

**Information Memorandum regarding the entry into connected transaction in the category of receipt of financial assistances by extension of utilization period of facility and grant of termination rights to the lender under Facility Agreement
Nok Airlines Public Company Limited**

The Board of Directors' meeting, under a special agenda, No. 3/2020, held on 3 April 2020 and the Special Board of Directors' meeting, under a special agenda, No. 6/2020, held on 30 June 2020 of Nok Airlines Public Company Limited (the "**Company**"), resolved to approved the entry into the connected transaction in category of obtaining a financial assistance by the extension of utilization period of facility and granting right for the Lender to terminate the Facility Agreement. The material details of the entry into the transaction are as follows:

1. Date, month, year of the entry into the transaction

The Board of Directors' meeting of the Company, under a special agenda, No. 3/2020, held on 3 April 2020, had resolved to approve the enter in to the connected transaction in category of obtaining a financial assistance under the existing credit limit of Baht 3,000 million from Mrs. Hatairat Churangkul, who is a connected person of the Company by extension of utilization period of facility from the current period which is 12 months from the date of Facility Agreement between the Company and the Lender dated 14 May 2019 (the "**Facility Agreement**") to the new period which is not exceeding 48 months form the date of the Facility Agreement.

The Board of Directors' meeting of the Company, under a special agenda, No. 6/2020, held on 30 June 2020, resolved and approve the enter in to the connected transaction in category of obtaining a financial assistance are as follows:

1. To consider the amendment by extension of utilization period of facility until 30 September 2020
2. To approve and granting of termination rights to the lender under the Facility Agreement until 30 September 2020
3. To consider the ratification of the entry into a connected transaction with a connected person in category of obtaining a financial assistance for the financial borrowing by the extension of utilization period of facility and granting right for the Lender to immediately terminate the Facility Agreement and/or cancel the remaining financial amount, although the financial amount still remain, with effective until 30 September 2020
4. To consider and approve the entry into the connected transaction with the connected person in category of obtaining a financial assistance for the financial borrowing by the extension of utilization period of facility and granting right for the Lender to immediately terminate the Facility Agreement and/or cancel the remaining financial amount, although the financial amount still remain, with effective from 1 October 2020 until 14 May 2023

2. Related Parties and Relationship with Nok Airlines Public Company Limited

Lender: Mrs. Hatairat Jurangkool
Relationship: – Shareholder of the Company, holding 983,864,225 shares (26.38 percent of the Company's total issued shares capital) (information as of 13 March 2020)

- Close relative of the major shareholders. (Mr. Nuttapol Jurangkool and Mr. Thaveechat Jurangkool)
- Close relative of the director. (Mr. Wutthiphum Jurangkool)

Borrower: Nok Airlines Public Company Limited

3. General information of the Connected Transaction

Credit line: Baht 3,000 million (equal to the facility the shareholders' meeting of 2020 approves), separately draw down as needed by issuing promissory notes, each of which 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 (which the average of Minimum Loan Rate is the average of Minimum Loan Rate of Bangkok Bank, KASIKORNTHAI Bank, and Siam Commercial Bank)

In this respect, the current average of Minimum Loan Rate of Bangkok Bank, KASIKORNTHAI Bank, and Siam Commercial Bank is 5.498% per annum.

Tenor: a. propose to the shareholders' meeting to consider the ratification of extension of utilization period from no longer than 12-month period from the date of the Facility Agreement (i.e. 14 May 2019) to 30 September 2020;

b. propose to the shareholders' meeting to consider the extension of the utilization period from 1 October 2020 until 14 May 2023

Payment of Interest and Principal: payment on the maturity date of each promissory notes

Collateral: The Company does not provide any collateral for the creditor.

Termination Rights: a. propose to the shareholders' meeting to consider the ratification of the grant of termination rights to the lender under the Facility Agreement and/or revocation of the remaining facility immediately, even if the facility is remaining until 30 September 2020;

b. propose to the shareholders' meeting to consider the grant of termination rights to the lender under the Facility Agreement and/or revocation of the remaining facility immediately, even if the facility is remaining until 14 May 2023

4. Objective of the entry into the transaction

To utilize the working capital for its operation as well as support the related businesses

5. Total transaction value and criteria used for total transaction value determination

5.1 Transaction value for this transaction

Amount of loan (Baht million)	Average Interest Rate	Period of Loan (days)	Interest Expenses (Baht million)
3,000	6.498 percent per annum	180	96.13

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3,000	6.498 percent per annum	180	96.13
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3,000	6.498 percent per annum	180	96.13
3,000	6.498 percent per annum	180	96.13
3,000	6.498 percent per annum	56	29.91
Total			510.56

5.2 The connected transaction entered in the period of six months prior to the entry into the transaction from the same person, connected person or close relation thereof

Amount of Loan (Baht million)	Interest Rate (percent per annum)	Commence- ment Date	Last Date	Perio d of Loan (days)	Interest Expenses (Baht million)
100	6.00	2 January 2020	2 April 2020	91	1.50
200	6.00	3 January 2020	3 April 2020	91	2.99
100	6.00	6 January 2020	7 April 2020	92	1.51
100	6.00	13 January 2020	16 April 2020	94	1.55
100	6.00	30 January 2020	30 April 2020	91	1.50
60	6.00	30 January 2020	30 April 2020	91	0.90
200	6.00	12 February 2020	12 May 2020	90	2.96
300	6.00	13 February 2020	13 May 2020	90	4.44
300	5.75	26 February 2020	26 May 2020	90	4.25
150	5.75	26 February 2020	26 May 2020	90	2.13
150	5.75	28 February 2020	28 May 2020	90	2.13
150	5.75	11 March 2020	11 June 2020	92	2.17
400	5.75	18 March 2020	18 June 2020	92	5.80
310	5.75	25 March 2020	25 June 2020	92	4.49
100	5.75	25 March 2020	25 June 2020	92	1.45
100	5.75	2 April 2020	12 May 2020	40	0.63
200	5.75	3 April 2020	12 May 2020	39	1.23
100	5.75	7 April 2020	12 May 2020	35	0.55
100	5.75	16 April 2020	12 May 2020	26	0.41
160	5.75	30 April 2020	30 July 2020	91	2.29
200	5.75	12 May 2020	13 August 2020	93	2.93
500	5.75	12 May 2020	13 August 2020	93	7.33
300	5.75	13 May 2020	13 August 2020	92	4.35
450	5.75	26 May 2020	26 August 2020	92	6.52
150	5.75	28 May 2020	28 August 2020	92	2.17
150	5.75	11 May 2020	11 September 2020	92	2.17
400	6.00	18 May 2020	18 September 2020	92	6.05
410	6.00	25 May 2020	25 September 2020	92	6.20
Total					82.45

5.3 Total transaction value of all the transactions

Transaction	Amount (Baht million)
Estimation of interest expense (From 14 May 2020 until 30 September 2020)	74.24
Estimation of interest expense (From 30 September 2020 until 14 May 2023)	510.56
Total Transaction Value	584.80

6. Characteristics and scope of interests of connected persons when agreeing to enter into such connected transaction.

Mrs. Hatairat Jurangkool is the major shareholder of the Company holding shares in the amount of 983,864,225 shares, equivalent to 26.38 percent and is the mother of two major shareholders i.e. Mr. Nuttapol Jurangkool holding shares in the amount of 972,109,455 shares, equivalent to 26.07 percent of total shares of the Company and Mr. Thaveechat Jurangkool holding shares in the amount of 839,569,990 shares, equivalent to 22.51 percent of total shares of the Company (Information as of 13 March 2020)

Further, Mrs. Hatairat Jurangkool is the mother of Mr. Wutthiphum Jurangkool, a director and the chief executive officer of the Company.

