

(Translation)

The Opinion Report of the Independent Financial Advisor
The Transaction on Receiving Financial Assistance
from Connected Persons

of



NOK AIR

Nok Airlines Public Company Limited

Prepared by



CAPITAL LINK
ADVISORY LIMITED

Capital Link Advisory Limited

15 July 2020

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The Opinion Report of the Independent Financial Advisor: The Transaction on Receiving Financial Assistance from Connected Persons

(Translation)

This English translation has been prepared solely for the convenience of the foreign shareholders of Nok Airlines Public Company Limited and should not be relied upon as the definitive and official report regarding the opinion of the Independent Financial Advisor: the transaction on receiving financial assistance from connected persons. The Thai language version of The Opinion Report of the Independent Financial Advisor: The Transaction on Receiving Financial Assistance from Connected Persons is the definitive and official document of the Advisor and shall prevail in all respects in the event of any inconsistency with this English translation.

Ref: Kor.Aor. 022/2020

15 July 2020

Subject The Opinion of the Independent Financial Advisor, The Transaction on Receiving Financial Assistance from Connected Persons of Nok Airlines Public Company Limited

To Shareholders
Nok Airlines Public Company Limited

The Annual General Meeting of Shareholders for the year 2019, held on 25 April 2019, had resolved to approve Nok Airlines Public Company Limited (the "Company") to borrow 3,000 million Baht from Mrs. Hatairatn Jurangkool who is a connected person, as well as a major shareholder of the Company with the shareholding proportion of 26.38% of registered and paid-up capital. The interest rate was a floating rate that did not exceed an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year with the loan period of 12 months, and the due date was 14 May 2020.

For the Company to have liquidity in the business, the Meeting of the Board of Directors of Nok Airlines Public Company Limited No. 2/2020, held on 27 February 2020, had resolved to approve to entering into the transaction on receiving financial assistance from connected persons under the same credit limit and interest rate without having to provide any collateral, and extending the loan period from originally not more than 12 months to not more than 48 months, and the due date was 14 May 2023.

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The mentioned transaction is considered as the connected transaction regarding the receipt of financial assistance under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (the "Notifications on Connected Transactions"). In consideration of the size of the transaction under the Notifications on Connected Transactions, the size of such transaction is larger than 20 million Baht. Therefore, the Company is required to ask for an approval of entering into the transaction from the Board of Directors and disclose the information to the Stock Exchange of Thailand, and then request for an approval from the shareholders' meeting with affirmative votes of not less than three-fourths of the total votes of participating and voting shareholders, excluding the votes of the shareholders with special interests. In addition, the Company is obliged to appoint an independent financial advisor to give opinion regarding the transaction and prepare a report for the Company's shareholders.

With regard to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak which is a dangerous communicable disease under the Communicable Diseases Act B.E. 2558, the Meeting of the Board of Directors, under a special agenda, No. 3/2020, held on 3 April 2020, therefore had resolved to indefinitely postpone the date of the Annual General Meeting of Shareholders of the Company, causing the Company to not be able to request an approval of the said transaction from the shareholders' meeting. However, with some rationales and urgent need, the Company could not wait for approval from the 2020 Annual General Meeting of Shareholders that would be soon rescheduled. If the Company did not enter into the said transaction in the near term, a lack of cash flow would significantly affect the Company's financial position and operating results. For this reason, the Meeting of the Board of Directors resolved to approve to entering into the connected transaction with connected persons in the case of receiving financial assistance under the original credit limit as previously mentioned. The Company will further submit the agenda of entering into the said transaction to request for ratification at the 2020 Annual General Meeting of Shareholders.

Nevertheless, the Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, had considered an appropriateness of the extension of utilization period of credit facility, together with to allow the minority shareholders to consider and approve the transaction of credit facility by themselves, and therefore, resolved to approve the extension of utilization period of credit facility from originally being due on 14 May 2023 to 30 September 2020, and to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit. The Company

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will further submit the agenda of entering into the said transaction to request for ratification at the 2020 Annual General Meeting of Shareholders.

Within the same meeting, the Meeting of the Board of Directors had resolved to extend the credit facility agreement to not more than 48 months (due on 14 May 2023) and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit. And the Company must submit to the shareholders' meeting for approval of the transaction.

Therefore, the Meeting of the Board of Directors, under a special agenda, No. 6/2020 resolved to approve the date of the 2020 Annual General Meeting of Shareholders on 6 August 2020 with the following agendas:

1. To consider and ratify the entry into the transaction on receiving financial assistance from connected persons by obtaining the loan, extending the loan period from originally not more than 12 months to be due on 30 September 2020, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit (the "Transaction of Ratification")
2. To consider and approve the entry into the transaction on receiving financial assistance from connected persons by extending the loan period to not more than 48 months, and the due date is 14 May 2023, and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit (the "Transaction for Consideration and Approval")

And to be consistent with the criteria, the Company must be approved by the shareholders' meeting with affirmative votes of not less than three-fourths of the total votes of participating and voting shareholders, excluding the votes of the shareholders with special interests, and the Board of Directors of the Company resolved to appoint Capital Link Advisory Limited as an Independent Financial Advisor for preparing the opinion report regarding the transaction of ratification on receiving financial assistance from connected persons and proposing to the Company's shareholders for approval.

The Independent Financial Advisor has prepared this opinion report by studying the information from the following sources:

1. Information and documents received from the Company including the interview with management and employees of the Company
2. Information and the auditor's report of the Company

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3. Meeting minutes of the Board of Directors of the Company
4. Meeting minutes of Audit Committees
5. Loan agreements with financial institutions and relevant documents
6. Agreements in relation to the transaction
7. Information and documents disclosure to the public, such as information from the Stock Exchange of Thailand, the Securities and Exchange Commission, news from newspaper, economic and relevant industrial information, etc.

The Independent Financial Advisor has used the aforementioned information as a base for considering and preparing the opinion report of the Independent Financial Advisor by assuming that all the aforementioned information is completed and accurate, and has no event that will significantly affect the business operation of the Company. In addition, the Independent Financial Advisor cannot certify or guarantee either directly or indirectly or be responsible for the correctness of the information and any certifications of the Company.

In giving the opinion to the shareholders this time, the Independent Financial Advisor has considered the rationale of the Transaction and appropriateness of the price and conditions of the Transaction along with the relevant factors so that the shareholders can decide to “approve” or “disapprove” on the Transaction, which can be summarized as follows:

Definitions

The Company	Nok Airlines Public Company Limited
The Notifications on Connected Transactions	The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546
Independent Financial Advisor or IFA	Capital Link Advisory Limited
The Transaction of Ratification	The entry into the transaction on receiving financial assistance from connected persons by obtaining the loan, extending the loan period from originally not more than 12 months to be due on 30 September 2020, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit
The Transaction for Consideration and Approval	The entry into the transaction on receiving financial assistance from connected persons by extending the loan period to not more than 48 months, and the due date is 14 May 2023, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit

Part 1

Summary

The 2020 Annual General Meeting of Shareholders, on 6 August 2020, has 2 agendas regarding the transaction on receiving financial assistance from connected persons to consider. The agendas are as follows:

1. To consider and ratify the entry into the transaction on receiving financial assistance from connected persons by obtaining the loan, extending the loan period from originally not more than 12 months to be due on 30 September 2020, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit (details of the transaction appear in Part 2)
2. To consider and approve the entry into the transaction on receiving financial assistance from connected persons by extending the loan period to not more than 48 months, and the due date is 14 May 2023, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit (details of the transaction appear in Part 3)

The sequence of the events relating to the transaction on receiving financial assistance from connected persons is as follows:

Date	Details
The 2019 Annual General Meeting of Shareholders; held on 25 April 2019	Resolved to approve the Company to borrow 3,000 million Baht from Mrs. Hatairatn Jurangkool, who is a major shareholder of the Company. The interest rate was not exceeding an average of MLR of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year. The loan agreement provided the loan period of 12 months, and the due date was 14 May 2020.
The Meeting of the Board of Directors, under a special agenda, No. 3/2020; held on 3 April 2020	Resolved to approve to entering into the transaction by extending the loan period from originally not more than 12 months to not more than 48 months, and the due date was 14 May 2023. The Company will further submit the agenda of entering into the said transaction to request for ratification at the 2020 Annual General Meeting of Shareholders.

