019, January 13, 2020 and February 13, 2020 (see Note 16).

UNIT : BAHT

As at December 31, 2018	Consolidated financial statements				
	Balance as at January 1, 2018	Interest recognized during the year	Change in cash items		Balance as at December 31, 2018
			Cash received	Cash paid	
Short-term borrowings from financial institutions	700,000,000 <sup>(1)</sup>	-	1,400,000,000	(500,000,000)	1,600,000,000
Short-term borrowings from shareholder	-	-	1,000,000,000	(200,000,000)	800,000,000
Accrued interest expenses	-	44,576,681	-	(36,097,092)	8,479,589
Total	700,000,000	44,576,681	2,400,000,000	(736,097,092)	2,408,479,589

<sup>(1)</sup> The subsidiary has renewed the promissory notes of Baht 700 million at January 5, 2018, April 5, 2018, July 4, 2018, October 2, 2018, November 1, 2018, November 30, 2018, December 28, 2018, January 28, 2019 and February 28, 2019 (see Note 16).

UNIT : BAHT

As at December 31, 2019	Separate financial statements				
	Balance as at January 1, 2019	Interest recognized during the year	Change in cash items		Balance as at December 31, 2019
			Cash received	Cash paid	
Short-term borrowings from financial institutions	900,000,000	-	300,000,000	(1,200,000,000)	-
Short-term borrowings from shareholder	800,000,000	-	2,520,000,000	(800,000,000)	2,520,000,000
Accrued interest expenses	8,479,589	82,841,780	-	(75,910,410)	15,410,959
Total	1,708,479,589	82,841,780	2,820,000,000	(2,075,910,410)	2,535,410,959

UNIT : BAHT

As at December 31, 2018	Separate financial statements				
	Balance as at January 1, 2018	Interest recognized during the year	Change in cash items		Balance as at December 31, 2018
			Cash received	Cash paid	
Short-term borrowings from financial institutions	-	-	1,400,000,000	(500,000,000)	900,000,000
Short-term borrowings from shareholder	-	-	1,000,000,000	(200,000,000)	800,000,000
Accrued interest expenses	-	14,371,332	-	(5,891,743)	8,479,589
Total	-	14,371,332	2,400,000,000	(705,891,743)	1,708,479,589

## 5. TRADE AND OTHER CURRENT RECEIVABLES

## 5.1 Trade and other current receivables

Trade and other current receivables consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Trade receivables - related parties (see Note 27.1)	3,799,088	18,385,804	60,259,229	31,560,982
Trade receivables - other parties	1,098,013,557	903,349,780	515,578,811	410,337,179
Total	1,101,812,645	921,735,584	575,838,040	441,898,161
<u>Less</u> Allowance for doubtful accounts	(36,115,941)	(11,256,770)	(40,745,755)	(10,673,342)
Total trade receivables	1,065,696,704	910,478,814	535,092,285	431,224,819
Other receivables				
Advance aircraft rental	92,674,449	84,197,749	88,022,742	84,197,749
Other prepaid expenses	122,446,690	123,246,608	100,987,910	106,920,681
Accrued income - related parties (see Note 27.1)	9,716,958	8,700,787	13,018,869	19,052,223
Accrued income - other parties	134,324,401	43,669,310	54,694,685	29,217,589
Accrued interest income - related parties (see Note 27.1)	-	-	1,726,027	-
Accrued interest income - other parties	6,941,971	6,445,461	6,356,044	5,822,785
Advance payments - related parties (see Note 27.1)	-	-	1,366,660	2,522,051
Advance payments - other parties	27,406,701	21,635,610	18,169,032	7,882,610
Advance payments for aircraft maintenance and engine maintenance	29,343,657	55,821,753	12,016,043	38,140,749
Advance fuel for aircraft	356,422,646	262,569,876	48,717,422	11,722,059
Refundable valued tax	591,879,968	442,784,994	130,543,265	85,270,961
Others	56,484,210	49,376,164	25,662,345	27,837,517
Total other receivables	1,427,641,651	1,098,448,312	501,281,044	418,586,974
Total	2,493,338,355	2,008,927,126	1,036,373,329	849,811,793

## 5.2 Trade receivables classified by aging are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Current	172,482,531	157,123,655	60,751,958	59,501,131
Overdue				
- Less than 1 month	200,456,049	155,202,835	97,096,855	77,239,564
- Over 1 month to 2 months	75,241,211	83,948,387	37,737,857	60,631,061
- Over 2 months to 4 months	304,583,272	235,280,626	109,828,757	64,733,680
- Over 4 months to 1 year	282,139,583	265,072,904	229,676,858	168,913,617
- Over 1 year	66,909,999	25,107,177	40,745,755	10,879,108
	1,101,812,645	921,735,584	575,838,040	441,898,161
<u>Less</u> Allowance for doubtful accounts	(36,115,941)	(11,256,770)	(40,745,755)	(10,673,342)
Total	1,065,696,704	910,478,814	535,092,285	431,224,819

**6. SHORT-TERM LOANS TO A RELATED PARTY**

On November 12, 2019, the Company entered into the loan agreement for lending to Nok Mangkang Co., Ltd. in the amount of Baht 200 million, for investment in subsidiaries which are unsecured promissory notes and carry interest rate at 6.3% p.a. and are repayable with interest as specified in the agreement within 3 months from the date of the promissory notes. The principal is due for repayment within 12 months from the loan agreement date.

As at December 31, 2019, short-term loans to a related party are Baht 200 million (see Note 27.1).

**7. INVENTORIES**

Inventories consist of:

UNIT : BAHT

	Consolidated and separate financial statements	
	As at December 31, 2019	As at December 31, 2018
Goods for sales	8,136,046	8,300,517
Food and beverage	2,542,775	3,055,772
Spare parts and other supplies	70,306,142	38,842,550
Total	80,984,963	50,198,839

Costs of inventories recognized as expenses in the consolidated and separate statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

UNIT : MILLION BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
For the years ended December 31,	69.55	57.86	9.87	13.97

**8. AIRCRAFT DEPOSITS AND PREPAYMENTS**

Aircraft deposits and prepayments consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Short-term</b>				
Deposits - aircraft lease and machine	272,557,947	121,627,386	272,557,947	121,627,386
Prepayments - aircraft acquisition	-	253,344,000	-	253,344,000
Total	272,557,947	374,971,386	272,557,947	374,971,386
<b>Long-term</b>				
Deposits - aircraft lease	531,576,911	530,212,894	483,509,272	478,444,217
Prepayments - aircraft acquisition	522,516,480	289,897,810	522,516,480	289,897,810
Total	1,054,093,391	820,110,704	1,006,025,752	768,342,027

Deposits for aircraft and machine are security deposit for aircraft operating lease and deposit for engine lease. The Engine lease is a short-term lease of engine for existing engine is off-wing for maintenance. It shall be returned to lessee at the time of lease expiry.

Prepayment for aircraft acquisition is a pre-delivery payment (PDP) for those aircraft which the Company purchases directly from aircraft manufacturers but not yet delivered. PDP term and amount was set up in Aircraft Purchase Agreement with aircraft manufacturers.

The Company entered into sale and lease back agreements under operating lease for certain of the purchased aircraft which the sale and lease back will be effective when the aircraft are delivered, the lease terms are not exceed 12 years. However, as at the date of entering into sale and lease back agreements, the buyer has responsibility to pay the said PDP instead of the Company.

## 9. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries consist of:

Companies	Type of business	Country of registration	Shareholding (%)		Paid-up share capital (Baht)		Separate financial statements Cost method (Baht)	
			As at	As at	As at	As at	As at	As at
			December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<b>Direct subsidiaries</b>								
Nok Holidays Co., Ltd.**	Tourism guiding and other relevant business	Thailand	99.99***	49	100,000	100,000	99,990	49,000
Nok Mangkang Co., Ltd.	Air transport service for passengers, parcel and parcel post	Thailand	49	49	10,000,000	10,000,000	4,900,000	4,900,000
<b>Indirect subsidiary</b>								
NokScoot Airlines Co., Ltd.*	Air transport service for passengers, parcel and parcel post	Thailand	24.33	24.01	2,960,784,300	2,000,000,000	-	-
<b>Total</b>							<b>4,999,990</b>	<b>4,949,000</b>

\* A subsidiary of Nok Mangkang Co., Ltd. Nok Mangkang Co., Ltd. held 49% of total shares in NokScoot Airlines Co., Ltd, which Nok Mangkang Co., Ltd. borrowed loan from the Company (see Note 12) to invest in NokScoot Airlines Co., Ltd. Therefore, the Company has indirect control over NokScoot Airlines Co., Ltd. through Nok Mangkang Co., Ltd.

\*\* On March 25, 2019, the Meeting of Board of Directors of the Company has passed a resolution to proceed registration of liquidation Nok Holidays Co., Ltd. Subsequently, on July 25, 2019, the Meeting of Executive committee of the Company has considered and passed a resolution to continue business operation of Nok Holidays Co., Ltd

\*\*\* On March 14, 2019 the Board of Directors' meeting of the Company approved to invest in Nok Holidays Co., Ltd. totaling 10,198 shares, amounting of Baht 50,990. Subsequently in July 31, 2019, the Company paid return shares capital for Nok Holidays Co., Ltd.

## 10. INVESTMENT IN JOINT VENTURE

The Company invest in Air Black Box Asia Pacific Pte Ltd., which is a company incorporated in Singapore and operates in platform for airline reservation systems, in the amount of SGD 1.15 million or equivalent to Baht 28.42 million which has shareholding portion at 13.0435% of its registered and paid-up share capital.

As at December 31, 2019 and 2018, investment in joint venture in the separate financial statements has detail as follows:

UNIT : BAHT

	Separate financial statements	
	As at December 31, 2019	As at December 31, 2018
At 1 January	28,420,554	28,420,554
Disposals	-	-
At 31 December	28,420,554	28,420,554

As at December 31, 2019 and 2018, investment in joint venture which is recorded by the equity method in the consolidated financial statements and at cost method in the separate financial statements, which has detail as follows:

	Unit	As at December 31, 2019	As at December 31, 2018
Nature of business: Operates in platform for airline reservation systems			
Country of incorporation: Singapore			
Shareholding by the Company	Percentage	13.04	13.04
Carrying amount based on equity method	Baht	-	1,409,685
Carrying amount based on cost method	Baht	28,420,554	28,420,554
Share of loss on investment in joint venture	Baht	1,409,685	5,466,941
Paid-up share capital	Singapore dollars	9,264,219	9,264,219
Total assets	Singapore dollars	3,563,189	3,174,503
Total liabilities	Singapore dollars	2,035,756	341,926

On March 29, 2019, the Board of Directors' meeting of NokScoot Airlines Company Limited (the subsidiary) approved to invest in Line Maintenance Partnership (Thailand) Co., Ltd., which is a company incorporated in Thailand and operates in platform for line maintenance service with the registered capital of Baht 63.68 million. The subsidiary invested in the portion of 50.9998% of its registered capital or equivalent to Baht 32.48 million. On the same date, the Company entered into Joint Venture Agreement and related agreement of Line Maintenance Partnership (Thailand) Co., Ltd. with SIA Engineering Co., Ltd. and a management of Nok Airlines Public Company Limited. The proportion of investment for the subsidiary, SIA Engineering Co., Ltd. and a management of Nok Airlines Public Company Limited are by 50.9998%, 49% and 0.0002%, respectively.

Subsequently in August 2019, the subsidiary paid the first payment in Line Maintenance Partnership (Thailand) Co., Ltd., by Baht 8.12 million which the investment paid has portion at 25% from the proportion of investment of 50.9998% as stipulated in the agreement.

As at December 31, 2019, Line Maintenance Partnership (Thailand) Co., Ltd. is in the set up process to operate in platform for line maintenance service.

As at December 31, 2019, investment in joint venture which is recorded by the equity method in the consolidated financial statements, which has detail as follows:

	Unit	As at December 31, 2019
Nature of business: Operates in platform for line maintenance service		
Country of incorporation: Thailand		
Shareholding by the Company	Percentage	12.41*
Carrying amount based on equity method	Baht	8,119,200
Carrying amount based on cost method	Baht	8,119,200
Share of loss from investment in joint venture	Baht	-
Paid-up share capital	Baht	15,920,000
Total assets	Baht	15,920,000
Total liabilities	Baht	-

\* Calculated from proportion that the Company held investment in NokScoot Airlines Co., Ltd of 24.33% multiply by proportion that NokScoot Airlines Co., Ltd held investment in Line Maintenance Partnership (Thailand) Co., Ltd of 50.9998%.

## 11. OTHER LONG-TERM INVESTMENTS

Other long-term investments consist of:

Companies	Consolidated financial statements			
	As at December 31, 2019		As at December 31, 2018	
	Shareholding (%)	Cost method Baht	Shareholding (%)	Cost method Baht
The Aeronautical Radio of Thailand Limited	0.84	5,525,400	0.91	6,012,200
Flight Training (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		46,175,400		46,662,200

Companies	Separate financial statements			
	As at December 31, 2019		As at December 31, 2018	
	Shareholding (%)	Cost method Baht	Shareholding (%)	Cost method Baht
The Aeronautical Radio of Thailand Limited	0.78	5,164,200	0.86	5,668,400
Flight Training (Thailand) Co., Ltd.	15.00	40,650,000	15.00	40,650,000
Total		45,814,200		46,318,400

### 11.1 Investment in The Aeronautical Radio of Thailand Limited

The Company and its subsidiary applied for a membership of The Aeronautical Radio of Thailand Limited in 2004 and 2015, respectively, and acquired the Aeronautical Radio of Thailand Limited's shares according to its regulation.