7. Interested Director

Mr. Wutthiphum Jurangkool is a member of the Board of Director, who has conflict of interest on this transaction, did not attend and vote on this agenda.

8. Condition which may affect the rights of shareholders

None

9. Opinions of the Board of Director concerning the entry into the transaction

a. The extension of utilization period from no longer than 12-month period from the date of the Facility Agreement (i.e. 14 May 2019) to 30 September 2020

The Board of Directors approved the entry into the connected transaction with the connected person in the category of receipt of financial assistance under the Baht 3,000 million facility by entry into transaction in relation to the extension of utilization period of facility by extension of the utilization period from no more than 12 months, having the maturity date on 14 May 2020 to 30 September 2020 since the Company has its urgent necessity resulting that it is not able to propose this agenda for approval of the Annual General Meeting of 2020 to be designated later. This is because of the outbreak of COVID-19, closed airspace of international flight and recession of airline business and overall tourist industry, resulting in the Company having a continuous loss from operating results, encountering a negative cash flows situation from operating results and being unable to seek for other sources of fund, for example borrowing money from financial institution, in the short run. In this regard, the Company has considered that the Company must still maintain the said credit limit in order to retain liquidity of the Company for further business operation. Plus, if the Company does not enter into the said transaction soon, it may affect financial position and operating results of the Company

Further, the entry into the said transaction is not the undue transfer of interest between the Company and connected person, and have the appropriate condition since it results that the

Company receives the loan with more beneficial condition than those of the financial institution.

Further, the Board of Directors has considered the reasonableness of the extension of utilization of facility together with the protection of interest of the minority of shareholders; thus change the extension the utilization period under Baht 3,000 million from not exceeding 12 months from the date of Facility Agreement (i.e. 14 May 2019) to not exceeding 48 months from the date of Facility Agreement resulting that the utilization period shall last until 30 September 2020. The Company has estimated that the extension of the utilization period until 30 September 2020 shall enable the Company to manage its financial liquidity and to amend the Facility Agreement (in the case where the shareholders' agreement approves the ratification and entry into the connected transaction) which is to be completed within 30 September 2020 and desires to wait for the approval from the shareholders' meeting in relation to the extension of utilization period from 1 October 2020 to 14 May 2023. Such proceeding has its reasonableness in that it is able to maintain the balance of financial liquidity of the Company and the protection of rights of shareholders to be informed and furnished with the sufficient information from the independent financial advisor prior to the entry into the transaction.

b. **The grant of termination rights to the lender under the Facility Agreement until 30 September 2020**

The Board of Directors was of the view that the entry into the connected transaction with the connected person in the category of receipt of financial assistance under the Baht 3,000 million facility by the grant of termination rights to the lender under Facility Agreement is the condition prescribed by the Lender to enable the Company to utilize the facility. In this regard, in the event where the Company did not agree with such lender's condition, the Company would not able to utilize the facility under the Facility Agreement. In this regard, were the Company not utilize the loan in the short future, it shall incur the deficit of the cash flow and shall affect the financial position and operating result of the Company materially to the extent that might incur the Company's business interruption. This, the Company has the reason and emergency necessity resulting that it is not able to propose this agenda for approval of the Annual General Meeting of 2020 to be designated later. In this regard, the entry into this transaction enables the Company to utilize the proceeds under the Facility Agreement to utilize as the working capital in the sufficient amount for its operation.

Further, the entry into the said transaction is not the undue transfer of interest between the Company and connected person, and have the appropriate condition since it results that the Company receives the loan with more beneficial condition than those of the financial institution comparing with business operator in the same size and nature of business under this circumstances.

Further, the Board of Directors has considered the reasonableness of the grant of termination rights to the lender under Facility Agreement together with the protection of interest of the minority of shareholders; thus grant the termination rights to the lender under the Facility Agreement until 30 September 2020, in the same manner as the extension of utilization period of the facility as mentioned above. The Company has estimated that it shall enable the Company to manage its financial liquidity and to amend the Facility Agreement (in the case where the shareholders' agreement approves the ratification and entry into the connected transaction) which is to be completed within 30 September 2020 and desires to wait for the approval from the shareholders' meeting in relation to the grant

of termination rights to the lender under the Facility Agreement and/or revocation of the remaining facility immediately, even if the facility is remaining from 1 October 2020 to 14 May 2023. Such proceeding has its reasonableness in that it is able to maintain the balance of financial liquidity of the Company and the protection of rights of shareholders to be informed and furnished with the sufficient information from the independent financial advisor prior to the entry into the transaction.

- c. The entry into the connected transaction in category of obtaining a financial assistance by the extension of utilization period of facility and granting right for the Lender to terminate the Facility Agreement from 1 October 2020 to 14 May 2023

The Board of Directors has considered other conditions of the Facility Agreement, interest rate which is not exceeding the Minimum Loan Rate (MLR) plus 1 percent per annum (whereby the Minimum Loan Rate is an average Minimum Loan Rate of Bangkok Bank, Kasikorn Thai Bank and Siam Commercial Bank), the extension of the utilization period of facility, together with proposal from the Lender to amend the Facility Agreement by granting right for the Lender to terminate and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit. Considering current situation of the Company, the Company encounters a negative cash flows situation from operating results because of the outbreak of COVID-19, closed airspace of international flight and recession of airline business and overall tourist industry which it is uncertain whether the situation will be better, as well as a concern of the re-outbreak of COVID-19 in foreign countries, the Company might not be able to seek for other sources of fund, for example borrowing money from financial institution, in the short run or seek for source of loan with the replaceable conditions instead of the existing loan from the Lender. The Company has considered and viewed that the Company must still maintain the said credit limit in order to retain liquidity of the Company for further business operation.

Further, the entry into the said transaction is not the undue transfer of interest between the Company and connected person, and have the appropriate condition since it results that the Company receives the loan with more beneficial condition than those of the financial institution. The interest rate which the Company imposed in the Facility Agreement is equivalent to the reference interest rate of financial institutions at the present resulting in the flexibility of the Company in its financial liquidity management and ability to utilize the proceed under Facility Agreement as appropriate and in accordance with the utilization plan.

Therefore, the entry into the connected transaction provides alternative better than the capital increase which help reduce financial burdens of the shareholders to purchase the newly issued shares.

10. Opinion of the Audit Committee and/or the Board of Directors having differing opinions from the Board of Director

The Audit Committed has the opinion in correspondence with the opinion of the Board of Directors, and none of the Directors had the different opinion or abstention.