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Date	Details
The Meeting of the Board of Directors, under a special agenda, No. 6/2020; held on 30 June 2020	Resolved to approve the extension of utilization period of credit facility from originally being due on 14 May 2023 to 30 September 2020, and to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, and then enter into the transaction in advance. The Company will further submit the agenda of entering into the said transaction to request for ratification at the 2020 Annual General Meeting of Shareholders.

Therefore, the 2020 Annual General Meeting of Shareholders has to consider and ratify the entry into the transaction on obtaining the loan, extending the loan period from originally not more than 12 months to be due on 30 September 2020, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit in accordance with the resolutions of the Meeting of the Board of Director on 3 April 2020 and 30 June 2020.

And the 2020 Annual General Meeting of Shareholders must also consider the Transaction for Consideration and Approval due to the following issue:

Date	Details
The Meeting of the Board of Directors, under a special agenda, No. 6/2020; held on 30 June 2020	Resolved to extend the credit facility agreement to not more than 48 months (due on 14 May 2023) and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit.

The Independent Financial Advisor opines that from the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, there is no indication of any improvement in the Company's performance in 2020, because from the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, and the debt to equity ratio was at a high level. This will cause the Company not to be able to borrow additional money from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral.

For each quarter from 2018 – 2019, the Company has continuously performed operating losses every quarter, and net cash flows used in operating activities have also been continually negative every quarter. The Company therefore has to use cash in the Company or borrow from financial institutions or from other parties to compensate for such negative working capital.

From the capital increase of 1,551.68 million Baht together with having cash and temporary investments of 404.66 million Baht according to the separate financial statements as of 31 December 2019, the Company has an obligation to repay the loans to Mrs. Hatairatn Jurangkool for the amount of 2,720 million Baht, and net cash flows used in operating activities are estimated to continually be negative in 2020. For the reasons, it is necessary for the Company to extend the loan period and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit according to the terms of Mrs. Hatairatn Jurangkool as the lender so that the Company will be able to have working capital for operation.

The Independent Financial Advisor opines that the objective of entering into the transaction for the use of fund as working capital in general operations, including supporting related businesses, is reasonable and appropriate.

There are advantages of entering into the transaction for the Company, which are (1) having funds for business operation, (2) an alternative source of funding in addition to financial institutions, (3) loan conditions are more loosened than financial institutions, and (4) reducing burden on the shareholders to purchase new ordinary shares from the capital increase. However, there are disadvantages of entering into the transaction, which are (1) relying on the connected person as a major creditor, (2) each loan depends on the consideration of Mrs. Hatairatn Jurangkool, (3) giving the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, and (4) the possible risk of getting a default interest rate charged.

There is no advantage of not entering into the transaction. However, there are disadvantages of not entering into the transaction, which are (1) the Company may not have sufficient liquidity for the loan repayment, (2) the Company may not have sufficient liquidity for business operation, (3) unable to find funding sources that match the capabilities of the Company, and (4) the Company may have to further increase registered capital.

There is an advantage of entering into the transaction with the connected person, which is having the conditions and the credit line for obtaining the loan that the Company is able to follow. However, the disadvantage of entering into the transaction with the connected person is that there may be a conflict of interest from Mrs. Hatairatn Jurangkool.

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There is no advantage of entering into the transaction with third parties. However, there are disadvantages of entering into the transaction with third parties, which are (1) the credit line received may not be sufficient for business operation and (2) the conditions received may not match the capabilities of the Company.

For the interest rate of overdraft loans received from financial institutions, presently it is at the Minimum Overdraft Rate (MOR) of 5.845% per year, close to the interest rate from this transaction, which is currently at 6.323% per year. However, the amounts of credit line received are much different. The credit line from financial institutions is not exceeding 20 million Baht from each financial institution whereas the credit line from this transaction is 3,000 million Baht, thus it cannot be compared with the interest rate from the transaction, and the credit line from financial institutions that is not exceeding 20 million Baht from each financial institution is not sufficient to use as working capital. Therefore, it is not an option that suits the current situation. And when considering the potential of the Company to find loans from financial institutions in the amount of several billion Baht without relying on third parties to support collateral, it is difficult for the case, and most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral. For Mrs. Hatairatn Jurangkool to lend a lot of money with an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year, which is currently at 6.323% per year, and does not limit the right of the Company to consider loans from other funding sources, it can be considered as a reserve fund in the event that the Company lacks liquidity and cannot borrow money from financial institutions at a lower interest rate. Therefore, the Independent Financial Advisor opines that the interest rate that the Company receives is appropriate.

In the case of the Company's borrowing for the full amount of 3,000 million Baht within 12-month period from Mrs. Hatairatn Jurangkool, the Company will have to pay the total amount of interest of approximately 189.69 million Baht in reference to the current interest rate, which is worth borrowing, because If the Company lacks liquidity, and cannot find other sources of fund including not having such credit line of 3,000 million Baht, the Company might not be able to operate business constantly causing the Company's revenues to reduce or the Company might have to temporarily suspend the business.

For the conditions of the transaction, the Company can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days. It is the Company's objective to be in line with the use of fund each time in the short-term. Therefore, the use of 180-day promissory notes is

appropriate, because the Company will use such loan as working capital for the short-term. The interest payment will also be less along with a shorter period of borrowing.

The Company does not have to provide any collateral to Mrs. Hatairatn Jurangkool, which is much better than the conditions that the Company currently receives from financial institutions which require the Company to provide collaterals in the full amount.

According to the content in the loan agreement with Mrs. Hatairatn Jurangkool currently, the loan agreement has a condition in the case of a default on payment by the borrower; the borrower agrees to the lender to allow him/her to charge a default interest rate of 15% per year, which is better than the loans from financial institutions which could charge the maximum interest rate of 16.22 – 28% per year depending on each financial institution, including charging the default interest rate of 20 – 28% per year depending on each financial institution.

The interest payment will be on the maturity date of each promissory note. When comparing with the conditions of the loans from financial institutions that the Company currently receives, the loan conditions are similar to the conditions offered by financial institutions.

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, is different from financial institutions. Normally, financial institutions will be able to do so only in the event of the Company's payment default, or in the case of the Company breaching the conditions in the agreement. However, the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry. And this causes the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Independent Financial Advisor is of the opinion that under the conditions of the loans from Mrs. Hatairatn Jurangkool; the interest rate is appropriate, the loan conditions are better than the current conditions, and no limitation toward the right of the Company to operate the business, including the consideration on loans from other funding sources which may have better conditions and interest rate. Therefore, the mentioned conditions in the transaction are appropriate.