The authorized share capitals of The Aeronautical Radio of Thailand Limited of 6,600,000 ordinary shares, at par value of Baht 100 each, are classified into 2 classes as to the qualification of the shareholders as follows:

1. Ordinary share class A, 6,000,000 shares specifically held by Thai government and persons who get consents from the Government.
2. Ordinary share class B, 600,000 shares specifically held by airlines, which regularly operate their flights to and/or in Thailand according to their announced flight schedules.

As the regulation of The Aeronautical Radio of Thailand Limited does not allow the dividend payment, shareholders will receive discount on air navigation facility charge instead. The proportion of shareholding will be increased or decreased depending on the allotment by The Aeronautical Radio of Thailand Limited based on the number of flights during the year of the members. The amount paid for the shares is refundable upon the termination of its membership.

During the year ended December 31, 2019, the Company reduced shares of 5,042 shares and the Company received this portion in the amount of Baht 504,200. As a result the percent holding in such company decreased from 0.86% to 0.78%.

As at December 31, 2019, the Company's and its subsidiary have investments in The Aeronautical Radio of Thailand Limited share capital totaling 51,642 shares and 3,612 shares, amounting of Baht 5,164,200 and Baht 361,200 respectively.

#### 11.2 Investment in Flight Training (Thailand) Co., Ltd.

September 12, 2014, the Company agreed with a juristic person in foreign country and a juristic person in Thailand in order to establish Flight Training (Thailand) Co., Ltd. (Formerly Pan Am International Flight Training Center (Thailand) Co., Ltd.), a crew training center, in the amount of USD 1.25 million which is 15% of the share capital of such joint venture.

### 12. LONG-TERM LOANS TO A RELATED PARTY

On July 8, 2014, the Company entered into the loan agreement for lending to Nok Mangkang Co., Ltd. (the "subsidiary") in the amount of Baht 970 million, carrying interest rate at the average fixed deposits rate for 1 year of two commercial banks plus 0.50% p.a. payable on annually with no collateral and due for repayment within 10 years. On November 22, 2018 the Company entered into the addendum to loan agreement No. 1 and No. 2 respectively for addition lending to subsidiary in the amount of Baht 490 million, carrying interest rate 6.50% p.a. payable on annually with no collateral and due for repayment within 10 years from the date of receiving the loan. Other conditions are specified in the agreement.

As at December 31, 2019 and 2018, long-term loans to a related party are Baht 1,460 million and Baht 1,215 million, respectively (see Note 27.1).

On December 30, 2019 and December 28, 2018, the Company has issued a letter to accept the request from a subsidiary to extend the accrued interest income as at December 31, 2019 and 2018, amounting to Baht 103.85 million and Baht 63.40 million, respectively, for 12 months from December 31, 2019 and 2018, respectively. Therefore, the Company presented the accrued interest income as a part of other non-current assets (see Note 27.1).

**13. LEASEHOLD IMPROVEMENTS AND EQUIPMENT**

Leasehold improvements and equipment consist of:

As at December 31, 2019

UNIT : BAHT

	Consolidated financial statements				
	Balance as at January 1, 2019	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2019
<b>Cost</b>					
Leasehold improvements	104,225,092	588,263	(2,898,996)	1,455,062	103,369,421
Aircraft improvements	81,995,616	26,405,189	-	-	108,400,805
Office tools	19,097,530	24,920	(469,867)	-	18,652,583
Office equipment	29,874,067	437,903	(698,303)	185,750	29,799,417
Computer equipment	156,891,632	2,169,257	(1,888,468)	41,715	157,214,136
Communication equipment	5,341,352	-	(125,348)	-	5,216,004
Tools	270,003,979	6,589,273	(1,709,202)	-	274,884,050
Vehicles	5,628,047	-	-	-	5,628,047
Leasehold improvements in progress and asset under installation	6,971,687	1,532,527	-	(1,682,527)	6,821,687
Total cost	680,029,002	37,747,332	(7,790,184)	-	709,986,150
<b>Accumulated depreciation</b>					
Leasehold improvements	(83,784,378)	(10,655,740)	2,759,384	-	(91,680,734)
Aircraft improvements	(39,799,608)	(20,468,736)	-	-	(60,268,344)
Office tools	(15,750,927)	(1,768,536)	453,583	-	(17,065,880)
Office equipment	(22,554,181)	(3,698,320)	623,915	-	(25,628,586)
Computer equipment	(132,739,771)	(12,379,778)	1,831,198	-	(143,288,351)
Communication equipment	(4,372,787)	(429,409)	125,329	-	(4,676,867)
Tools	(171,676,093)	(45,464,072)	1,686,893	-	(215,453,272)
Vehicles	(2,561,358)	(665,244)	-	-	(3,226,602)
Total accumulated depreciation	(473,239,103)	(95,529,835)	7,480,302	-	(561,288,636)
<b>Leasehold improvements and equipment</b>	<b>206,789,899</b>				<b>148,697,514</b>

As at December 31, 2018

UNIT : BAHT

	Consolidated financial statements				
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2018
<b>Cost</b>					
Leasehold improvements	99,462,252	120,326	(1,130,410)	5,772,924	104,225,092
Aircraft improvements	68,187,155	13,808,461	-	-	81,995,616
Office tools	19,151,600	128,296	(283,951)	101,585	19,097,530
Office equipment	29,196,797	346,677	(656,129)	986,722	29,874,067
Computer equipment	154,703,912	4,733,354	(2,638,330)	92,696	156,891,632
Communication equipment	5,929,834	49,146	(637,628)	-	5,341,352
Tools	256,158,784	13,884,599	(39,404)	-	270,003,979
Vehicles	9,894,247	-	(4,266,200)	-	5,628,047
Leasehold improvements in progress and asset under installation	7,284,085	6,641,529	-	(6,953,927)	6,971,687
<b>Total cost</b>	<b>649,968,666</b>	<b>39,712,388</b>	<b>(9,652,052)</b>	<b>-</b>	<b>680,029,002</b>
<b>Accumulated depreciation</b>					
Leasehold improvements	(74,096,000)	(10,818,783)	1,130,405	-	(83,784,378)
Aircraft improvements	(24,797,884)	(15,001,724)	-	-	(39,799,608)
Office tools	(13,860,304)	(2,110,751)	220,128	-	(15,750,927)
Office equipment	(18,731,556)	(4,434,936)	612,311	-	(22,554,181)
Computer equipment	(119,555,978)	(15,748,480)	2,564,687	-	(132,739,771)
Communication equipment	(4,436,976)	(536,902)	601,091	-	(4,372,787)
Tools	(122,268,098)	(49,444,852)	36,857	-	(171,676,093)
Vehicles	(6,162,313)	(665,244)	4,266,199	-	(2,561,358)
<b>Total accumulated depreciation</b>	<b>(383,909,109)</b>	<b>(98,761,672)</b>	<b>9,431,678</b>	<b>-</b>	<b>(473,239,103)</b>
<b>Leasehold improvements and equipment</b>	<b>266,059,557</b>				<b>206,789,899</b>
<b>Depreciation for the years ended December 31,</b>					
2019				Baht	95,529,835
2018				Baht	98,761,672

As at December 31, 2019 and 2018, cost value of equipment which are fully depreciated but still in use of the Company and its subsidiaries are Baht 297.52 million and Baht 182.95 million, respectively.

As at December 31, 2019

UNIT : BAHT

	Separate financial statements				
	Balance as at January 1, 2019	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2019
<b>Cost</b>					
Leasehold improvements	94,805,950	434,311	(2,898,995)	1,455,062	93,796,328
Aircraft improvements	73,353,764	-	-	-	73,353,764
Office tools	19,097,530	24,921	(469,868)	-	18,652,583
Office equipment	25,131,184	365,714	(698,303)	185,750	24,984,345
Computer equipment	149,804,196	2,037,720	(1,888,468)	9,500	149,962,948
Communication equipment	5,341,353	-	(125,349)	-	5,216,004
Tools	262,178,650	6,570,244	(1,709,201)	-	267,039,693
Vehicles	5,628,046	-	-	-	5,628,046
Leasehold improvements in progress and asset under installation	6,971,687	1,500,312	-	(1,650,312)	6,821,687
Total cost	642,312,360	10,933,222	(7,790,184)	-	645,455,398
<b>Accumulated depreciation</b>					
Leasehold improvements	(76,524,565)	(9,309,817)	2,759,384	-	(83,074,998)
Aircraft improvements	(38,776,989)	(12,881,459)	-	-	(51,658,448)
Office tools	(15,750,927)	(1,768,536)	453,582	-	(17,065,881)
Office equipment	(18,880,157)	(2,939,777)	623,914	-	(21,196,020)
Computer equipment	(128,603,309)	(10,915,825)	1,831,199	-	(137,687,935)
Communication equipment	(4,372,788)	(429,409)	125,330	-	(4,676,867)
Tools	(168,896,503)	(43,896,696)	1,686,892	-	(211,106,307)
Vehicles	(2,561,359)	(665,244)	-	-	(3,226,603)
Total accumulated depreciation	(454,366,597)	(82,806,763)	7,480,301	-	(529,693,059)
Leasehold improvements and equipment	187,945,763				115,762,339

As at December 31, 2018

UNIT : BAHT

	Separate financial statements				
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2018
<b>Cost</b>					
Leasehold improvements	90,163,436	-	(1,130,410)	5,772,924	94,805,950
Aircraft improvements	68,187,155	5,166,609	-	-	73,353,764
Office tools	19,151,601	128,295	(283,951)	101,585	19,097,530
Office equipment	24,479,216	308,375	(643,129)	986,722	25,131,184
Computer equipment	151,110,178	1,239,652	(2,638,330)	92,696	149,804,196
Communication equipment	5,929,835	49,146	(637,628)	-	5,341,353
Tools	250,263,701	11,954,353	(39,404)	-	262,178,650
Vehicles	9,894,246	-	(4,266,200)	-	5,628,046
Leasehold improvements in progress and asset under installation	7,284,085	6,641,529	-	(6,953,927)	6,971,687
<b>Total cost</b>	<b>626,463,453</b>	<b>25,487,959</b>	<b>(9,639,052)</b>	<b>-</b>	<b>642,312,360</b>
<b>Accumulated depreciation</b>					
Leasehold improvements	(68,155,380)	(9,499,590)	1,130,405	-	(76,524,565)
Aircraft improvements	(24,797,884)	(13,979,105)	-	-	(38,776,989)
Office tools	(13,860,304)	(2,110,751)	220,128	-	(15,750,927)
Office equipment	(16,012,056)	(3,468,340)	600,239	-	(18,880,157)
Computer equipment	(116,826,915)	(14,341,081)	2,564,687	-	(128,603,309)
Communication equipment	(4,436,977)	(536,902)	601,091	-	(4,372,788)
Tools	(120,846,343)	(48,087,017)	36,857	-	(168,896,503)
Vehicles	(6,162,313)	(665,245)	4,266,199	-	(2,561,359)
<b>Total accumulated depreciation</b>	<b>(371,098,172)</b>	<b>(92,688,031)</b>	<b>9,419,606</b>	<b>-</b>	<b>(454,366,597)</b>
<b>Leasehold improvements and equipment</b>	<b>255,365,281</b>				<b>187,945,763</b>
<b>Depreciation for the years ended December 31,</b>					
2019				Baht	82,806,763
2018				Baht	92,688,031

As at December 31, 2019 and 2018, cost value of equipment which are fully depreciated but still in use of the Company are Baht 297.52 million and Baht 182.95 million, respectively.

**14. INTANGIBLE ASSETS**

Intangible assets are as follows:

As at December 31, 2019

UNIT : BAHT

	Consolidated financial statements				
	Balance as at January 1, 2019	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2019
<b>Cost</b>					
Computer software	203,704,902	16,187,729	(23,528,394)	4,586,784	200,951,021
Software under development	16,265,125	3,922,824	-	(4,586,784)	15,601,165
Total cost	219,970,027	20,110,553	(23,528,394)	-	216,552,186
<b>Accumulated amortization</b>					
Computer software	(174,246,206)	(16,917,860)	23,528,394	-	(167,635,672)
Total accumulated amortization	(174,246,206)	(16,917,860)	23,528,394	-	(167,635,672)
<b>Intangible assets</b>	<b>45,723,821</b>				<b>48,916,514</b>

As at December 31, 2018

UNIT : BAHT

	Consolidated financial statements				
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2018
<b>Cost</b>					
Computer software	195,232,547	7,853,855	-	618,500	203,704,902
Software under development	3,397,801	13,485,824	-	(618,500)	16,265,125
Total cost	198,630,348	21,339,679	-	-	219,970,027
<b>Accumulated amortization</b>					
Computer software	(151,173,049)	(23,073,157)	-	-	(174,246,206)
Total accumulated amortization	(151,173,049)	(23,073,157)	-	-	(174,246,206)
<b>Intangible assets</b>	<b>47,457,299</b>				<b>45,723,821</b>
<b>Amortization for the years ended December 31,</b>					
2019				Baht	16,917,860
2018				Baht	23,073,157

As at December 31, 2019 and 2018, cost value of intangible assets which are fully amortized but still in use of the Company and its subsidiaries are Baht 131.08 million and Baht 82.53 million, respectively.