Information disclosure of Nok Airlines Public Company Limited**1. General information**

- Company Name** : Nok Airlines Public Company Limited
- Type of Business** : The company operates as a budget airline or Low-cost Airline under the brand “Nok Air” providing domestic air transport services. Nok Air serves point-to-point routing by using single-aisle aircraft. The Company is considered as the leading domestic budget airline with the most domestic route coverage.
- Registered Capital** : The Company has the registered capital in an amount of Baht 4,197.17 million, totaling of 4,197.17 million shares at the par value of Baht 1 per share.
- Paid-up Capital** : The Company has the paid-up capital in an amount of Baht 3,729.19 million, totaling of 3,729.19 million shares at the par value of Baht 1 per share.

The company’s major development

- | Years | Events |
|--------------|---|
| 2015 | <ul style="list-style-type: none"> : Was delivered two Boeing 737-800 Next Generation aircrafts and two Bombardier Q400 NextGen aircrafts. : The ICAO’s audit of Thailand’s aviation system standards had no significant impact on the Company’s business. : Increased the number of Bangkok-Yangon return flights from two to three flights per day to enhance passengers’ travel time convenience, starting on 2 September 2015. : Invested in Air Black Box Asia Pacific Pte. Ltd. which was established in Singapore, to develop inter-airline ticket reservation systems, with registered capital of 4 million US dollars. The shareholder structure consisted of Nok Airlines Public Company Limited, with investment representing 25 percent, Scoot Pte Ltd., 25 percent, and TOD Holdings Co., Ltd., 50 percent. |
| 2016 | <ul style="list-style-type: none"> : Was delivered additional three Boeing 737-800 aircrafts and two Bombardier Q400 NextGen aircrafts in July 2016. : Cooperated with alliance airlines within the Asia-Pacific region under “Value Alliance” in order to enhance competitive edge and be able to offer various routes provided by alliance airlines. : Reduced the shareholding stake in Air Black Box Asia Pacific Pte. Ltd., with registered capital increased from 4 to 5.6 million US dollars. The shareholders consisted of Nok Airlines PCL, with investment representing 15 percent (decreased from 25 percent), Scoot Pte. Ltd., 15 percent (from 25 percent), ANA Holdings, Inc., 15 percent, Cebu Air, Inc., 15 percent, and VaultPAD Ventures Ltd. (previously named TOD Holdings Co., Ltd.) 40 percent. |
| 2017 | <ul style="list-style-type: none"> : The new way booking from Nok Air “Choose Your NOK” and the new service, Hot Meals, on board. : Took the aircrafts out of the fleet total four aircrafts, according to the company’s business plan and took the delivery of brand-new aircraft which were two Boeing 737-800s Next Generation. : Increased the number of Charter flights such as Don Mueang-Nanning, Don Mueang - Yancheng, Don Mueang - Yinchuan, Don Mueang - Zhengzhou, U-Tapao - Haikou, U-Tapao - Yichang and so on. : Nok Air operates 3 flights per week from Mae Sot to Rangoon. : The launch of new five routes under “Fly ‘n’ Ride service” from and to the nearby destinations where the company does not directly operate by transferring passengers to the closest airports and transporting via buses to the final destinations. |

Years	Events
	<ul style="list-style-type: none"> : Increased the various payment channels in five options to smooth your travel planning, namely BBL Direct, Debit, Big C, Rabbit LINE Pay, Rabbit LINE Pay and TESCO Lotus. : The Company's registered capital and paid-up capital are as follows: Registered capital of 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 of 2,271,999,764 shares at par value of 1 baht per share with total value of 2,271,999,764 baht.
2018	<ul style="list-style-type: none"> : Added international routes for many chartered flights such as Don Mueang - Yinchuan, Don Mueang - Nantong, Chiangmai - Nanning, Phuket - Nanning, Phuket - Chendu, Don Mueang - Yancheng, Phuket - Xian, Phuket - Ho Hod, 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 - Petchboon, Don Mueang - Yichang, Don Mueang - Mei Sian, Phuket - Changzhou and Phuket - Zhengzhou. : Operated direct domestic scheduled flights: Udornthani - Ubonrajathani, Don Mueang - Petchboon and Don Mueang - Mae Hongson. : Added Fly 'n' Ride shuttle service to non – operated destinations for passengers by air-conditioned coach in 4 routes: Sisaket, Petchboon (KaoKor), Chiangrai (Maesai) and Lumpoon with another 7 Fly 'n' Ferry routes to Koh Buloon, Koh Jum, Koh Libon, Koh Rai Lay, Koh Lao Liang, Koh Yao Noi and Koh Yao Yai. : Added more payment channels to passengers with Alipay, WeChat Pay, Union Pay, first QR Payment service in Thailand and 123Myanmar channels to facilitate convenience to passengers in purchasing air tickets and payments which will further support the Company sales revenue. : Thairgroup “Nok Air - Thai Airways” allied in a campaign “Nok Air Changes Smiles to Mileages” upon purchasing pleasure air tickets (Nok MAX) and happy air tickets (Nok X-tra) where mileage points accumulation would be eligible with both Royal Orchid Plus (TG ROP) and Nok Point from June 21st, 2018. : In July 2018, Nok Air joined force with Nok Scoot in linking longer flying routes. Passengers would be able to travel from Chiangmai and Hat Yai to Bangkok and connect a flight to Tokyo or Taipei-Taiwan with only one booking through Nok Air website plus baggage worry-free from a check-through baggage service. : Nok Air awarded as Best Low-Cost Airline in Thailand 2018 from Skytrax on July 31st, 2018. : In August 2018, Nok Air ranked 1 of 5 airlines in Asia with ontime performance of 80% by OAG, a global largest airlines information website.
2019	<ul style="list-style-type: none"> : The Company had increased of the registered shares to 3,408.05 million shares with the par value of Baht 1 each, which the registered capital increased to Baht 3,408.05 million. The Company has already registered the paid-up share capital in the amount of Baht 3,108.52 million with the Ministry of Commerce on 13 March 2019. : Nok air took delivery of two additional Boeing 737-800s for high seasons flying programme to increase scheduled and chartered capacities. : Nok Air launched two international scheduled service to Guwahati, India and Hiroshima, Japan. : Increased international charter routes from Donmueang to Yiwu, Wuxi, Changsha, Hefei and Phuket to Hangzhou. : Increasing three Fly'n'Ride routes to Nakhon Phanom, Nongkhai and Donsak : Increasing direct connectivity with checked through luggage service with NokScoot by offering connecting service to New Delh, Taipei, Sapporo, Tokyo, Osaka from Chiang Mai, Chiang Rai, and Ha Yai.