Therefore, the Independent Financial Advisor is of the opinion that the shareholders should approve the ratification of the entry into the transaction on receiving financial assistance from connected persons by

obtaining the loan, extending the loan period from originally not more than 12 months to be due on 30 September 2020, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit.

And the shareholders should approve the entry into the transaction on receiving financial assistance from connected persons by extending the loan period to not more than 48 months, and the due date is 14 May 2023, and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit.

Moreover, the Independent Financial Advisor suggests the shareholders to consider other factors that may affect the decision making, such as the conditions of the transaction, advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering into the transaction, advantages and disadvantages of entering into the transaction with the connected persons, advantages and disadvantages of entering into the transaction with third parties, etc.

In considering on approval or disapproval on the transaction this time, the shareholders could consider the rationale and the opinions, of which the Independent Financial Advisor presents in this report. Nevertheless, the shareholders could decide to “approve” or “disapprove” on the transaction, mainly depending on the discretion of the shareholders.

Part 2

To consider and ratify the entry into the connected transaction with the connected person in the category of receiving financial assistance by obtaining the loan, extending the utilization period of credit facility, and giving the lender the right to terminate the credit facility agreement

1. Characteristics of the Transaction

1.1 Date of the Transaction

Date	Details
The Meeting of the Board of Directors, under a special agenda, No. 3/2020; held on 3 April 2020	Resolved to approve to entering into the transaction by extending the loan period from originally not more than 12 months to not more than 48 months, and the due date was 14 May 2023; enter into the transaction within May 2020.
The Meeting of the Board of Directors, under a special agenda, No. 6/2020; held on 30 June 2020	Resolved to approve the extension of utilization period of credit facility from originally being due on 14 May 2023 to 30 September 2020, and to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit; enter into the transaction within July 2020.

1.2 General Information of the Transaction

Credit line : 3,000 million Baht, which is a revolving credit facility, equivalent to the credit line that the shareholders approved in the 2019 Annual General Meeting of Shareholders; can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days.

Interest rate : Not exceeding an average of the Minimum Loan Rates (MLR) plus 1.00% per year (an average of MLR is the average of MLR of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank)

In this regard, the average of MLR of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank is 5.883% per year,

	referring to the date which the resolution of the Board of Directors was made on 3 April 2020.
Loan period	: Extending the loan period from originally not more than 12 months (due on 14 May 2020) to be due on 30 September 2020
Payment of interest and principal	: Payment on the maturity date of each promissory note
Collateral	: The Company does not have to provide any collateral to the lender.
Type of connected transactions	: Transaction on giving or receiving financial assistance
Consideration on borrowing	: The Company will evaluate the amount of cash flows that are still lacking, and choose various sources of funds with the lowest financial cost first in each period.
Consideration on lending	: Mrs. Hatairath Jurangkool will consider on a case-by-case basis.
The condition of termination	: Additional condition from the resolution by the Meeting of the Board of Directors, under a special agenda, No. 6/2020 on 30 June 2020: the lender has the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit.

1.3 Objective of the Transaction

As the Company had offered to sell newly issued ordinary shares to the Company's existing shareholders by way of Rights Offering during 3 February 2020 – 7 February 2020 for the number of 620,670,967 shares at the share price of 2.50 Baht per share, which was accounted for 1,551.68 million Baht;

Although, the Company would receive money from the offer of newly issued ordinary shares as previously mentioned, together with having cash and temporary investments of 404.66 million Baht according to the separate financial statements as of 31 December 2019, the

Company still had the outstanding amount of loans with Mrs. Hatairatn Jurangkool as of 29 February 2020 for the amount of 2,720 million Baht, which would be gradually due within May 2020.

The Meeting of the Board of Directors, under a special agenda, No. 3/2020, held on 3 April 2020, resolved to extend the loan period in the loan agreement from originally not more than 12 months (due on 14 May 2020) to not more than 48 months (due on 14 May 2023), which would help the Company to be able to have working capital for operation.

Nevertheless, the Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, had considered an appropriateness of the extension of utilization period of credit facility, together with to allow the minority shareholders to consider and approve the transaction of credit facility by themselves, and therefore, resolved to approve the extension of utilization period of credit facility from originally being due on 14 May 2023 to 30 September 2020, and also to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, because Mrs. Hatairatn Jurangkool, as the lender, wants to prevent the risk of payment default of the Company.

The Meeting of the Board of Directors considered the said condition from the lender, together with the situation that the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, which cause the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Meeting of the Board of Directors extends the credit facility agreement until 30 September 2020 and adds a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit so that the Company can have the fund as working capital in general operations including supporting related businesses.

1.4 Related Parties and Relationship with Nok Airlines Public Company Limited

- Lender : Mrs. Hatairatn Jurangkool
- Relationship : (1) A major shareholder of the Company holding 983,864,225 shares, or equivalent to 26.38% (information as of 13 March 2020)
- (2) The mother of 2 major shareholders of the Company, who are Mr. Nuttapol Jurangkool holding 26.07% of shares and Mr. Thaveechat Jurangkool holding 22.51% of shares (information as of 13 March 2020)
- (3) The mother of Mr. Wutthiphum Jurangkool who is the director and the Chief Executive Officer
- Borrower : Nok Airlines Public Company Limited

1.5 Total Value and the Criteria to Determine Total Value of the Transaction

1.5.1 Size of the connected transactions

Loan Amount (million Baht)	The average of Minimum Loan Rate (MLR) plus 1.00% per Year ¹	Loan Period ² (Days)	Interest Payment (million Baht)
3,000	6.883% per year	139	78.64

¹Referring to the average interest rate as of the date which the resolution of the Board of Directors was made on 3 April 2020

²Calculated from 15 May 2020 to 30 September 2020

Total estimated amount of interest payments that will occur from 15 May 2020 to 30 September 2020 equals 78.64 million Baht.

1.5.2 Connected transactions occurred during the period of 6 months prior to the date of agreement for entering into the transaction which are from the same person or related persons and close relatives of such person

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The transactions approved by the shareholders' meeting

Between the Company and Mrs. Hatairatn Jurangkool

Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Loan Period (Days)	Interest Payment (million Baht)
150	6.00	10 Sep 19	11 Dec 19	92	2.27
400	6.00	18 Sep 19	18 Dec 19	91	5.98
310	6.00	25 Sep 19	25 Dec 19	91	4.64
100	6.00	25 Sep 19	25 Dec 19	91	1.50
100	6.00	2 Oct 19	2 Jan 20	92	1.51
100	6.00	4 Oct 19	6 Jan 20	94	1.55
100	6.00	11 Oct 19	13 Jan 20	94	1.55
100	6.00	30 Oct 19	30 Jan 20	92	1.51
60	6.00	30 Oct 19	30 Jan 20	92	0.91
200	6.00	12 Nov 19	12 Feb 20	92	3.02
300	6.00	13 Nov 19	13 Feb 20	92	4.54
300	6.00	26 Nov 19	26 Feb 20	92	4.54
150	6.00	26 Nov 19	26 Feb 20	92	2.27
150	6.00	29 Nov 19	28 Feb 20	91	2.24
150	6.00	11 Dec 19	11 Mar 20	91	2.24
400	6.00	18 Dec 19	18 Mar 20	91	5.98
310	6.00	25 Dec 19	25 Mar 20	91	4.64
100	6.00	25 Dec 19	25 Mar 20	91	1.50
100	6.00	2 Jan 20	2 Apr 20	91	1.50
200	6.00	3 Jan 20	3 Apr 20	91	2.99
100	6.00	6 Jan 20	7 Apr 20	92	1.51
100	6.00	13 Jan 20	16 Apr 20	94	1.55
100	6.00	30 Jan 20	30 Apr 20	91	1.50
60	6.00	30 Jan 20	30 Apr 20	91	0.90
200	6.00	12 Feb 20	12 May 20	90	2.96
300	6.00	13 Feb 20	13 May 20	90	4.44
300	5.75	26 Feb 20	26 May 20	90	4.25
150	5.75	26 Feb 20	26 May 20	90	2.13
150	5.75	28 Feb 20	28 May 20	90	2.13
150	5.75	11 Mar 20	11 Jun 20	92	2.17
400	5.75	18 Mar 20	18 Jun 20	92	5.80
310	5.75	25 Mar 20	25 Jun 20	92	4.49
100	5.75	25 Mar 20	25 Jun 20	92	1.45