As at December 31, 2019

UNIT : BAHT

	Separate financial statements				
	Balance as at January 1, 2019	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2019
<b>Cost</b>					
Computer software	190,853,317	15,987,730	(23,528,394)	-	183,312,653
Software under development	10,329,325	1,115,039	-	-	11,444,364
Total cost	201,182,642	17,102,769	(23,528,394)	-	194,757,017
<b>Accumulated amortization</b>					
Computer software	(168,630,026)	(13,385,438)	23,528,394	-	(158,487,070)
Total accumulated amortization	(168,630,026)	(13,385,438)	23,528,394	-	(158,487,070)
<b>Intangible assets</b>	<b>32,552,616</b>				<b>36,269,947</b>

As at December 31, 2018

UNIT : BAHT

	Separate financial statements				
	Balance as at January 1, 2018	Additions	Disposals	Transfer in (out)	Balance as at December 31, 2018
<b>Cost</b>					
Computer software	187,826,416	2,408,401	-	618,500	190,853,317
Software under development	2,081,001	8,866,824	-	(618,500)	10,329,325
Total cost	189,907,417	11,275,225	-	-	201,182,642
<b>Accumulated amortization</b>					
Computer software	(147,298,396)	(21,331,630)	-	-	(168,630,026)
Total accumulated amortization	(147,298,396)	(21,331,630)	-	-	(168,630,026)
<b>Intangible assets</b>	<b>42,609,021</b>				<b>32,552,616</b>
<b>Amortization for the years ended December 31,</b>					
2019				Baht	13,385,438
2018				Baht	21,331,630

As at December 31, 2019 and 2018, cost value of intangible assets which are fully amortized but still in use of the Company are Baht 131.08 million and Baht 82.53 million, respectively.

**15. DEFERRED TAX ASSETS AND INCOME TAX EXPENSE**

Deferred tax assets consist of:

UNIT : BAHT

	Consolidated and Separate financial statements	
	As at	As at
	December 31, 2019	December 31, 2018
Deferred tax assets	13,321,915	13,321,915

The movements of deferred tax assets during the years are as follows:

UNIT : BAHT

	Consolidated and separate financial statements			
	Balances	Items	Items recognized	Balances
	As at January 1, 2019	recognized in profit or loss	in other comprehensive income	As at December 31, 2019
Deferred tax asset				
Allowance for doubtful accounts	386,525	-	-	386,525
Employee benefit obligations	12,935,390	-	-	12,935,390
Total	13,321,915	-	-	13,321,915

UNIT : BAHT

	Consolidated and separate financial statements			
	Balances	Items	Items recognized	Balances
	As at January 1, 2018	recognized in profit or loss	in other comprehensive income	As at December 31, 2018
Deferred tax asset				
Allowance for doubtful accounts	386,525	-	-	386,525
Employee benefit obligations	12,935,390	-	-	12,935,390
Total	13,321,915	-	-	13,321,915

Income tax expense for the years ended December 31, consist of:

UNIT : BAHT

	Consolidated and separate financial statements	
	2019	2018
Current tax for the year	-	-
Deferred income tax	-	-
Income tax expense	-	-

Reconciliation between income tax expense and the amount of tax derived from accounting profit multiplied by the applicable tax rate for the years ended December 31, are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit for non-promoted business	(549,378,697)	(158,127,346)	(262,946,835)	100,224,450
Accounting loss for promoted business	(2,422,965,474)	(3,817,318,194)	(1,328,169,677)	(2,505,064,963)
Accounting loss before income tax expense	(2,972,344,171)	(3,975,445,540)	(1,591,116,512)	(2,404,840,513)
Income tax calculated based on tax rate at 20%	(109,875,739)	(31,625,469)	(52,589,367)	20,044,890
Effect of tax losses not recognized as deferred tax assets	-	-	-	-
Effect of loss for promoted business used as tax deduction	109,875,739	31,625,469	52,589,367	(20,044,890)
Tax effect of temporary differences	-	-	-	-
Corporate income tax expenses as presented in the statements of profit or loss and other comprehensive income	-	-	-	-

As at December 31, 2019, the Company and its subsidiaries did not record deferred tax assets related to loss carried forward because the Company and its subsidiaries' management assess that the estimated future taxable income will not be sufficient to allow for the realization in full amount of deferred tax assets resulting from loss carried forward of Baht 3,983.05 million and Baht 2,411.87 million for the consolidated and separate financial statements, respectively.

## 16. SHORT-TERM BORROWINGS

Short-term borrowings are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Short-term borrowings from financial institutions	500,000,000	1,600,000,000	-	900,000,000
Short-term borrowings from a shareholder (see Note 27.1)	2,920,000,000	800,000,000	2,520,000,000	800,000,000
Short-term borrowings from other	200,000,000	-	-	-
Total	3,620,000,000	2,400,000,000	2,520,000,000	1,700,000,000

### Short-term borrowings from financial institutions

As at December 31, 2018, the Company had short-term borrowings from two financial institutions totaling of Baht 900 million, which are promissory note from the first financial institution of Baht 100 million and the second financial institution of Baht 800 million. Such promissory note carries interest rate at 2.30% - 2.55% p.a. and is repayable within 3 months from the date of the promissory note.

As at December 31, 2019 and 2018, a subsidiary had short-term borrowings from two financial institutions in the form of promissory notes of Baht 350 million per each financial institution totaling of Baht 700 million which were guaranteed by the Company and major shareholder of a major shareholder of the subsidiary. Such loans carry the interest rate at Money Market Rate (MMR) per annum and BIBOR per annum of each financial institution and due on February 10, 2017. In November 2019, the subsidiary has paid short-term borrowings from two financial institutions amount of Baht 200 million and renewed the promissory notes of Baht 500 million due from February 10, 2017 for 0.5 - 3 months each to be until March 13, 2020.

**Short-term borrowings from a shareholder**

On April 25, 2019, the Annual General Meeting of Shareholders 2019 has resolved to approve the entering into a connected transaction with a connected person in relation to a receipt of financial assistance under the credit limit of Baht 3,000 million to use for working capital and general operation purpose of the Company, separately draw down as needed by issuing one or more promissory notes, which each of the notes has the term of no longer than 180 days, interest rate no more than average of Minimum Loan Rate (MLR) plus 1.00% per annum.

As at December 31, 2019 and 2018, the Company has loan from a shareholder amounting of Baht 2,520 million and Baht 800 million, respectively which is unsecured promissory note and carries interest rate at 6% p.a. and is repayable within 3 months from the date of the promissory note (see Note 27.1).

As at December 31, 2019, a subsidiary has loan from a shareholder of the subsidiary amounting of Baht 400 million, which is unsecured promissory note and carries interest rate at 6.30% p.a. and is repayable within 1 year from the date of the promissory note.

In January 2020, the Company received short-term loan from a shareholder amounting of Baht 200 million, which are unsecured promissory notes and carry interest rate at 6% p.a. and are repayable within 3 months from the date of the promissory notes.

**Short-term borrowings from other**

As at December 31, 2019, a subsidiary has loan from major shareholder of the Company amounting of Baht 200 million, which is unsecured promissory note and carries interest rate at 6.30% p.a. and is repayable within 1 year from the date of the promissory note.

**17. TRADE AND OTHER CURRENT PAYABLES**

Trade and other current payables are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Trade payables - related parties (see Note 27.1)	194,867,467	59,288,548	78,091,964	59,683,026
Trade payables - other parties	2,036,381,663	2,637,148,826	1,238,736,059	1,858,247,790
Other payables - related parties (see Note 27.1)	5,612,887	19,900,780	5,878,212	19,937,125
Other payables - other parties	17,745,901	24,750,596	3,151,475	14,849,594
Unearned passenger revenues	1,622,748,629	1,389,255,633	621,403,038	631,628,620
Other advance received	524,717,966	785,611,879	252,406,785	243,757,618
Accrued interest expense - related parties (see Note 27.1)	15,410,959	6,756,164	15,410,959	6,756,164
Accrued expenses	1,248,623,282	962,849,621	534,948,669	428,019,208
Withholding tax payable	22,296,571	20,353,514	21,030,911	19,456,827
Total	5,688,405,325	5,905,915,561	2,771,058,072	3,282,335,972

**18. MAINTENANCE RESERVE AND PROVISIONS FOR AIRCRAFT MAINTENANCE****18.1 Maintenance reserve**

Maintenance reserve is prepayments which the Company and its subsidiary pay to the lessor at the rate specified in the agreement. It can be reimbursed when sending the aircraft to the overhaul maintenance in accordance with overhaul plan with the conditions specified in the agreements.

Maintenance reserve consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2018
Maintenance reserve at beginning of the year	7,788,296,566	7,192,488,243	5,649,595,719	5,817,998,463
Add Additional payment	1,782,449,032	2,048,778,656	1,229,472,464	1,284,567,589
Less Reversal	(895,456,338)	-	(895,456,338)	-
Less Reimburse from lessor during the year	(332,880,976)	(1,452,970,333)	(332,880,976)	(1,452,970,333)
Maintenance reserve at end of the year	8,342,408,284	7,788,296,566	5,650,730,869	5,649,595,719

**18.2 Provisions for aircraft maintenance as plan**

Provisions for aircraft maintenance as plan consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2018
Provisions for aircraft maintenance as plan at beginning of the year	8,177,323,409	7,583,100,082	5,774,825,434	6,208,610,302
Add Increase during the year - recognized as expenses for the year	1,951,162,506	2,138,376,694	1,132,949,714	1,110,368,499
Less Reversal	(760,216,695)	-	(760,216,695)	-
Less Change estimation	-	(91,183,034)	-	(91,183,034)
Less Aircraft maintenance cost paid during the year	(574,923,051)	(1,452,970,333)	(574,923,051)	(1,452,970,333)
Provisions for aircraft maintenance as plan at ending of the year	8,793,346,169	8,177,323,409	5,572,635,402	5,774,825,434

For the year ended December 31, 2018, the Company reduced the provisions for aircraft maintenance previously recorded by Baht 91.18 million. The main change is from the plan as the change in aircraft maintenance plan to efficiently match with the Company's situation.

**18.3 Provisions for aircraft return condition and aircraft maintenance**

Provisions for aircraft return condition and aircraft maintenance consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2018
Provisions for aircraft maintenance at beginning of the year	219,746,024	297,423,374	194,145,344	289,876,939
Add Increase during the year - recognized as expenses for the year	108,959,484	194,027,084	97,916,659	150,747,033
Less Reversal	(32,417,956)	-	(32,417,956)	-
Less Change estimation	-	(108,633,577)	-	(108,633,577)
Less Aircraft maintenance cost paid during the year	(98,778,524)	(163,070,857)	(95,959,326)	(137,845,051)
Provisions for aircraft maintenance at ending of the year	197,509,028	219,746,024	163,684,721	194,145,344
Less Short-term provisions for aircraft maintenance	(72,407,580)	(120,622,592)	(62,210,730)	(106,656,715)
Long-term provisions for aircraft maintenance	125,101,448	99,123,432	101,473,991	87,488,629

For the year ended December 31, 2018, the Company reduced the provisions for aircraft return condition in the amount of Baht 108.63 million. The main changes are changing the location for returning aircraft and maintenance plan.

## 19. PROVISIONS FOR EMPLOYEE BENEFIT

Provisions for employee benefit consist of:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Retirement benefits	180,388,278	266,077,346	168,403,595	259,201,736
Other long term benefit - Pilot saving fund	8,276,546	7,790,831	8,276,546	7,790,831
Total	188,664,824	273,868,177	176,680,141	266,992,567

### 19.1 Retirement benefits

Movements in the retirement benefits are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2019	For the year ended December 31, 2018
Retirement benefits at the beginning of the year	266,077,346	234,883,632	259,201,736	214,075,382
Employee Benefits paid	(42,419,861)	(16,902,257)	(42,419,861)	(16,155,857)
Current service costs and interest cost	79,787,258	65,517,336	74,678,185	61,282,211
Actuarial gain from assumption change	(123,056,465)	(17,421,365)	(123,056,465)	-
Retirement benefits at the end of the year	180,388,278	266,077,346	168,403,595	259,201,736

Retirement benefits recognized in the statements of profit or loss and other comprehensive income for the years ended December 31, are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current service costs	63,101,241	62,188,949	58,587,917	58,061,113
Interest cost	3,507,956	3,328,387	3,317,864	3,221,098
Past Service Cost	13,178,061	-	12,772,404	-
Total	79,787,258	65,517,336	74,678,185	61,282,211

The principal actuarial assumptions as at December 31, 2019 and 2018 are as follows;

	Consolidated financial statements	
	2019 Percentage (% p.a.)	2018 Percentage (% p.a.)
Discount rate	2.29 - 2.61	2.12 - 2.61
Salary increase rate	3.00 - 4.00	4.00 - 5.00
Employee turnover	0 - 16.00 (depend on employee age)	0 - 16.00 (depend on employee age)
Mortality rate	TMO2017 (Thai Mortality Ordinary Table 2017)	TMO2008 and TMO2017 (Thai Mortality Ordinary Table 2008 and 2017)

	Separate financial statements	
	2019 Percentage (% p.a.)	2018 Percentage (% p.a.)
Discount rate	2.29	2.12
Salary increase rate	3.00	5.00
Employee turnover	0 - 16.00 (depend on employee age)	0 - 16.00 (depend on employee age)
Mortality rate	TMO2017 (Thai Mortality Ordinary Table 2017)	TMO2008 (Thai Mortality Ordinary Table 2008)

Significant actuarial assumptions for the determination of the employee benefit obligations are discount rate, expected salary increase rate and mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions are constant.