Years	Events
	<ul style="list-style-type: none"> : Launching luggage delivery service from the airport to the stated address in Bangkok and Chiang Mai : Additional payment channels were added including WeChat Pay, Alipay, Card Readers, and 0% installation payment using credit cards.
2020	<ul style="list-style-type: none"> : The Company had completely registered the capital increasing 4,197,166,631 Share at the par value of Baht 1 per share, Total amount 4,197,166,631Baht. Paid-up capital of 3,729,186,723 Baht with the Department of Business Development, the Ministry of Commerce since 18 February 2020. : the Company has registered the increase in paid-up capital from exercise of Warrants (NOKW-1) in the amount of Baht 83 with the Department of Business Development, Ministry of Commerce on 9 June 2020, and at present, the Company's paid-up capital has been changed from Baht 3,729,186,723 to Baht 3,729,186,806 dividing into 3,729,186,806 ordinary shares at the par value of Baht 1 per share. : In the epidemic situation of COVID-19 (COVID-19), the Company is currently only operating domestic flights with suspensions and schedule adjustments on a number of domestic routes as per local provincial policies enacted under the Emergency Situation Act. and temporary suspension of international air traffic to and from Thailand. The Company believes that domestic transportation for the Thai general public is an essential part of the country's national security and the airline aims to fulfill such need. Furthermore, the Company has contracted agreement to the Thai Red Cross to provide medical assistance such as organ transport. All flights are operated under strict adherence to social distancing guidelines. : the Special Board of Directors' meeting No. 5/2020, held on 26 June 2020, was to acknowledge the business termination and liquidation of NokScoot Airlines Co.,Ltd. Of which, Nok Mangkang Co.,Ltd., is a subsidiary of the company and holds 49.65% of the shares totaling 1.47 billion baht. NokScoot Airlines Co.,Ltd. has been experiencing continuous financial losses and has worsened by the Covid-19 pandemic. The Board of Directors' Meeting of NokScoot Airlines Co., Ltd. no.4/2020 has approved the date of calling the 2020 Annual General Meeting of Shareholders on 14 July, 2020 to consider and approve the dissolution and liquidation along with appointing the liquidator of NokScoot Airlines Co., Ltd.

2. Subsidiaries and Joint Ventures

Company	Shareholding	Type of business
1. Nok Mangkang Co., Ltd.	49% (voting rights proportion 99.90%)	Invests in NokScoot Airlines Co., Ltd who operates a medium-haul international budget airline
2. Nok Holidays Co., Ltd.	49%	Tourism guiding and other relevant business
3. Pan Am International Flight Training Center (Thailand) Co., Ltd.	15%	Operates an international aviation training center which offers the most comprehensive aviation course covering the training of pilots, crews, maintenance personnel and other aviation professionals.
4. Air Black Box Asia Pacific Pte Ltd.	13.04%	Operates inter-airline ticket system development

3. Nature of Business

- **Products and Services**

Nok Air operates a budget airline under the “Nok Air” brand where it provides domestic and international point-to-point air transport services. Nok Air provides extensive flight services covering every region across Thailand. At present, Nok Air has the most domestic route coverage in Thailand. As of December 31, 2018, Nok Air flew 29 routes of which 25 routes are domestic flights, 4 international routes with a total of 673 flights per week. To extend its wing to overseas territories, Nok Air signed the Interline Cooperation Agreement with NokScoot Airlines which allowed Nok Air to sell tickets from domestic destination such as Chiang Mai, Chiang Rai, Phuket, Udon Thani, Ubon Ratchathani, Nakhon Si Thammarat in Trang, and Hat Yai to Singapore. The agreement enables passengers to buy one single ticket that covers destinations operated by these two airlines.

The company was corporate with 8 Asia-Pacific low-cost airline alliances or “Value Alliance” consist of Nok Air, NokScoot, Scoot, Cebu Pacific (including Cebgo Air), Jeju Air, Tigerair Singapore, Tigerair Australia and Vanilla Air which cover all over Asia-Pacific region in order to facilitate the passengers.

Nok Air’s policy is to procure aircrafts that appropriately respond to flight demands in each route whether it’s primary, secondary and feeder routes. As of December 31, 2018, the Company has a fleet of 25 leased aircrafts, including 20 Boeing 737-800s, 8 Bombardier Q400s and 2 ATR-72s. An average age of Nok Air’s fleet was 6 years. An average aircraft utilization of all types of aircraft, stood at 9.36 hours per day. Boeing 737-800 is a medium-haul narrow-body aircraft with jet engines. The aircraft are required in primary and secondary routes. Meanwhile, ATR 72-500 and Bombardier Q400 are small two-engine turboprop aircrafts designed for short-haul flight. Nok Air mostly flies these two aircraft types in secondary and feeder routes to suit modest demands along the routes. The Company receives investment promotional privileges under the Investment Promotion Act B.E. 2520 (and Amendment) from The Board of Investment of Thailand (BOI) in the large mass and cargo transport business.

- **Revenue Structure**

Consolidated Financial Statement	2017		2018		2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Total Passenger revenue	17,386.00	85.32	16,699.71	84.60	16,758.56	83.92
Total Ancillary revenues¹	2,186.11	10.73	2,560.12	12.97	2,847.72	14.26
Other Income						
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
Total other revenue	804.60	3.95	480.39	2.43	362.84	1.82
Total revenue	20,376.71	100.00	19,740.22	100.00	19,969.12	100.00

Remark : ¹ Ancillary revenues include revenue from travel changes fee, excess baggage, ticket booking and Reservation & payment fee and sales from meals and souvenirs.

Nok Air’s main revenue stream is air transportation. In 2019, the company and its subsidiaries generated total passenger revenue of 16,758.56 million Baht which was 83.92 percent of total revenue. Majority of the passenger revenue was from scheduled flight services both domestic and international routes, covering domestic route almost all primary, secondary and feeder domestic routes in the country

totaling 41 routes and 4 international routes are schedule flight including international route of NokScoot Airlines by Don Muang international airport as a hub of four destinations to China, one destination to Taipei, Taiwan, one destination to Delhi, India and three destinations to Japan.

In addition to scheduled flight service, chartered flight service is another source of revenue of Nok Air and NokScoot which most of them are chartered from Thailand to overseas. Such services are provided in addition to schedule flights, which significantly enable us to optimize our aircrafts.

In 2019, the company and its subsidiaries generated total ancillary revenues of 2,847.72 million Baht which was 14.26 percent of total revenue. Majority of the Ancillary revenues was from baggage load revenue, excess baggage, reservation & payment fee, revenue from travel changes fee and sales from meals and souvenirs.

Other revenues in 2019 was 362.84 million Baht or 1.82 percent of total revenue, consist of interest income, Realized/Unrealized Gain on Exchange Currency, Revenue from Insurance claim and aircraft maintenance refund.

4. Board of Directors, Managements and Major shareholders

As of 1 July 2020, Nok Air's Board of Directors comprised a total number of 11 directors as follows:

No.	Name	Position
1.	Mr. Prasert Bunsumpun	Independent Director / Chairman of the Board
2.	Mr. Pravej Ongartsittigul	Director / Chairman of the Executives Committee
3.	Mr. Wutthiphom Jurangkool	Director / Member of the Executive Committee
4.	Mr. Chavalit Uttasart	Director
5.	Mr. Wiwat Piyawiroj	Director
6.	ACM. Dr Nopporn Chandawanich	Director/ Member of the Executive Committee
7.	Mr. Apichart Chirabandhu	Independent Director / Chairman of the Nomination and Remuneration / Member of the Audit Committee
8.	Mr. Visit Tantisunthorn	Independent Director / Member of the Audit Committee / Member of the Risk Management Committee
9.	Mrs. Chiraporn Chemnasiri	Independent Director/Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee
10.	Mrs. Heather Mary Suksem, OBE	Independent Director / Member of the Corporate Governance Committee

As of 1 July 2020, Nok Air's management officers were as follows:

No.	Name	Position
1.	Mr. Wutthiphom Jurangkool	Chief Executive Officer / Acting Chief Operations Officer Acting Chief Financial Officer
2.	Mr. Raj Tanta-Nanta	Deputy Chief Executive Officer

As of 13 March 2563, Nok Air's Major shareholders were as follows:

No.	Shareholders	No. of ordinary shares	Shareholding %
1.	Mrs. Hathairatn Jurangkool	983,864,225	26.38
	Spouse (Mr. Sunsum Jurangkool)	14,153	0.00
	Total	983,878,378	26.38
2.	Mr. Nuttapol Jurangkool	972,109,455	26.08
3.	Mr. Thaveechat Jurangkool	839,569,990	22.51
4	Thai Airways International Public Company Limited	495,390,721	13.28
	Other shareholders	438,238,179	
	Grand Total	3,729,186,723	100.00

5. Management Discussion and Analysis

Executive Summary

For the year ended on 31 December 2019, the Company and its subsidiaries reported that total comprehensive loss was 2,972.34 million Baht. This total comprehensive loss was divided into parent company and non-controlling interests, 1,928.34 and 1,044.00 million Baht respectively. Once considering the comprehensive loss only the part of the parent company in amount of 1,928.34 million Baht, it was significantly decreased 854.23 percent or 30.70 million Baht from the same period of last year. As a result, The Company would clarify the factors causing overall operating outcome as follow.

In 2019, with the turnaround plan, the company phased out the old operating aircraft out of fleet therefore the number of aircrafts were decreased from 25 to 24 aircrafts by the end of year 2019 or decreased by 4.00 percent, both Available Seat Kilometers (ASK) and numbers of flights also decreased by 7.03 percent and 7.95 percent respectively compared to last year. Nevertheless, Average aircraft utilization hours increased by 6.41 percent from last year, Revenue per Available Seat-Kilometers (RASK) slightly decreased 0.52 percent and Cost per Available Seat-Kilometers (CASK) also decreased more over 6.03 percent from last year because the company could manage intensely both of direct and indirect costs more efficiency attributable to deep-down analysis of management team, leading to cost saving according to the company's turnaround plan. Furthermore, On-time performance improvement continuously can decrease 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 last year. It was an impact on company's fuel cost to 4,102.66 million Baht or decreased 16.00 percent from last year. However, the Company enter into fuel hedging contracts partially as per the Company policy to reduce the exposure of fuel price volatility.

For separated financial statements, the company's revenue in 2019 was 12,708.63 million Baht which decreased 8.47 percent from last year. The company had operating cost in amount of 14,422.81 million Baht, which decreased 11.46 percent from last year. As a result, the net loss in the year 2019 decreased from 2,404.84 million Baht to be 1,591.12 million Baht or decreased significantly by 33.84 percent from the last year.

- Financial Statement Positions of the year 2017 – 2019

Financial Position	Financial Statement		
	2560	2561	2562
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	3,169.8	1,419.9	1,233.8
Current investments	-	9.2	42.9
Trade and other current receivables	1,449.4	2,008.9	2,493.3
Inventories	32.2	50.2	81.0
Short-term aircraft deposits and prepayments	26.6	375.0	272.6
Other current assets	103.6	101.9	123.0
Total Current Assets	4,781.6	3,965.1	4,246.6
<u>Non-Current Asset</u>			
Deposits at bank pledged as collateral	1,300.9	1,122.9	1,153.1
Investment in joint venture	6.9	1.4	8.1
Other long-term investments	46.7	46.7	46.2
Maintenance reserve	7,192.5	7,788.3	8,342.4
Leasehold improvements and equipment	266.0	206.8	148.7
Intangible asset	47.5	45.7	48.9
Deferred tax assets	13.3	13.3	13.3
Long-term aircraft deposits and prepayments	827.8	820.1	1,054.1
Other non-current assets	39.4	63.8	109.6
Total Non-Current Assets	9,741.0	10,109.0	10,924.4
Total Assets	14,522.6	14,074.1	15,171.0
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Short-term borrowings	700.0	2,400.0	3,620.0
Trade and other current payables	4,861.5	5,905.9	5,688.4
Deferred income from customer loyalty Programmes	18.5	18.3	36.9
Provisions for aircraft return condition and short-term	108.8	120.6	72.4
Other current liabilities	31.0	15.3	71.5

Financial Position	Financial Statement		
	2560	2561	2562
Total Current Liabilities	5,719.8	8,460.1	9,489.3
Non-Current Liabilities			
Provisions for aircraft maintenance as plan, aircraft return	7,771.7	8,276.5	8,918.4
Provisions for employee benefit	242.2	273.9	188.7
Other non-current liabilities	97.9	95.2	42.8
Total Non-Current Liabilities	8,111.8	8,645.6	9,149.9
TOTAL LIABILITIES	13,831.6	17,105.7	18,639.2
<u>SHAREHOLDERS' EQUITY</u>			
Registered capital			
Issued and paid share capital	2,272.0	2,272.0	3,108.5
Share premium on ordinary shares	4,325.9	4,325.9	5,789.8
Retained Earnings (Deficit)			
Appropriated			
Legal reserve	62.5	62.5	62.5
Unappropriated (deficit)	(5,339.5)	(8,122.0)	(10,050.3)
Deficit arising from change in ownership interest	(5.9)	(5.9)	(5.9)
Total shareholders' equity attributable to owners of the Company	1,315.0	(1,467.5)	(1,095.5)
Non-controlling interests	(624.0)	(1,564.1)	(2,372.7)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,522.6	14,074.1	15,171.0

Assets

As of 31 December 2019, the Company and its subsidiaries had total assets of 15,170.96 million Baht or increased by 7.79% from year-end 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%, respectively.

As of 31 December 2018, the Company and its subsidiaries had total assets of 14,074.06 million Baht or decreased by 3.09% from year-end 2017. Total assets can be divided into current assets of 3,965.07 million Baht and non-current assets of 10,108.99 million Baht, accounting for 28.17% and 71.83%, respectively.

Total Current Assets: As of 31 December 2019, the Company and its subsidiaries had total current assets of 4,246.59 million Baht or increased by 7.10% from as of 31 December 2018. It was attributable to the decreasing in Cash and Cash equivalents by 24.11% caused by Trade and Other current receivables increased by 38.60% from year-end 2018.

Total Current Assets: As of 31 December 2018, the Company and its subsidiaries had total current assets of 3,965.07 million Baht or decreased by 17.08% from as of 31 December 2017. It was attributable to the decreasing in Cash and Cash equivalents by 55.21% caused by Trade and Other current receivables increased by 38.60% from year-end 2017.

Total Non-Current Assets: As of 31 December 2019, the Company and its subsidiaries had total non-current assets of 10,924.36 million Baht or increased by 8.07% from as of 31 December 2018. It was attributable to the increasing in Aircraft Maintenance Reserve by 7.11% and Long-term aircraft deposits and prepayments by 28.53% from year-end 2018.

Total Non-Current Assets: As of 31 December 2018, the Company and its subsidiaries had total non-current assets of 10,108.99 million Baht or increased by 3.78% from as of 31 December 2017. Mainly from the Company and its subsidiary have reviewed the presentation in the financial statement from the present netting amount of the maintenance reserve and provision for aircraft maintenance as plan to be present gross amount of them to present those items separately as asset and liability of the Company and its subsidiary.