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Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Loan Period (Days)	Interest Payment (million Baht)
100	5.75	2 Apr 20	12 May 20	40	0.63
200	5.75	3 Apr 20	12 May 20	39	1.23
100	5.75	7 Apr 20	12 May 20	35	0.55
100	5.75	16 Apr 20	12 May 20	26	0.41
				Total	94.98

Total interest amount equals 94.98 million Baht.

The transactions occurred following the resolution of the Board of Directors on 3 April 2020

Between the Company and Mrs. Hatairatn Jurangkool

Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Loan Period (Days)	Interest Payment (million Baht)
160	5.75	30 Apr 20	30 Jul 20	91	2.29
200	5.75	12 May 20	13 Aug 20	93	2.93
500	5.75	12 May 20	13 Aug 20	93	7.33
300	5.75	13 May 20	13 Aug 20	92	4.35
450	5.75	26 May 20	26 Aug 20	92	6.52
150	5.75	28 May 20	28 Aug 20	92	2.17
150	5.75	11 Jun 20	11 Sep 20	92	2.17
400	6.00	18 Jun 20	18 Sep 20	92	6.05
410	6.00	25 Jun 20	25 Sep 20	92	6.20
				Total	40.02

Remark: Information as of 30 June 2020, the Company had promissory notes that were not due for the amount of 2,720 million Baht.

The transactions approved by the Meeting of the Board of Directors No. 1/2020

Between NokScoot Airlines Co., Ltd. and Mrs. Hatairatn Jurangkool

Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Interest Payment (million Baht)
200	6.30	12 Dec 19	11 Dec 20	12.60

The Company holds 49.00% of Nok Mangkang Co., Ltd.'s registered and paid-up capital, which conveys the voting right of 99.90%, and Nok Mangkang Co., Ltd. holds 49.65% of NokScoot Airlines Co., Ltd.'s registered and paid-up capital.

1.5.3 Total size of the connected transactions

Item	Amount (million Baht)
Interest payments for the past 6 months (excluding the connected transactions approved by the shareholders' meeting)	12.60
Total estimated amount of interest payments that will occur from 15 May 2020 to 30 September 2020 (the Transaction of Ratification)	78.64
The total value of the transactions	91.24

Remark: The total value of the transactions does not match the total value of the transactions from the information of the entry into the connected transaction (Enclosure No.11). However, it does not affect the proposal of the agenda to the shareholders' meeting for consideration.

The calculation of net tangible assets (NTA) in reference to the consolidated financial statements as of 31 December 2019

Item	Amount (million Baht)
Total assets	15,170.96
<u>Less</u> Intangible assets	48.92
<u>Less</u> Total liabilities	18,639.17
<u>Add</u> Non-controlling interests	2,372.74
<u>Add</u> Capital increase as of 7 February 2020	1,551.68
Net tangible assets (NTA)	407.29
3% of net tangible assets (NTA)*	12.22

*3% of net tangible assets (NTA); which is less than 20 million Baht

The mentioned transaction is considered as the connected transaction regarding the receipt of financial assistance pursuant to the Notifications on Connected Transactions. In consideration of the size of the transaction under the Notifications on Connected Transactions, the size of such transaction is larger than 20 million Baht. Therefore, the Company is required to ask for an approval of entering into the transaction from the Board of Directors, disclose the information to the Stock Exchange of Thailand, and then request for an approval from the shareholders' meeting with affirmative votes of not less than three-fourths of the total votes of participating and voting shareholders, excluding the votes of the shareholders with special interests.

Although, the Meeting of the Board of Directors has approved to entering into the transaction, the Company still has a duty to ask for ratification from the shareholders' meeting, and then request for an approval from the shareholders' meeting with affirmative votes of not less than three-fourths of the total votes of participating and voting shareholders, excluding the votes of the shareholders with special interests. In addition, the Company is obliged to appoint an independent financial advisor to give opinion regarding the rationale of the Transaction of Ratification and prepare a report for the Company's shareholders.

1.6 Characteristics and Scope of Interests of Connected Persons when Agreeing to Enter into the Connected Transactions

Mrs. Hatairatn Jurangkool is a major shareholder of the Company holding 983,864,225 shares, or equivalent to 26.38%, and the mother of 2 major shareholders of the Company, who are Mr. Nuttapol Jurangkool holding 26.07% of shares and Mr. Thaveechat Jurangkool holding 22.51% of shares (information as of 13 March 2020).

Mrs. Hatairatn Jurangkool is the mother of Mr. Wutthiphum Jurangkool who is the director and the Chief Executive Officer.

1.7 Directors with Special Interests

Mr. Wutthiphum Jurangkool is a director of the Company and is also the director with special interests. However, he did not attend the meeting and had no voting right for the agendas in the meeting.

1.8 Conditions which may Affect the Right of Shareholders

– None –

1.9 Opinion of the Board of Directors concerning the Agreement for Entering into the Transaction

- a) Extending the loan period from originally not more than 12 months to be due on 30 September 2020

According to the resolution of the Meeting of the Board of Directors, under a special agenda, No. 3/2020, held on 3 April 2020, the Board of Directors is of the opinion on the entry into the connected transaction with the connected person in the category of receiving financial assistance under the credit line of 3,000 million Baht by extending the loan period from originally not more than 12 months, which shall be due on 14 May 2020, to not more than 48 months; with some rationales and urgent need, the Company can not wait for approval of the said agenda from the 2020 Annual General Meeting of Shareholders that shall be soon rescheduled. If the Company does not enter into the said transaction in the near term, a lack of cash flow will significantly affect the Company's financial position and operating results. To enter into the said transaction is for the Company to be able to withdraw money from the credit facility agreement so that there shall be sufficient fund to be used as working capital for further operations.

Nevertheless, according to the resolution of the Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, the Board of Directors had considered an appropriateness of the extension of utilization period of credit facility, together with to allow the minority shareholders to consider and approve the transaction of credit facility by themselves, and therefore, changed the extension of the loan period under the credit line of 3,000 million Baht from previously not more than 48 months to be effective until 30 September 2020. This is because during the extension period from 1 October 2020 to 14 May 2023, the Company wishes to wait for the meeting to approve the transaction. To proceed the said transaction is reasonable in order to balance and manage the Company's liquidity, as well as protecting the benefits of shareholders.