UNIT : BAHT

	Impact on employee benefit obligations increases (decreases)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate - increase by 1%	(14,356,220)	(18,144,063)	(13,325,162)	(17,549,130)
Discount rate - decrease by 1%	17,069,278	22,184,151	15,852,129	21,486,583
Salary increase rate - increase by 1%	14,349,790	22,025,177	13,036,088	21,344,770
Salary increase rate - decrease by 1%	(12,244,676)	(18,201,052)	(11,111,875)	(17,608,205)
Life expectancy - increase by 1 year	1,040,007	2,080,172	965,005	2,035,599
Life expectancy - decrease by 1 year	(1,029,462)	(2,041,699)	(955,065)	(1,997,484)

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations have been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

## 19.2 Other long-term employee benefit - Pilot saving fund

Movements in other long-term employee benefit - Pilot saving fund are as follows:

UNIT : BAHT

	Consolidated and separate financial statements	
	For the year ended December 31, 2019	For the year ended December 31, 2018
Other long-term benefit - Pilot saving fund at the beginning of the year	7,790,831	7,331,560
<u>Add</u> Increase during the year recognized as expenses for the year	779,747	919,610
<u>Less</u> Pilot saving paid	(102,860)	-
<u>Less</u> Reverse during the year	(191,172)	(460,339)
Other long-term benefit - Pilot saving fund at the end of the year	8,276,546	7,790,831

On January 1, 2013, the Company provided other benefits to Pilot upon the retirement age or upon resignation or loosen license cause. This accumulated saving fund to pilots is calculated on the basis of actual number of flights per month and years of service of pilots as per the Company's policy. However, as at December 31, 2016 the Company terminated the said benefits to Pilot and the benefit will be paid back to pilot in accordance with the Company's policy. Pilot who joins the Company after December 31, 2016 will not receive such benefits.

## 20. CAPITAL MANAGEMENT

The Company and its subsidiaries' objective in managing capital is to safeguard the Company and its subsidiaries' ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In addition, the Company monitors its capital in accordance with the covenant on financial ratios under the credit facility of bank guarantee agreement with a financial institution (see Note 28.4).

## 21. SHARE CAPITAL

	Par value per share (Baht)	Consolidated and Separate financial statements			
		December 31, 2019		December 31, 2018	
		Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
<b>Authorised</b>					
At January 1, Ordinary shares	1	2,499,249,882	2,499,249,882	2,499,249,882	2,499,249,882
Capital increase on February 13, 2019	1	908,799,918	908,799,918	-	-
<b>At December 31, ordinary shares</b>	<b>1</b>	<b>3,408,049,800</b>	<b>3,408,049,800</b>	<b>2,499,249,882</b>	<b>2,499,249,882</b>
<b>Issued and paid share capital</b>					
At January 1, Ordinary shares	1	2,271,999,796	2,271,999,796	2,271,999,764	2,271,999,764
Increase of new shares on March 23, 2018	1	-	-	32	32
Increase of new shares on February 8, 2019	1	836,515,960	836,515,960	-	-
<b>At December 31, ordinary shares</b>	<b>1</b>	<b>3,108,515,756</b>	<b>3,108,515,756</b>	<b>2,271,999,796</b>	<b>2,271,999,796</b>

On January 22, 2019, the Extra-ordinary General Meeting of the Shareholders No. 1/2019 has resolved to approve the increase of registered capital to the existing shareholders proportionated to their respective shareholdings (Rights Offering) of Baht 908.80 million from the existing registered capital of Baht 2,499.25 million to the new registered capital of Baht 3,408.05 million by means of issuance 908.80 million newly-issued ordinary shares with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. The Company determined the allocation ratio as 2.50 existing share to 1 newly-issued ordinary share at an offering price of Baht 2.75 per share.

On February 8, 2019, the Company received subscription in the amount of Baht 2,300.42 million for the issued and paid-up share capital totaling 836.52 million shares at an offering price of Baht 2.75 per share with a par value of Baht 1 per share. This resulted in share premium of Baht 1,463.90 million. The Company registered the paid-up share capital in the amount of Baht 3,108.52 million with the Ministry of Commerce on February 13, 2019.

#### Share premium

Section 51 of the Public Companies Act B.E. 1992 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

As at December 31, 2019 and 2018, the Company has share premium in the amount of Baht 5,789.79 million and Baht 4,325.89 million, respectively.

## 22. LEGAL RESERVE

Under the Public Limited Companies Act, the Company is required to appropriate as legal reserve at least 5% of its net profit of each year after deduction of deficit (if any) until the reserve reaches 10% of authorized share capital. This reserve is not available for dividend distribution.

## 23. OTHER INCOME - OTHERS

Other income - others consist of:

UNIT : BAHT

	For the years ended December 31,			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Revenue from insurance claim	540,552	83,596,901	540,552	83,596,901
Gain on exchange rate	157,977,738	190,592,041	7,387,760	137,076,977
Refund for aircraft maintenance	11,174,168	17,548,539	11,174,168	17,548,539
Other fee income	87,162,444	96,540,335	84,279,909	89,416,278
Revenue from internet service under Type I license	-	-	-	-
Incentive income from airports	-	-	-	-
Others	83,184,370	66,650,815	28,505,535	37,164,021
Total	340,039,272	454,928,631	131,887,924	364,802,716

## 24. BASIC AND DILUTED LOSS PER SHARE

The calculations of basic loss per share were based on the loss for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year.

The calculations of diluted loss per share were based on the loss for the year attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares.

The calculations of basic and diluted loss per share for the years ended December 31, are as follows:

	For the years ended December 31,			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Basic loss per share</b>				
Loss attributable to ordinary shareholders of the Company (basic)	(2,051,394,665)	(2,786,757,018)	(1,714,172,977)	(2,404,840,513)
Number of ordinary shares outstanding at 1 January	2,271,999,796	2,271,999,764	2,271,999,796	2,271,999,764
Effect of shares exercised at February 13, 2019	737,967,504	-	737,967,504	-
Effect of exercised warrants	-	23	-	23
Weighted average number of ordinary shares outstanding (basic)	3,009,967,300	2,271,999,787	3,009,967,300	2,271,999,787
<b>Basic loss per share (Baht per share)</b>	<b>(0.68)</b>	<b>(1.23)</b>	<b>(0.57)</b>	<b>(1.06)</b>
<b>Diluted loss per share</b>				
Weighted average number of ordinary shares outstanding (basic)	3,009,967,300	2,271,999,787	3,009,967,300	2,271,999,787
Weighted average number of ordinary shares outstanding (diluted)	3,009,967,300	2,271,999,787	3,009,967,300	2,271,999,787
<b>Diluted loss per share (Baht per share)</b>	<b>(0.68)</b>	<b>(1.23)</b>	<b>(0.57)</b>	<b>(1.06)</b>

## 25. PROVIDENT FUND

The Company has set up a Provident Fund which is contributory by employees and the Company. The fund is registered as the provident fund in accordance with the Provident Fund Act B.E. 2530.

The Company contributed to the provident fund and recorded as expenses in the statements of profit or loss and other comprehensive income as follows:

UNIT : BAHT

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
For the years ended December 31,	44,732,997	53,332,967	37,014,848	45,422,927

## 26. EXPENSES BY NATURE

The significant expenses classified by nature for the years ended December 31, are as follows:

UNIT : BAHT

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fuel expenses	7,226,033,250	7,479,797,386	4,102,664,897	4,884,339,928
Employee benefit expenses	1,928,461,844	2,038,692,455	1,455,108,678	1,629,580,290
Ground service expenses and navigation fee	2,663,793,496	2,491,806,536	1,527,494,712	1,720,593,792
Expenses related to pilots and cabin crews	774,835,235	728,278,025	433,220,746	487,131,696
Aircraft maintenance expenses	4,105,941,353	4,046,631,213	2,439,634,169	2,566,270,809
Depreciation and amortization expenses	112,447,695	121,834,829	96,192,201	114,019,661
Aircraft lease and spare part	4,003,232,860	4,253,556,007	3,016,003,383	3,395,541,158
Merchandise and supplies used	198,797,397	251,159,130	124,641,069	198,822,516
Promotion advertising expenses	311,966,830	289,082,832	202,219,551	220,677,478
Insurance expense	115,929,757	118,520,890	67,646,295	76,576,577
Credit card fee	47,560,491	67,076,524	47,560,491	67,076,524
Call center customers expense	67,315,368	77,961,459	67,315,368	77,961,459
Passenger transportation expense	387,330,424	367,717,472	44,909,020	54,797,639

**27. RELATED PARTY TRANSACTIONS**

The Company has transactions with its related parties which have the same group of shareholders and directors. Those transactions occurred in the normal course of business based on the basis determined by the Company and related persons and related parties.

Significant related persons and related parties as at December 31, 2019 and 2018, consist of:

Company Name	Type of Businesses	Relationship
NokScoot Airlines Co., Ltd.	Air transport services for passengers, parcel and parcel post	Indirect subsidiary
Nok Mangkang Co., Ltd.	Air transport services for passengers, parcel and parcel post	Subsidiary
Nok Holidays Co., Ltd.	Tourism and other relevant businesses	Subsidiary
Flight Training (Thailand) Co., Ltd. (formerly, Pan Am International Flight Training Center (Thailand) Co., Ltd.)	Cockpit training services	Held by the company
Air Black Box Asia Pacific Pte Ltd.	Platform for airline reservation systems	Joint venture
Thai Airways International PLC.	Services transportation and logistics	Common shareholders and director
Thai Smile Airways Co., Ltd.	Services transportation and logistics	Same group of shareholders
Donmuang International Airport Hotel Co., Ltd.	Hotel	Same group of shareholders
Thai Flight Training Co., Ltd.	Cockpit training	Same group of shareholders
Siam Premier International Law Office Limited*	Legal advisory	The Company's director is shareholder and common director
Haad Thip PLC.	Manufacturing and distribution of soft drinks	Spouse of common director
Thailand Post Co., Ltd.**	Postal service	Common director
CAT Telecom PLC.**	Telecommunications business	Common director
Advanced Medical Center Co., Ltd.	Hospital	Common director
Siam Makro PLC.***	Wholesale business	Common director
AIRA Securities PLC.	Equities and Derivatives Service	Common shareholders and director
AIRA Advisory Company Limited	Business consultancy services	Common shareholders and director
Siam City Law Offices DR Limited	General business law services	Common director
Siam City Law Offices GP Limited	General business law services	Common director
Muang Thai Insurance PLC.	Non-Life Insurance	Common director
Millcon Steel PLC.	Manufacturer and a distributor of a complete range of steel products	Common director
Jmax Corporation Co., Ltd.	Property Management and Rental Business	Common director

\* This entity had been considered a related party until January 22, 2018, which was the date when there was no more common director.

\*\* This entity had been considered a related party until May 1, 2019, which was the date when there was no more common director.

\*\*\* This entity had been considered a related party until August 9, 2019, which was the date when there was no more common director.

## 27.1 Balances with related parties are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Trade current receivables - related parties (see Note 5.1)</b>				
Thai Airways International PLC.	-	877,810	-	877,810
Thai Smile Airways Co., Ltd.	126,271	1,046,480	126,271	1,046,480
NokScoot Airlines Co., Ltd.	-	-	56,101,928	12,816,966
Haad Thip Public Co., Ltd.	176,576	166,296	176,576	166,296
Nok Holidays Co., Ltd.	-	-	358,212	358,212
Muang Thai Insurance PLC.	3,361,421	16,115,637	3,361,422	16,115,637
Siam Makro PLC.	-	179,581	-	179,581
Jmax Coporation Co.,Ltd.	134,820	-	134,820	-
Total	3,799,088	18,385,804	60,259,229	31,560,982
<b>Accrued income - related parties (see Note 5.1)</b>				
NokScoot Airlines Co., Ltd.	-	-	3,301,911	3,922,016
Nok Holidays Co., Ltd.	-	-	-	6,429,420
Muang Thai Insurance PLC.	9,716,958	8,700,787	9,716,958	8,700,787
Total	9,716,958	8,700,787	13,018,869	19,052,223
<b>Accrued interest income - related parties (see Note 5.1)</b>				
Nok Mangkang Co., Ltd.	-	-	1,726,027	-
<b>Advance payments - related parties (see Note 5.1)</b>				
Nok Mangkang Co., Ltd.	-	-	235,556	979,483
Nok Holidays Co., Ltd.	-	-	1,131,104	1,542,568
Total	-	-	1,366,660	2,522,051
<b>Short-term loans to a related party (see Note 6)</b>				
Nok Mangkang Co., Ltd	-	-	200,000,000	-
<b>Long-term loans to a related party (see Note 12)</b>				
Nok Mangkang Co., Ltd.	-	-	1,460,000,000	1,215,000,000
<b>Other non-current assets - Accrued interest income related party (see Note 12)</b>				
Nok Mangkang Co., Ltd.	-	-	103,849,441	63,398,726
<b>Short-term borrowings from a shareholder (see Note 16)</b>				
Major shareholder	2,920,000,000	800,000,000	2,520,000,000	800,000,000

UNIT : BAHT

	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
<b>Trade current payables - related parties (see Note 17)</b>				
Thai Airways International PLC.	191,895,956	57,562,642	73,095,629	56,281,065
Thai Smile Airways Co., Ltd.	93,084	220,840	93,084	220,840
Donmuang International Airport Hotel Co., Ltd.	85,400	107,800	85,400	107,800
Thai Flight Training Co., Ltd.	64,596	-	64,596	-
NokScoot Airlines Co., Ltd.	-	-	2,024,824	1,676,055
Flight Training (Thailand) Co., Ltd.	2,728,431	1,397,266	2,728,431	1,397,266
Total	194,867,467	59,288,548	78,091,964	59,683,026
<b>Other current payables - related parties (see Note 17)</b>				
Thai Airways International PLC.	-	14,883,293	-	14,883,293
NokScoot Airlines Co., Ltd.	-	-	265,325	36,345
CAT Telecom PLC.	-	670	-	670
AIRA Securities PLC.	-	133,750	-	133,750
AIRA Adversory Company Limited	1,605,000	-	1,605,000	-
Muang Thai Insurance PLC.	4,007,887	4,883,067	4,007,887	4,883,067
Total	5,612,887	19,900,780	5,878,212	19,937,125
<b>Accrued interest expense - related parties (see Note 17)</b>				
Major shareholder	15,410,959	6,756,164	15,410,959	6,756,164

27.2 Transactions with related parties for the years ended December 31, are summarized as follows:

UNIT : BAHT

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Passenger revenues</b>				
Thai Airways International PLC.	597,505	4,036,570	597,505	4,036,570
NokScoot Airlines Co., Ltd.	-	-	52,041,488	36,472,934
Thai Smile Airways Co., Ltd.	2,629,347	5,002,995	2,629,347	5,002,995
Haad Thip PLC.	1,293,185	638,973	1,293,185	638,973
Nok Holidays Co., Ltd.	-	-	-	106,641
Siam Makro PLC.	515,738	965,865	515,738	965,865
Millcon Steel PLC.	269,145	345,636	269,145	345,636
Total	5,304,920	10,990,039	57,346,408	47,569,614
<b>Service revenues</b>				
NokScoot Airlines Co., Ltd.	-	-	42,300,162	45,873,234
Nok Holidays Co., Ltd.	-	-	-	3,325,920
Flight Training (Thailand) Co., Ltd.	20,000	-	20,000	-
Total	20,000	-	42,320,162	49,199,154
<b>Other fee income</b>				
Muang Thai Insurance PLC.	53,401,263	45,857,390	53,401,263	45,857,390
Jmax Corporation Co., Ltd.	133,100	-	133,100	-
Total	53,534,363	45,857,390	53,534,363	45,857,390
<b>Others income - interest income</b>				
Nok Mangkang Co., Ltd.	-	-	42,176,742	15,582,712

Passenger revenues and service revenues are determined based on cost plus margin as stipulated in the agreements. Other service fee income and interest income are determined based on rate as stipulated in the agreements.