Liabilities and Shareholder's Equities

Total liabilities: As of 31 December 2019, the Company and its subsidiaries had total liabilities of 18,639.17 million Baht or increased by 8.96% from as of 31 December 2018, which mainly from increased in Short-term borrowings 1,220 million Baht or increased by 50.83%.

Total liabilities: As of 31 December 2018, the Company and its subsidiaries had total liabilities of 17,105.69 million Baht or increased by 23.67% from as of 31 December 2017, which mainly from short-term borrowings increased by 242.86% and trade payables increased by 21.48%. Moreover, in this period the Company and its subsidiary have reviewed the presentation in the financial statement as mentioned above.

Shareholder's equities: as of 31 December 2019, the company and its subsidiaries had negative shareholder's equities of 3,468.21 million Baht or negative decreased 14.40% from the deficit as of 31 December 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.

Shareholder's equities: As of 31 December 2018, the Company and its subsidiaries had negative shareholder's equities of 3,031.63 million Baht or negative increased 538.73% from the deficit as of 31 December 2017. It was composed of negative 1,467.55 million Baht to the parent company and negative 1,564.08 million Baht to non-controlling interests.

- **Statements of Profit or Loss and Other Comprehensive Income for the year 2017-2019**

Statements of Profit or Loss	31 Dec 2017		31 Dec 2018		31 Dec 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Passenger revenues	17,386.0	85.3	16,699.7	84.6	16,758.6	84.6
Service revenues	2,186.1	10.7	2,560.1	10.6	2,847.7	13.0
Other income	804.6	3.9	480.4	2.4	362.8	2.4
Total Revenue	20,376.7	100.0	19,740.2	100.0	19,969.1	100.0
Costs of passenger and services	21,031.6	103.2	22,551.2	114.2	21,770.9	109.0
Selling expenses	178.5	0.9	177.2	0.9	210.4	1.1
Administrative expenses	994.1	4.9	937.2	4.7	956.7	4.8
Finance costs	63.8	0.3	44.6	0.2	125.1	0.6
Total Expenses	22,268.0	109.3	23,710.2	120.0	23,063.1	115.5
Share of loss from investments in Joint Venture	(8.3)	(0.0)	(5.5)	(0.0)	(1.4)	(0.0)
Loss before income tax expenses	(1,899.7)	(9.3)	(3,975.5)	(20.0)	(3,095.4)	(15.5)
Income tax expenses	-	0.0	-	0.0	-	0.0
Loss for the year	(1,899.7)	(9.3)	(3,975.5)	(20.0)	(3,095.4)	(15.5)
Total comprehensive loss for the year	(1,899.7)	(9.3)	(3,975.5)	(20.0)	(3,095.4)	(15.5)
Total comprehensive loss attributable to						
Owners of the parent	(1,854.3)		(2,782.6)		(1,928.3)	
Non-controlling interests	(45.4)		(1,175.5)		(1,044.0)	
	(1,899.7)		(3,958.1)		(2,972.3)	
Basic loss per share (Baht)	(1.63)		(1.23)		(0.68)	

The Company's Performance

Revenue for 2018 and 2019 (Excluding subsidiaries)

Unit: Million Baht	2018		2019		Change	
	Amount	% to total revenue	Amount	% 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

The company's revenue was 12,708.63 million Baht or decreased 8.47 percent from last year. It consists of 11,227.89 million Baht to passenger revenue which was 88.35 percent of total revenue, 1,291.54 million Baht to service revenue which was 10.16 percent of total revenue and 189.20 million Baht to other income which was 1.49 percent of total revenue. It was mainly caused by declining in service revenue, aligned with the reduction of aircraft fleet nevertheless overall passenger revenue could still be stabilized from the same period of last year.

Passenger revenue: In 2019, passenger revenue decreased 6.54 percent or 786.30 million Baht from last year which resulting from reduction of aircraft fleet according to the company's turnaround plan. Consequently, the Number of Aircraft decreased from 25 aircrafts at the end of 2018 to 24 aircrafts at the end of 2019 which affected to decrease of both Available Seat Kilometers (ASK) and number of flights which decreased at 7.03 and 7.95 percent respectively, especially the Chinese charter flight. Conversely, an average domestic air fares slightly increased from last year. Additionally, Average aircraft utilization hours also increased from 9.36 operation hours per day to be 9.96 operation hours per day or 13.14 percent improvement from last year.

Service revenue: In 2019, service revenue decreased 185.41 million Baht, or 12.55 percent from last year. The main causes from decrement of baggage load revenue decreased from last year.

Other income: In 2019, other income decreased 203.82 million Baht, or 51.86 percent from last year. It resulted mainly from decrease in Realized/Unrealized Gain on Exchange Currency and Revenue from Insurance claim in amount of 129.69 million Baht and 83.06 million Baht respectively from the last year.

Revenue for 2018 and 2019 (Excluding subsidiaries)

Unit: Million Baht	2017		2018		Change	
	Amount	% to total revenue	Amount	% to total revenue	Amount	%
Passenger Revenue	12,868.38	87.03	12,014.19	86.53	(854.19)	(6.64)
Service Revenue	1,257.96	8.51	1,476.95	10.64	218.99	17.41
Other Income	660.33	4.46	393.03	2.83	(267.30)	(40.48)
Total Revenue	14,786.67	100.00	13,884.16	100.00	(902.50)	(6.10)

Revenues

The company's revenue was 13,884.16 million Baht or decreased 6.10 percent from last year. It consists of 12,014.19 million Baht to passenger revenue which was 86.53 percent of total revenue, 1,476.95 million Baht to service revenue which was 10.64 percent of total revenue and 393.02 million Baht to other income which was 2.83 percent of total revenue. Therefore, revenue per available seat-kilometer (RASK) decreased from 2.06 to 1.93 Baht/passenger-kilometers, decreased by 6.31 percent from last year.

Passenger revenue: In 2018, passenger revenue decreased 854.19 million Baht, or 6.64 percent from last year which resulting from decreased 0.86 percent in the total number of flight due to declining number of charter flights to China, also an average air fares decreased 9.85 percent from last year due to market price competition. Therefore, passenger yield decreased from 2.20 to 1.91 Baht/passenger-kilometers, decreased by 13.18 percent from last year.

Service revenue: In 2018, service revenue increased 218.99 million Baht, or 17.41 percent from last year. The main causes of incremental baggage load revenue and service revenue because the Company had launched the new concept for booking ticket “Choose Your NOK” on 9 November 2017 to provide add-on products and services to serve all passenger needs which also received positive feedback from the customer continually.

Other income: In 2018, other income decreased 267.31 million Baht, or 40.48 percent from the last year. It resulted mainly from decrease in revenue from Insurance claim and Gain from Sale and Leaseback of Aircraft in amount of 113.29 million Baht and 243.40 million Baht respectively from the last year.