- b) Giving the lender the right to terminate the credit facility agreement until 30 September 2020

The Board of Directors is of the opinion that to give the lender the right to terminate the credit facility agreement is a condition that the lender specifies for the Company to be

able to withdraw the loan. If the Company does not consent to the said proposal, the Company will not be able to withdraw the loan from the credit facility agreement. And if the Company does not withdraw the loan in the near term, a lack of cash flow will significantly affect the Company's financial position and operating results, and may cause the Company's business to be disrupted. For this reason, with some rationales and urgent need, the Company can not wait for the approval from the 2020 Annual General Meeting of Shareholders that will be soon rescheduled. To enter into the said transaction is for the Company to be able to withdraw money from the credit facility agreement so that there shall be sufficient fund to be used as working capital for further operations. Moreover, the above transaction does not appear to have transferred benefits between the Company and the connected person. Also, the transaction includes the conditions that are appropriate since it allows the Company to receive the loan with the conditions that are more loosened than loans from financial institutions when comparing with the companies that have the same size and operate the same business, as well as experiencing the same situation at the moment.

1.10 Opinion of the Audit Committees and/or the Directors that differs from the Board of Directors

The Audit Committees have the opinion in correspondence with the opinion of the Board of Directors of the Company, and none of the directors has different opinion or abstention.

1.11 Summary of Credit Lines and Loan Interest Rates with Mrs. Hatairatn Jurangkool

The Meeting	Credit Line	Interest Rate
The 2019 Annual General Meeting of Shareholders; held on 25 April 2019	3,000 million Baht (loan period of 12 months, which was due on 14 May 2020)	Not exceeding MLR + 1% per year
The Meeting of the Board of Directors, under a special agenda, No. 3/2020 and No. 6/2020 (the Transaction of Ratification)	3,000 million Baht (extend the loan period to be due on 30 September 2020, and give the lender the right to terminate the credit facility agreement)	Not exceeding MLR* + 1% per year

Remark: *An average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank equals 5.883% per year referring to the date which the resolution of the Board of Directors was made on 3 April 2020.

1.12 The Situation of Coronavirus Disease 2019 (COVID-19) for Airlines in Thailand

From the situation of the Coronavirus Disease 2019 (COVID-19) outbreak around the world, the global pandemic continues to surge from the beginning of 2020 to the present. The daily Situation Reports show the number of infected persons to have increased from the previous days. And the situations in the United States, South America, Including India, are not likely that the outbreaks will slow down, causing many airlines around the world to cancel international flights since the beginning of 2020 and implement border control measures in many countries around the world.

Therefore, the government has a strategy to re-open the country for limited tourism (Travel Bubble), where travel is permitted between any two countries allowing foreign tourists, business people to travel under the government measures. This is to connect international routes of two countries that have success in suppressing the Coronavirus Disease 2019 (COVID-19).

The situation of the Coronavirus Disease 2019 (COVID-19) outbreak in Thailand is well managed that it has gone over 1 month without domestic transmission. The number of new infected cases reported in the past month is the infected persons who all return from foreign countries. With the improved situation, the government begins to relax travel restrictions allowing domestic airlines to increase the number of routes and flights, and thus the number of passengers has increased.

In addition, the government will have a stimulus package for domestic tourism, such as Tiew Pan Sook scheme, which is open for registration on 1 July 2020. The government will help reduce travel costs by 40% so that it encourages the demand for air travel to increase again.

2. Opinion of the Independent Financial Advisor

2.1 Rationale and Benefits of the Transaction to the Registered Company

The Annual General Meeting of Shareholders for the year 2019, held on 25 April 2019, had resolved to approve to borrow 3,000 million Baht from Mrs. Hatairatn Jurangkool with the loan period of 12 months, and the due date was 14 May 2020, and the Extraordinary General Meeting of Shareholders No. 1/2020, held on 14 January 2020, had resolved to approve an increase in registered capital of the Company for the number of 888,147,358 shares by offering newly issued ordinary shares to the Company's existing shareholders by way of Rights Offering. The Company sold the ordinary shares in February 2020, the total value of which was accounted for 1,551.68 million Baht.

Although, the Company would receive money from the offer of newly issued ordinary shares as previously mentioned, together with having cash and temporary investments of 404.66 million Baht according to the separate financial statements as of 31 December 2019, the Company still had the outstanding amount of loans with Mrs. Hatairatn Jurangkool as of 29 February 2020 for the amount of 2,720 million Baht.

For the Company to continuously have liquidity for business operation, the Meeting of the Board of Directors No. 2/2020, held on 27 February 2020, had resolved to propose to the shareholders' meeting for an approval of entering into the transaction on receiving financial assistance from connected persons under the same credit limit and interest rate. The interest rate was a floating rate that did not exceed an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year, and the interest rate charged on each loan depended on the interest rate at that time, plus no requirement to provide any collateral to Mrs. Hatairatn Jurangkool. Furthermore, the loan period was extended for 36 additional months, which would be further due on 14 May 2023, so that the Company could use the fund as working capital in general operations and use to support the Company's related businesses.

The Company must request for an approval from the shareholders' meeting with affirmative votes of not less than three-fourths of the total votes of participating and voting shareholders, excluding the votes of the shareholders with special interests. However, with regard to the

situation of the Coronavirus Disease 2019 (COVID-19) outbreak which is a dangerous communicable disease under the Communicable Diseases Act B.E. 2558, the Meeting of the Board of Directors, under a special agenda, No. 3/2020, held on 3 April 2020, therefore had resolved to indefinitely postpone the date of the Annual General Meeting of Shareholders of the Company, causing the Company to not be able to request an approval of the said transaction from the shareholders' meeting. However, with some rationales and urgent need, the Company could not wait for approval from the 2020 Annual General Meeting of Shareholders that would be soon rescheduled. If the Company did not enter into the said transaction in the near term, a lack of cash flow would significantly affect the Company's financial position and operating results. For this reason, the Meeting of the Board of Directors resolved to approve to entering into the connected transaction with connected persons in the case of receiving financial assistance under the original credit limit as previously mentioned.

Nevertheless, the Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, had considered an appropriateness of the extension of utilization period of credit facility, together with to allow the minority shareholders to consider and approve the transaction of credit facility by themselves, and therefore, resolved to approve the extension of utilization period of credit facility from originally being due on 14 May 2023 to 30 September 2020, and to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, because Mrs. Hatairatn Jurangkool wants to prevent the risk of payment default of the Company.

The Meeting of the Board of Directors considered the said condition from the lender, together with the situation that the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, which cause the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Meeting of the Board of Directors resolved to approve to entering into the transaction of extending the credit facility agreement until 30 September 2020 and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit.

The Opinion Report of the Independent Financial Advisor: The Transaction on Receiving Financial Assistance from Connected Persons

The Independent Financial Advisor opines that from the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, there is no indication of any improvement in the Company's performance in 2020 and the previous years from the separate financial statements in the below table:

Unit : million Baht

Item	2017	2018	2019	Comment
Net cash flows used in operating activities	(2,834)	(2,613)	(2,638)	Continuously be negative
Loss for the year	(1,826)	(2,405)	(1,714)	Continuous loss
Debt to equity ratio (times)	5.14	(21.61)	61.59	Capital deficiency in 2018

From the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, the debt to equity ratio was at a high level, and the situation of the aviation industry. This will cause the Company not to be able to borrow additional money from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral.

The Company has net cash flows used in operating activities as can be seen from the separate financial statements in the below table:

Unit : million Baht

Item	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Comment
Loss before income tax expenses	(32)	(743)	(974)	(656)	(32)	(842)	(490)	(350)	Continuously be negative
Net cash flows used in operating activities	(320)	(1,037)	(429)	(827)	(40)	(1,852)	(546)	(200)	Continuously be negative

For each quarter from 2018 – 2019, the Company has continuously performed operating losses every quarter, and net cash flows used in operating activities have also been continually negative every quarter. The Company therefore has to use cash in the Company or borrow from financial institutions or from other parties to compensate for such negative working capital.