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Costs of passengers and services</b>				
Thai Airways International PLC.	158,317,825	180,430,322	29,016,889	55,353,746
NokScoot Airlines Co., Ltd.	-	-	64,881,269	-
Thai Smile Airways Co., Ltd.	303,656	410,296	303,656	410,296
Donmuang International Airport Hotel Co., Ltd.	1,480,373	1,766,344	1,480,373	1,766,344
Thai Flight Training Co., Ltd.	2,415,692	3,075,958	2,415,692	3,075,958
Flight Training (Thailand) Co., Ltd.	18,537,944	18,473,848	18,537,944	18,473,848
Haad Thip PLC.	2,617	17,290	2,617	17,290
Total	181,058,107	204,174,058	116,638,440	79,097,482
<b>Administrative expenses</b>				
Thailand Post Co., Ltd.	153,573	625,315	153,573	625,315
CAT Telecom PLC.	1,658	6,159	1,658	6,159
AIRA Securities PLC.	1,175,000	500,000	1,175,000	500,000
Advanced Medical Center Co., Ltd.	595,705	15,180	595,705	15,180
AIRA Advisory Company Limited	5,900,000	1,500,000	5,900,000	1,500,000
Total	7,825,936	2,646,654	7,825,936	2,646,654
<b>Legal fee</b>				
Siam City Law Offices DR Limited	648,250	642,990	648,250	642,990
Siam City Law Offices GP Limited	1,563,677	-	1,563,677	-
	2,211,927	642,990	2,211,927	642,990
<b>Finance Cost</b>				
Interest expenses - Major shareholder	76,739,178	10,191,781	76,739,178	10,191,781

Costs of passenger and services is determined on normal price charged to general customers.

Directors and management's benefits for the years ended December 31, are as follows:

UNIT : BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	24,302,463	18,684,293	23,417,351	24,556,834
Post-employment benefits	2,371,665	7,484,290	1,730,566	5,722,640
Total	26,674,128	26,168,583	25,147,917	30,279,474

## 28. SIGNIFICANT AGREEMENTS, COMMITMENTS AND CONTINGENT LIABILITIES

### 28.1 Acquisition of aircraft

As at December 31, 2019 and 2018, the Company has commitments for acquisition of aircraft to be paid in the future of USD 135.76 million.

**28.2 Aircraft lease agreement**

As at December 31, 2019 and 2018, the Company and its subsidiary have commitments under the operating lease agreements for aircraft for the period of 5 - 12 years with future lease payment as follows:

UNIT : USD

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Within one year	113,837,075	117,412,063	84,875,575	89,560,063
Over one year but not over five years	400,943,095	403,008,538	343,983,095	370,558,538
Over five years	108,749,843	171,424,095	108,749,843	171,424,095
Total	623,530,013	691,844,696	537,608,513	631,542,696

Aircraft lease expenses recognized as expenses in the statements of profit or loss and other comprehensive income are as follows:

UNIT : MILLION BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
For the years ended December 31,	3,743.00	3,966.76	2,755.77	3,108.75

On February 1, 2018 and April 9, 2018, the Company terminated 2 aircrafts and had to pay early termination fee as specified in the agreement. However, the Company already recorded such expenses in the statements of profit or loss and other comprehensive income.

On July 13, 2018 and February 1, 2019, the Company terminated 2 aircrafts and had to comply with all conditions as specified in the aircraft termination agreement. As a result, there is no additional charge from such aircraft termination agreement.

On February 27, 2019, the Company signed Reassignment and Termination agreements to early terminate of 2 ATRs. The Company found a new lessee; therefore, the Company was released from, pursuant to the lessor agreement, the penalty payment for the early termination of such ATRs as specified in the agreement.

**28.3 Other lease and service agreements**

The minimum rental fee and service fee under the agreements to be paid in the future are as follows:

Consolidated financial statements

As at December 31, 2019

Agreements	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	46,912,969	49,014,923	-	95,927,892
Office rental and service	CNY	68,753	-	-	68,753
Office rental and service	USD	64,800	13,800	-	78,600
Office rental and service	SGD	15,000	17,500	-	32,500
Vehicle rental	THB	1,891,400	1,276,094	-	3,167,494
Equipment rental	THB	2,283,372	2,091,200	-	4,374,572

Agreements	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Service Agreements					
Aircraft maintenance	USD	27,223,695	50,338,847	-	77,562,542
Aircraft maintenance	SGD	1,361,724	3,744,741	-	5,106,465
Ticket reservation system	USD	2,201,587	2,280,408	-	4,481,995
Ticket reservation system	EUR	17,123	-	-	17,123
Call center service	THB	21,094,500	-	-	21,094,500
Collection agent	USD	6,300	-	-	6,300
Flight information service	EUR	28,500	-	-	28,500
Flight information service	USD	7,913	-	-	7,913
Service Advisor	JPY	1,633,333	-	-	1,633,333

As at December 31, 2018

Agreements	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	37,990,852	6,621,712	-	44,612,564
Office rental and service	CNY	38,555	-	-	38,555
Office rental and service	USD	10,200	-	-	10,200
Vehicle rental	THB	1,995,833	1,759,050	-	3,754,883
Equipment rental	THB	978,844	330,086	-	1,308,930
Service Agreements					
Aircraft maintenance	USD	35,116,239	30,754,614	-	65,870,853
Aircraft maintenance	SGD	2,904,000	-	-	2,904,000
Ticket reservation system	USD	2,024,462	4,282,530	-	6,306,992
Ticket reservation system	EUR	25,685	17,123	-	42,808
Call center service	THB	2,485,000	-	-	2,485,000
Collection agent	USD	6,300	-	-	6,300
Flight information service	EUR	28,500	28,500	-	57,000
Flight information service	USD	5,325	-	-	5,325
Service Advisor	THB	327,912	-	-	327,912
Service Advisor	JPY	2,450,000	1,633,333	-	4,083,333

Separate financial statements

As at December 31, 2019

Agreements	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	44,862,991	49,014,923	-	93,877,914
Vehicle rental	THB	1,857,600	1,276,094	-	3,133,694
Equipment rental	THB	2,172,972	1,963,200	-	4,136,172
Service Agreements					
Call center services	THB	14,830,500	-	-	14,830,500
Ticket reservation system	USD	2,081,414	2,248,225	-	4,329,639

As at December 31, 2018

Agreements	Currency	Periods			Total
		Within one year	Over one year but not over five years	Over five years	
Lease and Rental Agreements					
Office rental and service	THB	32,343,124	4,608,034	-	36,951,158
Vehicle rental	THB	1,793,033	1,725,250	-	3,518,283
Equipment rental	THB	921,244	296,486	-	1,217,730
Service Agreements					
Aircraft maintenance	USD	7,146,668	-	-	7,146,668
Ticket reservation system	USD	1,912,180	4,237,681	-	6,149,861

Rental and service per lease agreements recognized as expenses in the statements of profit or loss and other comprehensive income are as follows:

UNIT : MILLION BAHT

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
For the years ended December 31,	128.15	219.96	67.46	110.27

#### 28.4 Credit facilities from financial institutions

The Company and subsidiaries have credit facilities from financial institutions as follows:

	Currency	Consolidated financial statements					
		2019			2018		
		Total	Utilized	Remaining	Total	Utilized	Remaining
General guarantee	THB	89,500,000	56,408,232	33,091,768	221,638,333	51,876,821	169,761,512
General guarantee	JPY	78,008,380	78,008,380	-	27,825,000	27,825,000	-
General guarantee by Letter of credit	USD	81,280	81,280	-	4,000	4,000	-
Guaranteed by Standby Letter of Credit	USD	16,556,254	10,327,572	6,228,682	47,030,549	11,894,609	35,135,940
Guaranteed by Standby Letter of Credit	THB	1,200,000,000	706,640,401	493,359,599	1,200,000,000	696,818,215	503,181,785
Overdraft	THB	54,000,000	-	54,000,000	64,000,000	-	64,000,000

	Currency	Separate financial statements					
		2019			2018		
		Total	Utilized	Remaining	Total	Utilized	Remaining
General guarantee	THB	61,500,000	32,840,572	28,659,428	196,500,000	31,782,789	164,717,211
Guaranteed by Standby Letter of Credit	USD	5,000,000	4,848,432	151,568	36,186,000	7,906,109	28,279,891
Guaranteed by Standby Letter of Credit	THB	1,200,000,000	706,640,401	493,359,599	1,200,000,000	696,818,215	503,181,785
Overdraft	THB	54,000,000	-	54,000,000	64,000,000	-	64,000,000

As at December 31, 2019, the Company entered into credit limit agreement for standby letter of credit and letter of guarantee with local banks and a branch of foreign bank in the credit limit of Baht 1,261.50 million and USD 5.00 million. Certain Credit limit is secured by deposit accounts of Baht 842.22 million and USD 4.85 million. In addition, the Company has to maintain the significant financial ratio as specified by such bank.

As at December 31, 2018, the Company entered into credit limit agreement for standby letter of credit and letter of guarantee with local banks and a branch of foreign bank in the credit limit of Baht 1,396.50 million and USD 36.19 million. Certain Credit limit is secured by deposit accounts of Baht 834.89 million and USD 1.04 million. In addition, the Company has to maintain the significant financial ratio as specified by such bank.

As at December 31, 2019, the Company could not maintain some financial ratios under the credit facility of bank guarantee agreement with a financial institution. However, the Company received a letter from the financial institution to extend the maintaining of financial ratios to December 31, 2020.

As at December 31, 2019, savings deposits and fixed deposits of a subsidiary at local bank and a branch in Thailand of foreign bank are pledged as collateral for the issuance of bank guarantees in respect of business contracts of the subsidiary which are long-term deposits at bank pledged as collateral amounting to Baht 48.87 million and USD 4.79 million.

As at December 31, 2018, savings deposits and fixed deposits of a subsidiary at local bank and a branch in Thailand of foreign bank are pledged as collateral for the issuance of bank guarantees in respect of business contracts of the subsidiary which are long-term deposits at bank pledged as collateral amounting to Baht 44.27 million and USD 2.64 million.

#### 28.5 Aircraft Intermediate Lease Agreement

As at December 31, 2019 and 2018, the Company had revenue from entered into Aircraft Intermediate Lease Agreement with companies to sublease of three Boeing 737-800. The term of these agreements is forty-eight months from delivery date and the Company received rental income as specified in the agreements.

The minimum lease receivables under non-cancellable operating leases are as follows:

UNIT : USD

	Consolidated and separate financial statements	
	2019	2018
Not later than one year	7,938,443	8,274,000
Over one year but not over five years	158,585	9,420,868
	8,097,028	17,694,868

Aircraft rental income recognized as income in the statements of profit or loss and other comprehensive income are as follows:

UNIT : MILLION BAHT

	Consolidated and separate financial statements	
	2019	2018
For the years ended December 31,	256.88	265.82

**29. OPERATING SEGMENTS**

The operating segment results are prepared based on the Management of the company. The operating results by business segment provided to Chief Operating Decision Maker to make decisions about allocating resources to, and assessing the performance of, operating segments is measured in accordance with Financial Reporting Standard. The Company has two reportable segments, which represent separately by geographical areas which consists of domestic air services and international air services.