Expenses for 2018 and 2019 (Separate Financial Statement)

Unit: Million Baht	2018		2019		Change	
	Amount	% to total revenue	Amount	% to total revenue	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)

Cost & Expenses

The company's operating expense in total was 14,422.81 million Baht decreased from 16,289.00 million Baht, or 11.46 percent from last year mainly from the reduction of aircraft fleet. Additionally, the company could manage intensely both of direct and indirect costs more efficiency attributable to deep-down analysis and strategic planning of management team, leading to cost saving according to the company's turnaround plan. Consequently, Cost per Available Seat-Kilometers (CASK) decreased from 2.32 to 2.18 Baht per seat-kilometers or decreased by 6.03 percent. Similarly, Cost per Available Seat-Kilometers exclude Fuel (CASK ex-fuel) decreased from 1.61 to 1.54 Baht per seat-kilometers, or 4.35 percent from the last year.

Variable cost: In 2019, variable costs were at 10,342.31 million Baht, or decreased 11.09 percent from last year mainly from cost control intensification in aircraft maintenance expenses as well as Ground handling service costs. Furthermore, not only On-time performance improvement continuously but also availability of spare parts management efficiently can decrease compensation of flight delay as well. Consequently, Fuel cost per ASK (Fuel/ASK) decreased from 0.71 to 0.64 Baht per seat-kilometers or 6.41 percent from last year.

Fixed costs: In 2019, fixed cost was 3,997.66 million Baht which was decreased at 14.15 percent. It was caused by fixed cost management efficiently regarding human resource management and aircraft fleet management, reduction in aircraft operating lease by cost saving of the company's turnaround plan. Therefore, Fixed cost per Available Seat-Kilometers (FC/ASK) was 0.62 Baht per seat-kilometers or decreased 7.46 percent from last year.

Finance cost: In 2019, the company's financing cost increased in amount of 68.47 million Baht attributable to Interest expense from Short-term borrowings.

Expenses for 2018 and 2019 (Separate Financial Statement)

Unit: Million Baht	2017		2018		Change	
	Amount	% to total revenue	Amount	% to total revenue	Amount	%
Cost of passenger and services	15,645.04	94.18	15,482.81	95.05	(162.23)	(1.04)
Selling expenses	111.94	0.67	111.78	0.69	(0.16)	(0.14)
Administrative expenses	821.09	4.94	680.04	4.17	(141.04)	(17.18)
Financial Costs	34.27	0.21	14.37	0.09	(19.90)	(58.06)
Total Expenses	16,612.34	100.00	16,289.00	100.00	(323.33)	(1.95)

Cost & Expenses

The company's operating expense in total was 16,289.00 million Baht decreased from 16,612.34 million Baht, or 1.95 percent from last year. It was caused by increased from Jet fuel price increased by 19.96 percent whereas aircraft maintenance expenses and aircraft operating lease reduced 12.08 percent and 13.23 percent respectively by cost saving according to the company's turnaround plan. Consequently, Cost per Available Seat-Kilometers (CASK) decreased from 2.40 to 2.32 Baht/seat-kilometers, or decreased by 3.34 percent. Similarly, Cost per Available Seat-Kilometers exclude Fuel (CASK ex-fuel) decreased from 1.80 to 1.61 Baht/seat-kilometers, or 10.37 percent from last year.

Variable cost: In 2018, variable costs were at 11,623.51 million Baht. The Company has changed the estimation of aircraft maintenance as plan in the amount of Baht 91.18 million based on the estimates of efficiency of maintenance plan, thus costs of aircraft maintenance decreased from last year. However, jet fuel cost continually increased. Fuel cost per ASK (Fuel/ASK) rose from 0.60 to 0.71 Baht/Seat-Kilometers or 17.72 percent from last year. Moreover, aircraft maintenance per ASK diminished 13.04 percent or decreased from 0.46 to 0.40 Baht/Seat-Kilometers

Fixed costs: In 2018, fixed cost was 4,656.49 million Baht. It was caused by reduction in aircraft operating lease by cost saving of the Company's turnaround plan. Fixed cost per Available Seat-Kilometers (FC/ASK) was at 0.67 Baht/seat-kilometers.

Finance cost: Company's finance cost reduced 58.07 percent from last year to be 14.37 million Baht. It was caused by a reduction of company's finance cost from the commitment fees for aircraft deposit from last year.

Profit (Loss) for 2018 and 2019 (Separate Financial Statement)

Unit: Million Baht	2018		2019		Change	
	Amount	% to total revenue	Amount	% to total revenue	Amount	%
Profit (Loss) before income tax	(2,404.84)	(17.32)	(1,714.17)	(13.49)	690.67	(28.72)
Income tax expense (income)	0.00	0.00	0.00	0.00	0.00	0.00
Profit (Loss) for the period	(2,404.84)	(17.32)	(1,714.17)	(13.49)	690.67	(28.72)
Total comprehensive income (loss) for the period	(2,404.84)	(17.32)	(1,591.12)	(12.52)	813.72	(33.84)
Basic Earning Per Share (Baht)	(1.06)		(0.57)		0.49	

From the above mentioned, the company could manage intensely both of direct and indirect costs more efficiency, leading to cost saving according to the company's turnaround plan. However, total company's revenue decreased from the reduction of aircraft fleet, also severe market price competition including the Number of Chinese tourists decrease from last year.

As a result, the total comprehensive loss in year 2019 equal to 1,591.12 million Baht decreased from the last year 813.72 million Baht or decreased significantly by 33.84 percent.

Profit (Loss) for 2018 and 2019 (Separate Financial Statement)

Unit: Million Baht	2017		2018		Change	
	Amount	% to total revenue	Amount	% to total revenue	Amount	%
Profit (Loss) before income tax	(1,825.68)	(12.35)	(2,404.84)	(17.32)	(579.17)	31.72
Income tax expense (income)	0.00	0.00	0.00	0.00	0.00	0.00
Profit (Loss) for the period	(1,825.68)	(12.35)	(2,404.84)	(17.32)	(579.17)	31.72
Total comprehensive income (loss) for the period	(1,825.68)	(12.35)	(2,404.84)	(17.32)	(579.17)	31.72
Basic Earning Per Share (Baht)	(1.60)		(1.06)		0.54	

From the above mentioned, the total cost of company increased owing to Jet fuel price still increase significantly. Moreover, total revenue decreased mainly from market price competition including the Number of Chinese tourists decrease as a result of the boat accident in Phuket. However, the Company also can reduce aircraft maintenance expenses and aircraft operating leasebycost saving according to the Company's turnaround plan. As a result, the net loss in year 2018 equal to 2,404.84 million Baht or increased by 31.72 percent from last year.

Operating Performance for NokScoot Airlines Co., Ltd.

For 2019 performance of NokScoot Airlines Co., Ltd., total revenue was 7,207.46 million Baht, increasing from 5,828.52 million Baht last year, or increased by 23.66 percent, mainly from the total number of flight which increased at 32.60 percent from last year, with the total number of passenger increased by 36.66 percent from 1.16 to 1.59 million passengers. In this year, NokScoot Airlines Co., Ltd. has an average number of operating aircraft in fleet increased 20.00 percent compared with the last year, as a result the company could increase both of flight frequency in the existing routes and aircraft utilization hours. Company's operating expenses was in total 8,666.64 million Baht increased from 7,388.22 million Baht, or 17.30 percent from the last year. Additionally, the operating expenses increased mainly from the increasing number of aircraft from 5 aircraft to 7 aircraft in the current year. The net loss of operating performance in 2019 was 1,352.18 million Baht which decreased from the net loss of the last year by 1,528.33 million Baht or decreased 11.53 percent.