From the capital increase of 1,551.68 million Baht together with having cash and temporary investments of 404.66 million Baht according to the separate financial statements as of 31

December 2019, the Company has an obligation to repay the loans to Mrs. Hatairatn Jurangkool for the amount of 2,720 million Baht within May 2020, and net cash flows used in operating activities are estimated to continually be negative in the following years. For the reasons, it is necessary for the Company to extend the loan period in the credit facility agreement from originally not more than 12 months (due on 14 May 2020) to be due on 30 September 2020, and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit so that the Company will be able to have working capital for operation.

The Independent Financial Advisor opines that the objective of entering into the Transaction of Ratification this time is reasonable and appropriate.

For the extension period from 1 October 2020 to 14 May 2023, the Company wishes the 2020 Annual General Meeting of Shareholders, held on 6 August 2020, to consider and approve the transaction in order to protect the benefits of shareholders.

2.2 Advantages and Disadvantages of Entering into the Transaction

2.2.1 Advantages of entering into the transaction

(1) Having funds for business operation

In the case of the Company having insufficient liquidity for business operation and not being able to withdraw loans from financial institutions with lower interest rates than a loan rate from Mrs. Hatairatn Jurangkool, to enter into the Transaction of Ratification will help the Company to still have funds to continuously operate the business. However, such credit limit will be sufficient until 30 September 2020 as per the extension of the loan agreement or not depending on the situation of Coronavirus Disease 2019 (COVID-19) and the impact of the incident on the global aviation industry.

(2) An alternative source of funding in addition to financial institutions

Such credit limit will provide an alternative for the Company to enhance liquidity in addition to borrowing money from financial institutions. With the current

operating results of the Company that has performed continuous losses in reference to the separate financial statements from 2016 to the present; the loss is at least 1,700 million Baht per year, the debt to equity ratio is rising continuously from 4.80 times in 2016 to 61.59 times in 2019, this will cause obtaining loans from financial institutions to require collateral. As a result, the capacity of the Company to obtain loans is greatly limited. However, for the conditions of borrowing this time, the Company does not have to provide any collateral and no fees charged. Therefore, this is a good option for the Company.

(3) Loan conditions are more loosened than financial institutions

Such credit limit has more loosened conditions than the conditions from financial institutions that the Company receives currently; for example, the Company does not have to provide any collateral, the lender does not charge any fees, no conditions for maintaining financial ratios, etc., which gives the Company more flexibility to borrow.

(4) Reducing burden on the shareholders to purchase new ordinary shares from the capital increase

The historical data of the offer of newly issued ordinary shares to the Company's existing shareholders by way of Rights Offering for the past 4 years:

Year	No. of Offered Shares	No. of Shares Sold	Price (Baht/Share)	Amount (million Baht)
2017	1,135,999,882	1,135,999,882	1.50	1,704
2019	908,799,918	836,515,960	2.75	2,300
2020	888,147,358	620,670,967	2.50	1,552

As previously mentioned, the Company has offered to sell newly issued ordinary shares to the shareholders for 3 times within the past 4 years, causing burden to the shareholders of the Company significantly, and causing the shareholders who did not exercise the right for subscription to purchase newly issued ordinary shares to have a significant share dilution. Therefore, to enter into the Transaction of Ratification will reduce burden on the shareholders for the capital

increase in the future, or extending to slow the period of capital increase, and the shareholding proportion of the minority shareholders will not be diluted.

2.2.2 Disadvantages of entering into the transaction

(1) Relying on the connected person as a major creditor

According to the separate financial statements of the Company ended 31 December 2019, the Company had short-term borrowings of 2,520 million Baht, which were loans from Mrs. Hatairatn Jurangkool in the whole amount. As can be seen, the Company fully relies on the loans from Mrs. Hatairatn Jurangkool.

For other liabilities of financial institutions that the Company had, there were Letter of Guarantee (LG), Standby Letter of Credit, Forward contracts and Derivatives, which were not current liabilities.

Therefore, to enter into the Transaction of Ratification will cause the Company to rely greatly on Mrs. Hatairatn Jurangkool.

(2) Each loan depends on the consideration of Mrs. Hatairatn Jurangkool

The agreement has no condition for Mrs. Hatairatn Jurangkool that she must give a loan to the Company every time the Company requests. Therefore, Mrs. Hatairatn Jurangkool has the right to consider not to provide any loan, which will require the Company to find other funding sources as a replacement, or adjust the Company's financial plan to be in line with the liquidity.

(3) Giving the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, may cause the Company to not be able to find money to pay the principal and interest over the maturity dates of promissory notes, and being charged a default interest rate of 15% per year.

(4) The possible risk of getting a default interest rate charged

With the operating results of the Company that has performed continuous losses, the Company may not be able to find money to repay principal and interest over the maturity dates of promissory notes, and will be charged a default interest rate of 15% per year.

In the case of the Company possibly having insufficient cash, the Company can negotiate to extend the payment period with the creditor, causing less use of cash during that period. And if cash remains insufficient, the Company will choose to borrow money to compensate it by considering the issuance of promissory notes with appropriate issued periods to be in line with the forecast of excess cash flows that will come in to pay promissory notes.

From the past record, the Company could negotiate with Mrs. Hatairatn Jurangkool to renew promissory notes, which allowed the Company to have no record of default payments with Mrs. Hatairatn Jurangkool, including Jurangkool's family holding more than 70% of registered and paid up capital. Therefore, the IFA is confident that the Company will continually be provided the financial support even though the performance may not be as expected.

In the case of getting a default interest rate charged by 15% per year for the whole amount of the loan of 3,000 million Baht for a period of 1 year, the Company will have the total interest payment of 450 million Baht.

2.3 Advantages and Disadvantages of Not Entering into the Transaction

2.3.1 Advantages of not entering into the transaction

- None -

2.3.2 Disadvantages of not entering into the transaction

- (1) The Company may not have sufficient liquidity for the loan repayment

In the case of the shareholders' meeting not approving to enter into the Transaction of Ratification, the Company must gradually repay the loans following the maturity dates of the promissory notes that are due. And this could possibly cause the Company to lack liquidity and affect the Company's business operation.

- (2) The Company may not have sufficient liquidity for business operation

In the case of funding raised from the offer of newly issued ordinary shares during 3 February 2020 – 7 February 2020 for the amount for 1,552 million Baht is fully used, the Company's performance remains loss, and also the Company is not able to find funding from other sources, such as financial institutions, it could possibly cause the Company to lack liquidity, and affect the Company's business operation.

- (3) Unable to find funding sources that match the capabilities of the Company

From the Company's current performance that has continuous loss for several years in the past, the conditions of loans from financial institutions in the past year, the request for the credit line, or the withdrawal of the loans that already has the credit line with a low interest rate, the financial institutions require the conditions to have collateral in the full amount, and most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral, the Company will need to use only deposits/cash as collateral, causing the conditions from the financial institutions not to match the current capabilities of the Company.

- (4) The Company may have to further increase registered capital

In the case of the Company's lack of liquidity and unable to borrow money from financial institutions or any persons, the Company may consider to sell newly issued ordinary shares again, which will be burden on the shareholders if the shareholders purchase newly issued ordinary shares, and if not purchasing newly issued ordinary shares, the shareholding proportion of the shareholders will be diluted.