For the years ended December 31, 2019 and 2018, operating segments of the Company and its subsidiaries were presented as follows;

UNIT : BAHT

	Consolidated financial statements		
	Domestic air services	International air services	Total
<b>Statement of profit or loss and other comprehensive income</b>			
<b>for the year ended December 31, 2019</b>			
Revenues			
Passenger revenues	9,128,156,048	7,630,408,068	16,758,564,116
Service revenues	782,441,023	1,713,633,916	2,496,074,939
Other income			
Others	103,045,144	7,764,300	110,809,444
Unallocated amount	-	-	603,674,773
Total Revenues	10,013,642,215	9,351,806,284	19,969,123,272
Expenses			
Costs of passenger and services	10,014,633,015	11,303,115,137	21,317,748,152
Selling expenses	101,968,042	107,635,230	209,603,272
Administrative expenses	526,723,070	417,330,314	944,053,384
Unallocated amount	-	-	593,119,100
Total Expenses	10,643,324,127	11,828,080,681	23,064,523,908
Loss before income tax expenses	(629,681,912)	(2,476,274,397)	(3,095,400,636)
Income tax expenses	-	-	-
Loss for the years	(629,681,912)	(2,476,274,397)	(3,095,400,636)
Other Comprehensive Income :			
Item that will not be reclassified			
Actuarial gain on defined employee benefit plans			
Unallocated amount	-	-	123,056,465
Total Comprehensive Loss for the years	(629,681,912)	(2,476,274,397)	(2,972,344,171)
<b>Timing of revenue recognition</b>			
At a point in time			
Passenger revenues			16,758,564,116
Service revenues			2,553,986,580
Other income			362,842,751
Overtime			
Service revenues			293,729,825
Total			19,969,123,272
<b>Statement of financial position</b>			
<b>as at December 31, 2019</b>			
Segment assets	8,395,474,967	6,775,480,290	15,170,955,257
Segment liabilities	9,964,333,866	8,674,834,828	18,639,168,694

UNIT : BAHT

	Consolidated financial statements		
	Domestic air services	International air services	Total
<b>Statement of profit or loss and other comprehensive income</b>			
<b>for the year ended December 31, 2018</b>			
Revenues			
Passenger revenues	9,294,053,991	7,193,595,925	16,487,649,916
Service revenues	857,752,079	1,298,764,431	2,156,516,510
Other income			
Others	108,280,865	20,608,637	128,889,502
Unallocated amount	-	-	967,170,223
Total Revenues	10,260,086,935	8,512,968,993	19,740,226,151
Expenses			
Costs of passenger and services	10,723,054,289	11,172,427,347	21,895,481,636
Selling expenses	105,312,601	69,701,130	175,013,731
Administrative expenses	512,748,706	410,855,101	923,603,807
Unallocated amount	-	-	721,572,517
Total Expenses	11,341,115,596	11,652,983,578	23,715,671,691
Loss before income tax expenses	(1,081,028,661)	(3,140,014,585)	(3,975,445,540)
Income tax expenses	-	-	-
Loss for the years	(1,081,028,661)	(3,140,014,585)	(3,975,445,540)
Other Comprehensive Income :			
Item that will not be reclassified			
Actuarial gain on defined employee benefit plans			
Unallocated amount	-	-	17,421,365
Total Comprehensive Loss for the years	(1,081,028,661)	(3,140,014,585)	(3,958,024,175)
<b>Timing of revenue recognition</b>			
At a point in time			
Passenger revenues			16,699,711,712
Service revenues			2,227,996,406
Other income			480,390,714
Overtime			
Service revenues			332,127,319
Total			19,740,226,151
<b>Statement of financial position as at December 31, 2018</b>			
Segment assets	8,584,461,066	5,489,602,960	14,074,064,026
Segment liabilities	9,575,287,578	7,530,405,764	17,105,693,342

**30. INVESTMENT PROMOTION RIGHTS AND PRIVILEGES**

The Company and its subsidiary have been granted certain rights and privileges as a promoted business under the Investment Promotion Act which the Company will be exempted from corporate income tax on promotional operations in service airlines for the aggregated amount not exceeding 100% of the Company's investment, excluding cost of land and working capital for a period of 8 years from the commencement of promoted revenue. The Company and subsidiary shall follow the conditions laid out in the investment promotion certificate.

As at December 31, 2019 and 2018, the Company's investment promotion certificates are as follows:

Date of certificate	Certificate number	Revenue commenced date	Expiry date
December 23, 2011	2512(2)/2554	November 24, 2011	November 23, 2019
December 23, 2011	2513(2)/2554	December 2, 2011	December 1, 2019
January 25, 2012	1087(2)/2555	December 28, 2011	December 27, 2019
April 20, 2012	1475(2)/2555	June 9, 2012	June 8, 2020**
July 11, 2012	1893(2)/2555	September 18, 2012	September 17, 2020**
October 10, 2012	2447(2)/2555	December 1, 2012	November 30, 2020
October 18, 2012	2549(2)/2555	March 12, 2013	March 11, 2021**
November 30, 2012	2771(2)/2555	December 31, 2012	December 30, 2020*
November 30, 2012	2772(2)/2555	December 29, 2012	December 28, 2020**
November 30, 2012	2773(2)/2555	February 19, 2013	February 18, 2021
February 8, 2013	1207(2)/2556	February 22, 2013	February 21, 2021**
April 5, 2013	1518(2)/2556	May 17, 2013	May 16, 2021*
April 24, 2013	1558(2)/2556	May 21, 2013	May 20, 2021*
July 2, 2013	1916(2)/2556	October 28, 2013	October 27, 2021
January 6, 2015	1010(2)/2558	November 25, 2014	November 24, 2022
September 30, 2015	58-2263-0-00-1-0	November 5, 2015	November 4, 2023

As at December 31, 2019 and 2018, the subsidiary's investment promotion certificates are as follows:

Date of certificate	Certificate number	Revenue commenced date	Expiry date
April 24, 2015	1553(2)/2558	April 20, 2015	April 19, 2023
April 24, 2015	1534(2)/2558	April 20, 2015	April 19, 2023
December 26, 2016	60-0197-1-00-1-0	June 2, 2018	September 30, 2024
February 16, 2017	60-0198-1-00-1-0	September 12, 2019	September 11, 2024

Shareholders of the Company and subsidiary will be exempted from tax on dividends from promoted business during the period in which they are granted the exemption from company income tax.

The Company and the subsidiary thus have to comply with certain conditions contained in the promotion certificates.

\* Certificate numbers 2771(2)/2555, 1518(2)/2556 and 1558(2)/2556 are in the process of the certificates cancellation before expiry date because the Company subleased aircraft Boeing 737-800 (see Note 27.5).

\*\* Certificate numbers 1475(2)/2555, 2772(2)/2555, 1207(2)/2556, 1893(2)/2555 and 2549 (2)/2555 are in the process of the certificates cancellation before expiry date because the Company returned the aircrafts.

UNIT : BAHT

	Consolidated financial statements		
	2019		
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	16,245,182,003	3,361,098,518	19,606,280,521
Other income	47,767,074	315,075,677	362,842,751
Total	16,292,949,077	3,676,174,195	19,969,123,272

UNIT : BAHT

	Consolidated financial statements		
	2018		
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	17,509,882,045	1,749,953,392	19,259,835,437
Other income	165,357,824	315,032,890	480,390,714
Total	17,675,239,869	2,064,986,282	19,740,226,151

UNIT : BAHT

	Separate financial statements		
	2019		
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	10,276,678,899	2,242,755,998	12,519,434,897
Other income	2,141,198	187,058,850	189,200,048
Total	10,278,820,097	2,429,814,848	12,708,634,945

UNIT : BAHT

	Separate financial statements		
	2018		
	Promoted business	Non-promoted business	Total
Passenger revenues and service revenues	13,083,434,901	407,698,452	13,491,133,353
Other income	100,826,795	292,204,080	393,030,875
Total	13,184,261,696	699,902,532	13,884,164,228

## 31. DISCLOSURE OF INFORMATION ON FINANCIAL INSTRUMENTS

### 31.1 Credit risk

Credit risk refers to the risk that accounts receivable will default on its contractual obligations resulting in a financial loss to the Company and subsidiaries. The Company and subsidiaries may have concentration of risks from its receivables. However, the Company and subsidiaries do not have significant damage incurred from non-compliance with its contractual obligations of the accounts receivable and expects that there is no significant credit risk.

In the case of recognized financial assets in the statement of financial position, the carrying amount of the assets recorded in the statement of financial position represents the maximum exposure to credit risk.

### 31.2 Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to have an effect on the operation of the Company and subsidiaries in the current reporting period and in future years. However, the effect of the change in interest rate does not have a material impact on the Company and subsidiaries because investments in debt securities and borrowings will be due in short-term.

**31.3 Exchange rate risk**

Exchange rate risk arises from a change in exchange rate effect on the Company and subsidiaries in the current reporting period and in future years.

The Company and the subsidiary use derivative financial instruments which consist of forward contracts to reduce exposure to fluctuations in foreign currency exchange.

Forward contract protects from movements in exchange rate by establishing the rate at which a foreign currency asset and liability will be settled. Any increase or decrease in the amount required to settle the asset or liability is off-set by a corresponding movement in the forward foreign exchange contract.

The notional contract amount and the fair value of forward foreign exchange contracts are summarized as follows:

Currency	Consolidated and separate financial statements						
	Contract amounts		Currency	Deliverable amount		Fair value (Baht)	
	As at	As at		As at	As at	As at	As at
	December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
USD	8,000,000	11,616,156	THB	240,151,550	377,471,807	241,806,003	376,206,443

As at December 31, 2019 and 2018, forward foreign exchange contracts have maturity date within 4-6 months and 12 months, respectively, after the date of the statement of financial position.

**31.4 Fuel price risk**

Aircraft fuel is a major cost of the Company's operation and the Company has an exposure from the fluctuation of aircraft fuel's price. Therefore, the Company has policy entered into fuel fixed-price contracts with fuel suppliers for 20% - 50% of volume of monthly consumption for not exceeding 4 - 6 months. As at December 31, 2018, the Company has the obligations under fuel fixed-price contracts of - barrel and 270,000 barrel (As at December 31, 2019 : Nil).

The notional contract amount and the fair value of fuel fixed-price contracts are summarized as follows:

Financial liabilities	Currency	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				Fair value hierarchy	Valuation technique and key input
		Contract value ('000)		Fair value ('000)			
		As at	As at	As at	As at		
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018		
Fuel fixed - price contract	USD	-	17,720 - 21,267	-	15,585	Level 2	Discounted cash flow. The estimated future cash flows is from the fuel futures price (from observable fuel futures price at the end of reporting period) and the price of fuel under the contract, discounted at a rate that reflects the various risk of fuel.

**31.5 Fair value of financial instruments**

For the fair value disclosures, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company and subsidiaries in estimating fair value of financial instruments.

**Financial assets and liabilities measured at fair value**

Certain financial assets and financial liabilities of the Company and subsidiaries are measured at fair value in the statements of financial position at the end of reporting period. The following table gives information about how the fair values of these financial liabilities are determined.

Financial liabilities	Currency	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation technique and key input
		Fair value ('000)			
		As at	As at		
		December 31, 2019	December 31, 2018		
Deferred income from customer loyalty programs	Baht	36,951	18,329	Level 3	Obligation from granting the points is recognized and measured at the fair value of the consideration receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per points.

Other long-term investments which are investments in non-listed securities; fair value is based on net asset value of related securities.

**Financial assets and liabilities not measured at fair value**

Cash and cash equivalents, current investments, trade and other current receivables, aircraft deposits and prepayments, other current assets, deposits at bank pledged as collateral, long-term loans to a related company, short-term borrowings, trade and other current payables, provisions for aircraft maintenance and other current liabilities; the carrying value approximate their fair value.

**32. SIGNIFICANT COMMERCIAL DISPUTE**

In the first quarter of the year 2018, the Company filed a statement of claims to the Singapore International Arbitration Center (SIAC) to consider the dispute with a company by requesting such company to pay damages to the Company arising from its breach of the contracts. On August 31, 2019, the Tribunal rendered the award determining that such company was not in breach of the contracts and the Company is ordered to make a compensation in the amount of EUR 5.39 million, SGD 0.38 million and KRW 0.27 million (or approximately Baht 190.75 million). Although the Tribunal has already rendered the award, the Company has rationales and facts to support the application for setting aside the award or objecting the enforcement of the award of the Tribunal. At the present, the Company is in the process of collecting information and negotiating the said dispute. Therefore, the Company has not yet set up a provision of this arbitration proceedings. As of December 2, 2019, the Company submitted application to contest the award of tribunal to the High Court of Singapore and currently is on considering of said court. In this regard, the executive believe that the litigation will not significantly effect to the consolidated financial statement of the Group.

### 33. EVENTS AFTER THE REPORTING PERIOD

On January 14, 2020, the Extra-ordinary General Meeting of the Shareholders No. 1/2020 has resolved to approve the followings:

1. Approved the reduction of registered capital of the Company in the total amount of Baht 99.03 million from the existing registered capital of Baht 3,408.05 million to the new registered capital of Baht 3,309.02 million.
2. Approved the increase of registered capital to the existing shareholders proportionated to their respective shareholdings (Rights Offering) of Baht 888.15 million from the existing registered capital of Baht 3,309.02 million to the new registered capital of Baht 4,197.17 million by means of issuance 888.15 million newly-issued ordinary shares with the par value of Baht 1 each, and also approved the amendment to Clause 4 of Memorandum of Association of the Company to be in line with the capital increase. The Company determined the allocation ratio as 3.50 existing share to 1 newly-issued ordinary share at an offering price of Baht 2.50 per share.

On February 11, 2020, the Company received subscription in the amount of Baht 1,551.68 million for the issued and paid-up share capital totaling 620.67 million shares at an offering price of Baht 2.50 per share with a par value of Baht 1 per share. This resulted in share premium of Baht 931.01 million. The Company registered the paid-up share capital in the amount of Baht 3,729.19 million with the Ministry of Commerce on February 18, 2020.

3. On February 27, 2020, the Board of Director Meeting No. 2/2020 has resolved to approve the renew the term of a connected transaction with a connected person in relation to a receipt of financial assistance under the credit limit of Baht 3,000 million to renew the term from 1 year to 3 years. The other conditions will be the same. This transaction will be presented to the Shareholders' Annual General Meeting for approval on April 29, 2020.