For 2018 performance of NokScoot Airlines Co., Ltd., total revenue was 5,828.52 million Baht, increasing from 5,580.41 million Baht last year, or increased by 4.45 percent, mainly from the total number of passengers which increased at 7.67 percent from last year, or increased by 1.07 million to 1.16 million passengers because of the total number of flights which increased at 19.81 percent whereas the percent of Cabin factor decreased at 14.90 percent. In this year, NokScoot Airlines Co., Ltd. has one more operating aircraft in fleet compared with the last year, as a result the Company can continually launched new route in Japan and India as well as increased flight frequency in the existing routes, and thus resulting in higher aircraft utilization. Company's operating expenses was in total 7,388.22 million Baht increased from 5,656.82 million Baht or increased by 30.61 percent from the last year. As well, the main increased in operating expenses resulted from variable cost according to increasing in a volume of Available Seat-Kilometers (ASK) and jet fuel price including aircraft lease increase by fleet expansion. The net loss of operating performance in 2018 was 1,528.33 million Baht which increased from the net loss of the last year was 47.59 million Baht.

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 to China; such as Nanjing, Tianjin, Qingdao and Shenyang, one destination to Taipei, Taiwan, one destination to Delhi, India and three destinations to Japan; such as Tokyo (Narita), Osaka (Kansai) and Sapporo (Chitose).

- **Cash Flow Statement 2017 - 2019 (Consolidated)**

Cash Flow Statement (Unit: Million Baht)	31 Dec 2017	31 Dec 2018	31 Dec 2019
Net cash provided by (used in) operating activities	(2,996.5)	(3,755.69)	(3,816.66)
Net cash provided by (used in) investing activities	(8.9)	193.08	149.94
Net cash provided by (used in) financing activities	2,900.8	1,663.90	3,402.26
Effect from foreign exchange rate in cash and cash equivalents	43.2	148.75	78.35
Net increase (decrease) in cash and cash equivalents	(61.4)	(1,749.96)	(186.10)
Cash and cash equivalents, beginning balance	3,231.2	3,169.85	1,419.89
Cash and cash equivalents, ending balance	3,169.8	1,419.89	1,233.79

Cash Flow Statement

In 2019, the Company and its subsidiaries had net cash flow used in operating activities totaled 3,816.66 million Baht increased from 3,755.69 million Baht, or 1.62 percent. The significant items which highly affected to the cash flow were Trade and other current payables, Aircraft Maintenance Reserve and Aircraft maintenance paid.

Net cash flows provided by investing activities was 140.94 million Baht, mainly due to Proceeds from the shares in the subsidiary to non-controlling interests.

Net cash flows provided by financing activities was 3,402.26 million Baht, mainly attributable to Proceeds from share capital increase in amount of 2,300.42 million Baht, Cash received from short-term borrowings 3,420.00 million Baht and Cash paid for short-term borrowing in amount of 2,200.00 million Baht.

Moreover, the Company and its subsidiaries gained benefit to the effect from foreign exchange rate in cash and cash equivalents in amount of 78.35 million Baht.

Nevertheless, as of 31 December 2019, net cash and cash equivalents decreased by 186.10 million Baht.

In 2018, the Company and its subsidiaries had net cash flow used in operating activities totaled 3,755.69 million Baht increased from 2,996.54 million Baht, or 25.29 percent. The significant items which highly affected to the cash flow were deposits at bank pledged as collateral, long-term aircraft deposits and prepayments, provision for aircraft maintenance recognized as expenses (reversal) as well as operating expenses, such as fuel cost, aircraft maintenance expenses and aircraft rental.

Net cash flows used in investing activities was 193.08 million Baht, mainly due to Proceeds from the shares in the subsidiary to non-controlling interests in amount of 235.39 million Baht. However, the Company received cash from interest income from financial institute amount of 20.39 million Baht.

Net cash flows provided by financing activities was 1,663.90 million Baht, mainly from cash received from short-term borrowings.

Moreover, the Company and its subsidiaries gained benefit to the effect from foreign exchange rate in cash and cash equivalents in amount of 148.75 million Baht. Nevertheless, net cash and cash equivalents decreased by 1,749.96 million Baht as of 31 December 2018.

6. 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)	Cockpit training services	Held by the company

Company Name	Type of Businesses	Relationship
Flight Training Center (Thailand) Co., Ltd.)		
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.

Balances with related parties are as follows:

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Trade current receivables - related parties				
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
Accrued income - related parties (see Note 5.1)				
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
Accrued interest income - related parties				
Nok Mangkang Co., Ltd.	-	-	1,726,027	-
Advance payments - related parties				
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
Short-term loans to a related party				
Nok Mangkang Co., Ltd	-	-	200,000,000	-
Long-term loans to a related party				
Nok Mangkang Co., Ltd.	-	-	1,460,000,000	1,215,000,000

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
Other non-current assets				
- Accrued interest income related party				
Nok Mangkang Co., Ltd.	-	-	103,849,441	63,398,726
Short-term borrowings from a shareholder				
Major shareholder	2,920,000,000	800,000,000	2,520,000,000	800,000,000
Trade current payables - related parties				
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
Other current payables - related parties				
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
Accrued interest expense - related parties				
Major shareholder	15,410,959	6,756,164	15,410,959	6,756,164

Transactions with related parties for the years ended December 31, are summarized as follows:

	Consolidated		UNIT : BAHT	
	financial statements	financial statements	Separate	financial statements
	2019	2018	2019	2018
Passenger revenues				
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	<u>5,304,920</u>	<u>10,990,039</u>	<u>57,346,408</u>	<u>47,569,614</u>
Service revenues				
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	<u>20,000</u>	<u>-</u>	<u>42,320,162</u>	<u>49,199,154</u>
Other fee income				
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	<u>53,534,363</u>	<u>45,857,390</u>	<u>53,534,363</u>	<u>45,857,390</u>
Others income - interest income				
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.

	Consolidated financial statements		UNIT : BAHT Separate financial statements	
	2019	2018	2019	2018
Costs of passengers and services				
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	<u>181,058,107</u>	<u>204,174,058</u>	<u>116,638,440</u>	<u>79,097,482</u>
Administrative expenses				
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	<u>7,825,936</u>	<u>2,646,654</u>	<u>7,825,936</u>	<u>2,646,654</u>
Legal fee				
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	-
	<u>2,211,927</u>	<u>642,990</u>	<u>2,211,927</u>	<u>642,990</u>
Finance Cost				
Interest expenses - Major shareholder	<u>76,739,178</u>	<u>10,191,781</u>	<u>76,739,178</u>	<u>10,191,781</u>

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:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	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	<u>2,371,665</u>	<u>7,484,290</u>	<u>1,730,566</u>	<u>5,722,640</u>
Total	<u>26,674,128</u>	<u>26,168,583</u>	<u>25,147,917</u>	<u>30,279,474</u>

- Wutthiphum Jurangkool -
Mr. Wutthiphum
Jurangkool
Director

- Chavalit Uttasart -
Mr. Chavalit Uttasart
Director