2.4 Advantages and Disadvantages of Entering into the Transaction with the Connected Person and Third Parties

2.4.1 Advantages of entering into the transaction with the connected person

Having the conditions and the credit line for obtaining the loan that the Company is able to follow

Since Mrs. Hatairatn Jurangkool holds 26.38% of registered and paid-up capital in the Company, Mrs. Hatairatn Jurangkool would expect the Company to constantly have liquidity to operate business. For this reason, the conditions and the credit line for obtaining the loan are appropriate for the Company and is able to follow, which will be for the benefits of the Company and Mrs. Hatairatn Jurangkool as a shareholder as well.

2.4.2 Disadvantages of entering into the transaction with the connected person

There may be a conflict of interest from Mrs. Hatairatn Jurangkool

Due to the fact that Mrs. Hatairatn Jurangkool is a major shareholder, she may exercise control over the Board of Directors or the management to use loans from Mrs. Hatairatn Jurangkool more than using loans from financial institutions under better conditions so that Mrs. Hatairatn Jurangkool could receive a benefit from loan interest.

Nevertheless, the Board of Directors has representatives from other groups of the shareholders and has the Audit Committee, who are independent, qualified persons and have knowledge of laws and finance. They have the duty to consider the appropriateness of the connected transactions, thus, reducing the risk of such conflict of interest that might occur.

2.4.3 Advantages of entering into the transaction with third parties

None, because there is no financial institution or other person offering the same or better loan conditions when compared with the offer from Mrs. Hatairatn Jurangkool.

2.4.4 Disadvantages of entering into the transaction with third parties

- (1) The credit line received may not be sufficient for business operation

Due to the fact that the Company's performance has continuous losses for several years in the past, causing the Company's cash flows to decrease quickly. The credit line of the loan received may not be sufficient for the need if the Company continues to generate losses in the future.

- (2) The conditions received may not match the capabilities of the Company

Due to the facts that the Company's current performance and various financial ratios are not good, as well as the Company does not have any securities that financial institutions accept as collaterals for the loans, the Company often has problems to request for the loans.

3. Appropriateness of the Price and Conditions of the Transaction

The credit line of revolving loans that the Company currently receives from financial institutions can be classified into 2 types; which are Overdraft loan (OD) and Promissory Note (PN). The Overdraft loan will have a credit line of not exceeding 20 million Baht from each financial institution, and the interest rate received is at the Minimum Overdraft Rate (MOR) of 5.845% per year. For promissory notes, currently the Company has the credit line for several hundred million Baht, but under the conditions to withdraw loans, providing a collateral in the full amount is required. At present, the Company no longer uses promissory notes, because it cannot find any securities other than cash as collateral.

For the interest rate of overdraft loans received from financial institutions, presently it is at the Minimum Overdraft Rate (MOR) of 5.845% per year, close to the interest rate from this transaction, which is currently at 6.323% per year (an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year). However, the amounts of credit line received are much different. The credit line from financial institutions is not exceeding 20 million Baht from each financial institution whereas the credit line from this transaction is 3,000 million Baht, thus it cannot be compared with the interest rate from the Transaction of Ratification. And the credit line from financial institutions that is not exceeding 20 million Baht from each financial institution is not sufficient to use as working capital. Therefore, it is not an option that suits the current situation.

When considering the potential of the Company to find loans from financial institutions in the amount of several billion Baht without relying on third parties to support collateral, it is difficult for the case based on the separate financial statements as in the below table:

Unit : million Baht

Item	2017	2018	2019	Comment
Net cash flows used in operating activities	(2,834)	(2,613)	(2,638)	Continuously be negative
Loss for the year	(1,826)	(2,405)	(1,714)	Continuous loss
Debt to equity ratio (times)	5.14	(21.61)	61.59	Capital deficiency in 2018

From the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, and the debt to equity ratio has been increased every year. This will cause the Company not to be able to obtain loans from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral.

For Mrs. Hatairatn Jurangkool to lend a lot of money with an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year, which is currently at 6.323% per year, and does not limit the right of the Company to consider loans from other funding sources, it can be considered as a reserve fund in the event that the Company lacks liquidity and cannot obtain loans from financial institutions at a lower interest rate. Therefore, the Independent Financial Advisor opines that the interest rate that the Company receives is appropriate.

In the case of the Company's borrowing for the full amount of 3,000 million Baht within 12-month period from Mrs. Hatairatn Jurangkool, the Company will have to pay the total amount of interest of approximately 189.69 million Baht. The Independent Financial Advisor is of the opinion that it is worth borrowing, because If the Company lacks liquidity, and cannot find other sources of fund including not having such credit line of 3,000 million Baht, the Company might not be able to operate business constantly causing the Company's revenues to reduce or the Company might have to temporarily suspend the business.

For the conditions of the transaction, the Company can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days. It is the Company's objective to be in line with the use of fund each time in the short-term. Therefore, the use of 180-day promissory notes is appropriate, because in general, the airline business will have high seasons in the 1st and the 4th quarters, and low seasons in the 2nd and the 3rd quarters, which are 2 consecutive quarters or 180 days. And the Company will use such loan as working capital for the short-term. The interest payment will also be less along with a shorter period of borrowing.

The Company does not have to provide any collateral to Mrs. Hatairatn Jurangkool, which is much better than the conditions that the Company currently receives from financial institutions which require the Company to provide collaterals in the full amount.

In the loan agreement with Mrs. Hatairatn Jurangkool currently, it has a condition in the case of a default on payment by the borrower; the borrower agrees to the lender to allow him/her to charge a default interest rate of 15% per year, which is better than the loans from financial institutions which could charge the maximum interest rate of 16.22 – 28% per year depending on each financial institution, including charging the default interest rate of 20 – 28% per year depending on each financial institution.

The interest payment will be on the maturity date of each promissory note. When comparing with the conditions of the loans from financial institutions that the Company currently receives, the loan conditions are similar to the conditions offered by financial institutions.

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, is different from financial institutions. Normally, financial institutions will be able to do so only in the event of the Company's payment default, or in the case of the Company breaching the conditions in the agreement. However, the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry. And this causes the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Independent Financial Advisor is of the opinion that under the conditions of the loans from Mrs. Hatairatn Jurangkool; the interest rate is appropriate, the loan conditions are better than the current conditions, and no limitation toward the right of the Company to operate the business, including the consideration on loans from other funding sources which may have better conditions and interest rate. Therefore, the mentioned conditions in the transaction are appropriate.

4. Summary of the Opinion of the Independent Financial Advisor

The Annual General Meeting of Shareholders for the year 2019, held on 25 April 2019, had resolved to approve the Company to borrow 3,000 million Baht from Mrs. Hatairatn Jurangkool. The interest rate was a floating rate that did not exceed an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year, which is currently equivalent to the interest rate of 6.323% per year. The loan agreement had the loan period of 12 months, and the due date was 14 May 2020.

And the Meeting of the Board of Directors, under a special agenda, No. 3/2020, held on 3 April 2020, had resolved to approve to entering into the connected transaction with connected persons under the same credit limit and interest rate without having to provide any collateral, and extending the loan period from originally not more than 12 months to not more than 48 months, which would be due on 14 May 2023.

Nevertheless, the Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, resolved to approve the extension of utilization period of credit facility from originally being due on 14 May 2023 to 30 September 2020, together with to allow the minority shareholders to consider and approve the transaction of credit facility by themselves, and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit.