### 34. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the Company's Board of Directors on February 27, 2020.

# Related Party Transactions

## Related Party transactions

The Audit Committee meeting No. 1 / 2020 held on February 25, 2020 reviewed related transaction information of the Company in 2019 as well as inquired information from the Company's management and individuals/juristic persons with a potential conflict of interest and examined the information as stated in the auditor's notes in the financial statements. The Audit Committee meeting had opinion that the related transactions between the Company and individuals / juristic persons with a potential conflict of interest occurring during 2019 were executed for ordinary course of business and in accordance with general business conditions. The transactions had the same nature as reasonable people would do with contractual parties under the same circumstance, of which negotiation power was not influenced by the other party who may have conflict of interest on an arm's length basis. In addition, no profit has been transferred between the Company and individuals / juristic persons with a potential conflict of interest. Details of Nok Air's related transactions in 2019 are as follows:

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
<b>Thai Airways International PCL ("THAI")</b> <u>Nature of business</u> THAI is a full service airline.	<b>1. Expenditures of the Company</b> 1.1 Maintenance The Company hired THAI to maintain both aircraft leased from THAI and from an overseas. - Aircraft Maintenance Fees 1.2 Ground handling fee and food expenses for passengers, pilots and crews. Expenses on Ground handling services in the station, which the service provider agreed with the Company's on normal ground handling services does not have enough equipment. - Ground handling service expense - Catering expenses for passengers, pilots, crew - Passenger shuttle bus expense	156.6	172.5	THAI is among a few operators in Thailand who possesses the aircraft maintenance permit. Thus, the Company and its subsidiaries use THAI's service. Besides, the maintenance charge is in accordance with market prices. At present, the Company and its subsidiaries continue to use the maintenance service, spare part, as well as maintenance equipment rental from THAI for its aircrafts leased from the overseas lessor.
<u>Relationship</u> • THAI is the Company's shareholder holding 15.94% as of December 31, 2019. • As of December 31, 2019, THAI's representatives in the Board of Director are: Mr. Wiwat Piyawiroj Mr. Sumeth Damrongchaitham		4.9 18.6 0.5	2.4 0.6 0.4	

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
	1.3 Other expenses Other services are provided by THAI i.e. training, insurance premium. - Other expenses	0.4	0.4	<p>The Company and its subsidiaries business conduct and service fees are in accordance with the market prices.</p> <p>Such transactions are necessary for the Company and its subsidiaries business. The service fees are in accordance with the market prices.</p> <p>The Company has entered into Code Share Agreement with THAI in order to expand its sales channel. In addition, the ticket price is not lower than the price of other passengers. The Passenger Transfer Agreement is executed to transfer passengers between airlines in case of flight cancellation or delay.</p> <p>The Company uses the services of Airport Hotel for the provincial employees who travel to Bangkok for company's training at Don Muang Airport since it is the hotel that is located near Don Muang Airport and has a walkway that leads directly to the terminals and company's office, which is convenient and travel cost saving. The service fee rates are based on market prices.</p>
	2. Revenues			
	2.1 Passenger revenues The Company provided air transportation service to THAI passengers under the Code Share Agreement and Passenger Transfer Agreement. - Passenger revenues	4.04	0.6	
	3. Account payables	57.6	191.9	
	4. Other creditors	14.9	-	
	5. Account receivables	0.9	-	
Donmueang International Airport Hotel Co., Ltd. ("Airport Hotel")	<u>Nature of business</u> Airport Hotel operates hotel under Amari Don Muang Airport which located nearby Don Muang International Airport.			<p>The Company uses the services of Airport Hotel for the provincial employees who travel to Bangkok for company's training and work.</p> <p>- Accommodation expense</p> <p>- Payable on accommodation</p>
	<u>Relationship</u> THAI is a major shareholder of the company and has the authority to control Airport Hotel by holding 40.0% shares.	1.8 0.1	1.5 0.1	

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
<b>THAI Flight Training Co., Ltd.</b> <b>("THAI Flight Training")</b> <u>Nature of business</u> THAI Flight Training provides aviation training services. <u>Relationship</u> THAI is a shareholder of the company holding 49.0% shares.	<b>1. Service fee</b> - Training fee	3.1	2.4	Such transaction is necessary for the Company's business. If the Company operates at its own expense, such expenses would be higher.
	<b>2. Account payable</b>	None	0.1	
<b>Thai Smile Airways Co., Ltd.</b> <b>("Thai Smile")</b> <u>Nature of business</u> Thai Smile is a low-cost airline which is affiliate of THAI. Thai Smile offers a new alternative for customer who is looking for a short - haul low cost flight. <u>Relationship</u> THAI is a shareholder of the company and has the authority to control Thai Smile by holding all shares.	<b>1. Expenditures</b> 1.1 Air fare The Company uses air transportation service of Thai Smile under the Passenger Transfer Agreement. - Air fare	0.4	0.3	The Company has entered into Passenger Transfer Agreement with Thai Smile to transfer passengers between airline in case of flight cancellation or delay at the price agreed in advance.
	<b>2. Revenues</b> 2.1 Passenger revenues The Company provides an air transportation service to Thai Smile Airways Company Limited under the Passenger Transfer Agreement. - Passenger revenue <b>3. Account receivables</b> <b>4. Account payables</b>	5.0 1.0 0.2	2.6 0.1 0.1	

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
<p><b>Flight Training (Thailand) Co., Ltd.</b> (former name: Pan Am International Flight Training Center (Thailand) Co., Ltd.) ("Flight Training")</p> <p><u>Nature of business</u> Flight Training is the international flight training center for comprehensive flight and aviation training centre in Thailand.</p> <p><u>Relationship</u> 15% of shares were held by the Company.</p>	<p><b>1 Expenditures</b> 1.1 Training fee The Company sent its pilots and co - pilots to be trained at Flight Training. - Training fee</p> <p><b>2. Revenues</b> The Company sent its pilots and co-pilots to co-training in the flight simulator training at Flight Training. - Service revenue</p> <p><b>3. Account payables</b></p>	<p>18.5</p> <p>None</p> <p>1.4</p>	<p>18.5</p> <p>0.02</p> <p>2.7</p>	<p>The Company has entered into an agreement with Flight Training for its pilot and co-pilot training, which saved the expenses on overseas training.</p> <p>The Company agreed to provide pilots and co-pilots to support flight simulator training for Flight Training's license renewal. The Company received the fees at the agreed rate and in accordance with the market rate.</p>
<p><b>Haad Thip Public Company Limited</b> ("Haad Thip")</p> <p><u>Nature of business</u> Manufacturing and distribution of soft drinks.</p> <p><u>Relationship</u> Spouse of Nok Air's director, Mr. Apichart Chirabandhu, is a director of Haad Thip.</p>	<p><b>1. Expenditures</b> - Food &amp; Drinks for passenger</p> <p><b>2. Revenues</b> - Passenger revenues</p> <p><b>3. Account receivables</b></p>	<p>0.02</p> <p>0.6</p> <p>0.17</p>	<p>0.003</p> <p>1.2</p> <p>0.17</p>	<p>The Company offers passengers to buy food and beverages from Haad Thip within given budget in case of flight delay. Price of food and beverages is based on market rate.</p> <p>The Company sells tickets to Haad Thip according to the market prices.</p>

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
<b>Thailand Post Co., Ltd. ("Thailand Post")</b> <u>Nature of business</u> Thailand Post operates postal service. <u>Relationship</u>  Nok Air's director, Mr. Rathapol Bhakdibhum, was a director of Thailand Post which was related business until May 1, 2019 when the 2 companies did not share a director.	<b>1. Expenditures</b>  - Postal service fee	0.6	0.2	The Company used the domestic postal service between its customers and between its companies for business operations. The service fee is charged in accordance with the market prices.
<b>CAT Telecom Public Co., Ltd. ("CAT")</b> <u>Nature of business</u> CAT operates telecommunications business. <u>Relationship</u> Nok Air's director, Mr. Rathapol Bhakdibhum, was a director of CAT which was related business until May 1, 2019 when the 2 companies did not share a director.	<b>1. Expenditures</b>  - International call service	0.006	0.001	The Company used the international call service by CAT. The service fee is charged in accordance with the market prices.
<b>Advanced Medical Center Co., Ltd. ("Advanced Medical")</b> <u>Nature of business</u> Advanced Medical is a hospital. <u>Relationship</u> Mr. Pravej Ongartsittigul was a director of Advanced Medical.	<b>1. Expenditures</b>  - Fee for annual health checkups for the Company's employees.	0.02	0.6	The Company had the policy to provide its employees with a welfare benefit scheme which included annual health checkup service. Some employees received this service from Advanced Medical of which service fee rate was in line with market prices.

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
<p><b>Siam Makro Public Company Limited</b> ("Makro")</p> <p><u>Nature of business</u> Consumer goods wholesale center</p> <p><u>Relationship</u> Mr. Chavalit Utthasart was a director of Makro which was related business until May 1, 2019 when the 2 companies did not share a director.</p>	<p>1. Revenues</p> <ul style="list-style-type: none"> <li>- Passenger revenues</li> </ul> <p>2. Account receivables</p>	<p>0.96</p> <p>0.18</p>	<p>0.52</p> <p>None</p>	<p>The Company sold its air tickets to Makro at market prices.</p>
<p><b>AIRA Securities Public Company Limited</b> ("AIRA Securities")</p> <p><u>Nature of business</u> AIRA Securities' services include trading stocks and opening accounts for stock trading, domestically and internationally.</p> <p><u>Relationship</u></p> <ul style="list-style-type: none"> <li>• A shareholder in AIRA Securities was a shareholder in the Company. As of December 31st, 2019, this shareholder held 69.68% shares in the Company.</li> <li>• As of December 31, 2019, the Company and AIRA Securities shared some directors, as follows: Mr. Pravej Ongartsittigul, Mrs. Nalinnee Ngamsettamass, Mrs. Chiraporn Chemnasiri.</li> </ul>	<p>1. Expenditures</p> <ul style="list-style-type: none"> <li>- Service fee related to exercising the right to purchase ordinary shares for capital increase (NOK - W1).</li> </ul> <p>2. Other account payables</p>	<p>0.5</p> <p>0.1</p>	<p>1.2</p> <p>None</p>	<p>The Company offered to sell the first batch of warrants (NOK - W1), which were allocated to existing shareholders who exercised the right to subscribe for new ordinary shares for capital increase within the specified cycle. Thus, the Company engaged AIRA as its representative to handle the subscription for ordinary shares. Its service fee was in line with market prices.</p>

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
AIRA Advisory Company Limited ("AIRA Advisory") Nature of business AIRA Advisory provides financial management advice.  Relationship Some Company's shareholders were shareholders in the AIRA Group.	1. Expenditures  - Financial advisory fee   2. Other account payables	5.9	1.5	The Company engaged AIRA Advisory as its financial advisor and financial system developer to ensure more efficiency. Its service rate was in line with market prices.
		1.6	None	
Siam City Law Offices DR Limited ("Siam City DR")  Nature of business Siam City DR offers legal, accounting, and tax services.  Relationship Mr. Chavalit Uttasart, the Company's director, was a director of Siam City DR.	1. Expenditures  - Legal advisory fee	0.6	0.6	The Company entered into an agreement with Siam City DR for legal advice. This was a necessary transaction for the Company's business operations. The service rate was in line with market prices.
Siam City Law Offices GP Limited ("Siam City GP") Nature of business Siam City GP offers legal, accounting, and tax services.  Relationship Mr. Chavalit Uttasart, the Company's director, was a director of Siam City GP.	1. Expenditures  - Legal advisory fee	None	1.6	The Company entered into an agreement with Siam City GP for legal advice. This was a necessary transaction for the Company's business operations. The service rate was in line with market prices.

Individual / Juristic Person with a Potential Conflict of Interest / Relationship	Transaction	Transaction Value (Million Baht)		Necessity / Rationality of the Transaction Opinion of the Audit Committee
		2018	2019	
<p><b>Jmax Corporation Co., Ltd.</b>  <u>Nature of Business</u>  Jmax provided real estate management and rental services.</p> <p><u>Relationship</u>  The Company's director, Mr. Wuttiniphum Jurangkool, was a director of Jmax.</p>	<p>1. Revenues</p> <ul style="list-style-type: none"> <li>- Revenues from advertising space rental</li> </ul>	None	0.1	The Company gave some office space to Jmax for advertising space rental. The service rate is in line with market prices.
<p><b>Milicon Steel Public Company Limited</b>  <u>"Milicon Steel"</u>  <u>Nature of business</u>  Milicon Steel produces and sells steel products.</p> <p><u>Relationship</u>  Mr. Apichart Chirabandhu, the Company's director, was a director of Milicon Steel.</p>	<p>1. Revenues</p> <ul style="list-style-type: none"> <li>- Passenger revenues</li> </ul>	0.3	0.3	
<p><b>Major Shareholder - Mrs. Hatairatn Jurangkool</b>  <u>"Mrs. Hatairatn Jurangkool"</u>  <u>Nature of business</u>  Mrs. Hatairatn Jurangkool was a major shareholder of the Company.</p> <p><u>Relationship</u>  Mrs. Hatairatn Jurangkool was a major shareholder, holding 24.37% of shares as of December 31st, 2019.</p>	<p>1. Expenditures</p> <ul style="list-style-type: none"> <li>- Interest expense</li> </ul> <p>2. Short-term borrowings from a shareholder.</p>	10.2	76.7 800	The Company borrowed money from Mrs. Hatairatn Jurangkool to use in operations with interest rate based on market rates.

# Management Discussion and Analysis



## Summary of 2019 Financial Report

According to the financial reports of Nok Airlines Public Company Limited (the Company) for the year ended on December 31, 2019, the Company and its subsidiaries reported total comprehensive loss of 2,972.34 million Baht. The loss of parent company was 1,928.34 Baht. The loss from uncontrollable interest part was 1,044.00 million Baht. The loss from the company part was 1,928.34 million Baht, significantly decreased from the same period of last year for 854.23 Baht or 30.70%. The Company would clarify the key factors and situation causing overall operating outcome as follows:

In 2019, with the business rehabilitation plan, the company phased the old operating aircraft out of fleet; therefore, the number of aircrafts were decreased from 25 in 2018 to 24 aircrafts in 2019 or decreased by 4.00%. The Available Seat Kilometers (ASK) and numbers of flights also decreased by 7.03% and 7.95% respectively compared to the previous year. Nevertheless, Average Aircraft Utilization Hours increased by 6.41% while Revenue per Available Seat Kilometers (RASK) slightly decreased by 0.52% and Cost per Available Seat Kilometers (CASK) also decreased by 6.03% from the previous year because the company could

manage both direct and indirect costs more efficiently. The management examined route cause analysis and executed cost saving plan according to the company's cost reduction plan and business rehabilitation plan. Furthermore, the On-time Performance is continuously improved which resulted in the decrease in compensation of flight delay as well.

An average Jet fuel price in 2019 was 77.73 USD per barrel which decreased from 85.77 USD per barrel from the previous year, resulted in the company's fuel cost of 4,102.66 million Baht or decreased by 16.00% from the previous year. The Company entered partial aircraft fuel price risk insurance contract according to the Company risk prevention policy.

For separated financial statements, the company's total operating revenue was 12,708.63 million Baht which decreased by 8.47% from the previous year. The company had operating cost of 14,422.81 million Baht, which decreased by 11.46% from the previous year. As a result, the total loss of this year was 1,591.12 million Baht or decreased significantly by 33.84% from the previous year of which loss was 2,404.84 million Baht.

## Key Statistics and Business Ratio (excluding subsidiaries)

	unit	2018	2019	change	
				Amount	%
Number of Aircrafts (at the end of period)					
- (jet engine) Boeing 737-800 New Generation	Aircraft	15	16	1	6.67
- (propeller) ATR 72-500	Aircraft	2	0	(2)	(100.00)
- (propeller) Q400 NextGen	Aircraft	8	8	0	0.00
- Average Number of Aircraft	Aircraft	25	24	(1)	(4.00)
Available Seat Kilometers: ASK	Mil. Seat-Km	6,912	6,425	(486)	(7.03)
Revenue Passenger Kilometers: RPK	Mil. Seat-Km	6,127	5,608	(519)	(8.47)
No. of sectors	Flights	67,228	61,881	(5,347)	(7.95)
Cabin factor	%	88.65	87.27	-1.38จุด	
Passenger Carried	Million persons	8.86	8.25	(0.61)	(6.88)
Passenger Yield	Baht/Seat-Km	1.91	1.93	0.02	1.05
Revenue per Available Seat Kilometers: RASK	Baht/Seat-Km	1.93	1.92	(0.01)	(0.52)
Cost per Available Seat Kilometers: CASK	Baht/Seat-Km	2.31	2.18	(0.14)	(6.03)
Cost per Available Seat Kilometers exclude Fuel: CASK ex-fuel	Baht/Seat-Km	1.61	1.54	(0.07)	(4.35)
Average Aircraft Utilization Hours	Operating Hours/Day	9.36	9.96	0.60	6.41

## Summary of Performance

## 2018 and 2019 Revenue (excluding subsidiaries)

Unit : million Baht	2018		2019		change	
	Amount	Percent to total revenue	Amount	Percent to total revenue	Amount	%
Passenger Revenue	12,014.19	86.53	11,227.89	88.35	(786.30)	(6.54)
Service Revenue	1,476.95	10.64	1,291.54	10.16	(185.41)	(12.55)
Other Income	393.02	2.83	189.20	1.49	(203.82)	(51.86)
Total Revenue	13,884.16	100.00	12,708.63	100.00	(1,175.53)	(8.47)

## Revenue Data

The company's total revenue was 12,708.63 million Baht, decreased by 8.47% from the same period of previous year. It consisted of passenger revenue of 11,227.89 million Baht which was 88.35% of total revenue, service revenue of 1,291.54 million Baht which was 10.16 % of total revenue and other income of 189.20 million Baht which was 1.49% of total revenue. The main cause came from the declining service revenue, reflecting the reducing number of aircrafts. Nevertheless, passenger revenue remains the same level as the previous year.

**Passenger revenue:** In 2019, passenger revenue decreased from 2018 by 6.54% or 786.30 million Baht. The decreasing number of aircrafts from 25 aircrafts in 2018 to an average of

24 aircrafts in 2019 according to the company's business rehabilitation plan resulted in the decrease in Available Seat Kilometers (ASK) by 7.03% and 7.95% respectively, especially the Chinese charter flight while the domestic passenger revenue on average increased. In addition, Average Aircraft Utilization Hours also increased from 9.36 operation hours per day to 9.96 operation hours per day or by 13.14% improvement from the same period of the previous year.

**Service revenue:** In 2019, service revenue decreased for 185.41 million Baht, or 12.55 % from the previous year, as a result of the decrease in baggage load revenue from the previous year.

**Other income:** In 2019, other income decreased for 203.82 million Baht, or by 51.86% from the previous year. The main cause was from the decrease in the exchange gain for

129.69 million Baht and the revenue from insurance claim decreased for 83.06 million Baht compared to the previous year.

#### Expenses in 2018 and 2019 (excluding subsidiaries)

Unit : million Baht	2018		2019		change	
	Amount	Percent to total expense	Percent to total expense	Percent to total expense	Amount	%
Cost of passenger and services	15,482.81	95.05	13,566.22	94.06	(1,916.59)	(12.38)
Selling expenses	111.78	0.69	102.98	0.71	(8.80)	(7.88)
Administrative expenses	680.04	4.17	670.77	4.65	(9.27)	(1.36)
Financial Costs	14.37	0.09	82.84	0.58	68.47	476.48
Total Expenses	16,289.00	100.00	14,422.81	100.00	(1,866.19)	(11.46)

#### Expenses Data

In 2019, the company had total expenses of 14,422.81 million Baht, decreased for 1,866.20 million Baht or by 11.46% from the previous year, due to the reducing number of aircrafts. In addition, the company could manage both direct and indirect costs more efficiently. The management examined route cause analysis and executed cost saving plan according to the company's cost reduction plan and business rehabilitation plan. As a result, Cost per Available Seat-Kilometers (CASK) decreased from 2.32 to 2.18 Baht per seat-kilometers or by 6.03%. And the Cost per Available Seat-Kilometers exclude Fuel (CASK ex-fuel) decreased from 1.61 to 1.54 Baht per seat-kilometers, or by 4.35% from the previous year.

**Variable cost:** In 2019, variable costs were 10,342.31 million Baht, or decreased by 11.09% from the previous year, mainly from the decreasing aircraft maintenance cost as well as the

Ground handling service costs from the more efficient cost management. Furthermore, the On-time Performance is continuously improved and the Availability of Spare parts management can decrease compensation of flight delay as well.

**Fixed costs:** In 2019, fixed cost remained at 3,997.66 million Baht which was decreased by 14.15%. It was caused by the efficient fixed cost management regarding human resource management and aircraft, which reduced aircraft operating rental fees according to the cost saving plan and the company's business rehabilitation plan. Therefore, Fixed cost per Available Seat-Kilometers (FC/ASK) decreased to 0.62 Baht per seat-kilometers or by 7.46% from the previous year.

**Finance cost:** In 2019, the company's financing cost increased for 68.47 million Baht from the short-term loan interest.

#### Annual Profit (Loss) (excluding subsidiaries)

Unit : million Baht	2018		2019		change	
	Amount	Percent to total revenue	Amount	Percent to total revenue	Amount	%
Loss before income tax	(2,404.84)	(17.32)	(1,714.17)	(13.49)	690.67	(28.72)
Income tax expense	0.00	0.00	0.00	0.00	0.00	0.00
Loss for the period	(2,404.84)	(17.32)	(1,714.17)	(13.49)	690.67	(28.72)
Total loss for the period	(2,404.84)	(17.32)	(1,591.12)	(12.52)	813.72	(33.84)
Loss per basic share	(1.06)	(0.57)	0.49			

With the severe market price competition and the decreasing number of Chinese tourists from 2018, the company implemented the business rehabilitation plan and managed both direct and indirect costs more efficiently until many costs can be reduced according to the plan. Nevertheless, the total revenue of the company was decreased according to the reducing number of aircrafts. As a result, in 2019, the company had total loss of 1,591.12 million Baht, decreased from the same period of the previous year for 813.72 million Baht or by 33.84%.

#### Operation Performance of NokScoot Airlines Co., Ltd.

For 2019 performance of NokScoot Airlines Co., Ltd., total revenue was 7,207.46 million Baht, increased from 5,828.52 million Baht or by 23.66% from the previous year, mainly from the increasing number of passengers by 36.66% from 1.16 million passengers to 1.59 million passengers which was the result of the increasing number of flights by 32.60%. In 2019, NokScoot Airlines Co., Ltd. had the increase in an average

number of operating aircraft in fleet by 20.00% compared to the previous year; as a result, the company could increase flight frequency in the existing routes and aircraft utilization hours. Company's total operating expenses was 8,666.64 million Baht, increased from 7,388.22 million Baht or by 17.30% from the previous year. The operating expenses increased mainly from the increasing number of aircrafts from 5 aircrafts to 7 aircrafts in the current year. However, the net loss of operating performance in 2019 was 1,352.18 million Baht which decreased from the net loss of the previous year of 1,528.33 million Baht or decreased by 11.53%.

Currently, NokScoot Airlines Co., Ltd. operates schedule routes to China, Taiwan, India and Japan with Don Muang international airport as a hub of four destinations in China: Nanjing, Tianjin, Qingdao and Shenyang; one destination in Taipei, Taiwan; one destination in Delhi, India and three destinations in Japan: such as Tokyo (Narita), Osaka (Kansai) and Sapporo (Chitose).

#### Financial Statement (Consolidated)

Unit : Million Baht	Consolidated Financial Statement			
	As of Dec. 31, 2018	As of Dec. 31, 2019	Change	%
Total assets	14,074.06	15,170.96	1,096.90	7.79
Total liabilities	17,105.69	18,639.17	1,533.48	8.96
Total Owners of the Parent	(1,467.55)	(1,095.47)	372.08	(25.35)
Non-Controlling Interests	(1,564.08)	(2,372.74)	(808.66)	51.70
Total Shareholders' Equity	(3,031.63)	(3,468.21)	(436.58)	14.40

#### Assets

As of December 31, 2019, the Company and its subsidiaries had total assets of 15,170.96 million Baht or increased by 7.79% from December 31, 2018. Total assets can be divided into current assets of 4,246.59 million Baht and non-current assets of 10,924.36 million Baht, accounting for 27.99% and 72.01% of total assets respectively.

**Total Current Assets:** As of December 31, 2019, the Company and its subsidiaries had total current assets of 4,246.59 million Baht or increased by 7.10% from December 31, 2018. The main cause is the increase in account receivables and other current receivables by 24.11% from December 31, 2018.

**Total Non-Current Assets:** As of December 31, 2019, the Company and its subsidiaries had total non-current assets of 10,924.36 million Baht or increased by 8.07% from December 31, 2018.

The main cause is the increase in the Aircraft Maintenance Reserve by 7.11% and Long-term aircraft deposits and prepayments by 28.53% from December 31, 2018.

#### Liabilities and Shareholder's Equities

**Liabilities:** As of December 31, 2019, the Company and its subsidiaries had total liabilities of 18,639.17 million Baht or increased by 8.96% from December 31, 2018, mainly from the increase in short-term loans of 1,220.00 million Baht or increased by 50.83%.

**Shareholder's equities:** as of December 31, 2019, the company and its subsidiaries had negative shareholder's equities of 3,468.21 million Baht or negative decreased by 14.40% from December 31, 2018. It was composed of 1,095.47 million Baht to the parent company and negative 2,372.74 million Baht to non-controlling interests.

## Cash Flow Statement (Consolidated)

Unit : Million Baht	Consolidated Financial Statement			
	As of 31 Dec 2018	As of 31 Dec 2019	Change	%
Cash flow received (used) from operating activities	(3,755.69)	(3,816.66)	(60.97)	1.62
Cash flow received (used) from investment activities	193.08	149.94	(43.13)	(22.34)
Cash flow received (used) from financing activities	1,663.90	3,402.26	1,738.36	104.47
Effect from foreign exchange rate in cash and cash equivalents	148.75	78.35	(70.40)	(47.33)
Net increase (decrease) in cash and cash equivalents	(1,749.96)	(186.10)	1,563.85	(89.37)
Cash and cash equivalents as of 1 January	3,169.85	1,419.89	(1,749.96)	(55.21)
Cash and cash equivalents as of 31 December	1,419.89	1,233.79	(186.10)	(13.11)



In 2019, the Company and its subsidiaries had net cash flow used in operating activities of 3,816.66 million Baht, increased from 3,755.69 million Baht or by 1.62%. The significant items which highly affected to cash flow were account receivables and other current receivables, Aircraft Maintenance Reserve and Aircraft maintenance paid in cash.

Net cash flow provided by investment activities was 140.94 million Baht, mainly from the cash from shares in subsidiaries from non-controlling interests part.

Net cash flow provided by financing activities was 3,402.26 million Baht, mainly from cash flow from capital increase for the amount of 2,300.42 million Baht, cash received from short-term loans for 3,420.00 million Baht and Cash paid for short-term loans for the amount of 2,200.00 million Baht.

Moreover, the Company and its subsidiaries gained benefit from the effect of foreign exchange rate in cash and cash equivalents for the amount of 78.35 million Baht.

Nevertheless, as of December 31, 2019, net cash and cash equivalents decreased for 186.10 million Baht.



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