The Independent Financial Advisor opines that from the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, there is no indication of any improvement in the Company's performance in 2020, because from the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, and the debt to equity ratio was at a high level. This will cause the Company not to be able to borrow additional money from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral, thus, the Company needs to extend the loan period from originally not more than 12 months to be due on 30 September 2020 so that the Company will be able to have working capital for operation.

The Independent Financial Advisor opines that the objective of entering into the Transaction of Ratification for the use of fund as working capital in general operations, including supporting related businesses, is reasonable and appropriate.

There are advantages of entering into the transaction for the Company, which are (1) having funds for business operation, (2) an alternative source of funding in addition to financial institutions, (3) loan conditions are more loosened than financial institutions, and (4) reducing burden on the shareholders to purchase new ordinary shares from the capital increase. However, there are disadvantages of entering into the transaction, which are (1) relying on the connected person as a major creditor, (2) each loan depends on the consideration of Mrs. Hatairatn Jurangkool, (3) giving the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, and (4) the possible risk of getting a default interest rate charged.

There is no advantage of not entering into the transaction. However, there are disadvantages of not entering into the transaction, which are (1) the Company may not have sufficient liquidity for the loan repayment, (2) the Company may not have sufficient liquidity for business operation, (3) unable to find funding sources that match the capabilities of the Company, and (4) the Company may have to further increase registered capital.

There is an advantage of entering into the transaction with the connected person, which is having the conditions and the credit line for obtaining the loan that the Company is able to follow. However, the disadvantage of entering into the transaction with the connected person is that there may be a conflict of interest from Mrs. Hatairatn Jurangkool.

There is no advantage of entering into the transaction with third parties. However, there are disadvantages of entering into the transaction with third parties, which are (1) the credit line received may not be sufficient for business operation and (2) the conditions received may not match the capabilities of the Company.

For the interest rate of overdraft loans received from financial institutions, presently it is at the Minimum Overdraft Rate (MOR) of 5.845% per year, close to the interest rate from this transaction, which is currently at 6.323% per year. However, the amounts of credit line received are much different. The credit line from financial institutions is not exceeding 20 million Baht from each financial institution whereas the credit line from this transaction is 3,000 million Baht.

When considering the potential of the Company to find loans from financial institutions in the amount of several billion Baht without relying on third parties to support collateral, it is difficult for the case, and the loan condition from the transaction does not limit the right of the Company to consider loans from other funding sources. Therefore, the Independent Financial Advisor opines that the interest rate that the Company receives is appropriate.

For the conditions of the transaction, the Company can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days. It is in line with the use of fund each time in the short-term for the Company. Therefore, the use of 180-day promissory notes is appropriate. The Company does not have to provide any collateral, which is much better than the conditions that the Company currently receives from financial institutions.

The loan agreement has a condition in the case of a default on payment by the borrower; the borrower agrees to the lender to allow him/her to charge a default interest rate of 15% per year, which is better than the loans from financial institutions which could charge the maximum interest rate of 16.22 – 28% per year depending on each financial institution, including charging the default interest rate of 20 – 28% per year depending on each financial institution.

The interest payment will be on the maturity date of each promissory note, and this is similar to the loan condition offered by financial institutions.

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, is different from financial institutions. Normally, financial institutions will be able to do so only in the event of a company's payment default, or in the case of the Company breaching the conditions in the agreement. However, the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry. And this causes the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Independent Financial Advisor is of the opinion that under the conditions of the loans from Mrs. Hatairatn Jurangkool; the interest rate is appropriate, the loan conditions are better than the current conditions, and no limitation toward the right of the Company to operate the business,

including the consideration on loans from other funding sources which may have better conditions and interest rate. Therefore, the mentioned conditions in the transaction are appropriate.

Therefore, the Independent Financial Advisor is of the opinion that the shareholders **should approve the ratification** of the entry into the transaction on receiving financial assistance from connected persons by obtaining the loan, extending the loan period until 30 September 2020, and giving the lender the right to terminate the credit facility agreement. Moreover, the Independent Financial Advisor suggests the shareholders to consider other factors that may affect the decision making, such as the conditions of the transaction, advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering into the transaction, advantages and disadvantages of entering into the transaction with the connected persons, advantages and disadvantages of entering into the transaction with third parties, etc.

In considering on approval or disapproval on the Transaction of Ratification this time, the shareholders could consider the rationale and the opinions, of which the Independent Financial Advisor presents in this report. Nevertheless, the shareholders could decide to “approve” or “disapprove” on the Transaction of Ratification, mainly depending on the discretion of the shareholders.

Part 3

To consider and approve the entry into the connected transaction with the connected person in the category of receiving financial assistance by extending the utilization period of credit facility and giving the lender the right to terminate the credit facility agreement

1. Characteristics of the Transaction

1.1 Date of the Transaction

The Company shall enter into the transaction with the purpose of extending the credit facility agreement to not more than 48 months (due on 14 May 2023) and having a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit after the 2020 Annual General Meeting of Shareholders of the Company, being held on 6 August 2020, resolves to approve to entering into the Transaction for Consideration and Approval, and within September 2020.

1.2 General Information of the Transaction

Credit line : 3,000 million Baht, which is a revolving credit facility, equivalent to the credit line that the shareholders approved in the 2019 Annual General Meeting of Shareholders; can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days.

Interest rate : Not exceeding an average of the Minimum Loan Rates (MLR) plus 1.00% per year (an average of MLR is the average of MLR of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank)

In this regard, the average of MLR of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank is 5.323% per year, referring to the date which the resolution of the Board of Directors was made on 30 June 2020.

Loan period	:	Extending the loan period from originally being due on 30 September 2020 to not more than 48 months (due on 14 May 2023)
Payment of interest and principal	:	Payment on the maturity date of each promissory note
Collateral	:	The Company does not have to provide any collateral to the lender.
Type of connected transactions	:	Transaction on giving or receiving financial assistance
Consideration on borrowing	:	The Company will evaluate the amount of cash flows that are still lacking, and choose various sources of funds with the lowest financial cost first in each period.
Consideration on lending	:	Mrs. Hatairatn Jurangkool will consider on a case-by-case basis.
The condition of termination	:	The lender has the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit.

1.3 Objective of the Transaction

As the Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, had resolved to approve the extension of utilization period of credit facility, which would be due on 30 September 2020, and also to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit;

Currently, the Company is experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, which cause the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Within the same meeting, the Meeting of the Board of Directors therefore resolved to extend the credit facility agreement to not more than 48 months (due on 14 May 2023) and have

a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit so that the Company will be able to constantly have working capital for operation.

Therefore, the Company requests to extend the credit facility agreement so that the Company can have the fund as working capital in general operations including supporting related businesses.

1.4 Related Parties and Relationship with Nok Airlines Public Company Limited

Lender	:	Mrs. Hatairatn Jurangkool
Relationship	:	(1) A major shareholder of the Company holding 983,864,225 shares, or equivalent to 26.38% (information as of 13 March 2020)
		(2) The mother of 2 major shareholders of the Company, who are Mr. Nuttapol Jurangkool holding 26.07% of shares and Mr. Thaveechat Jurangkool holding 22.51% of shares (information as of 13 March 2020)
		(3) The mother of Mr. Wutthiphum Jurangkool who is the director and the Chief Executive Officer
Borrower	:	Nok Airlines Public Company Limited

1.5 Total Value and the Criteria to Determine Total Value of the Transaction

1.5.1 Size of the connected transactions

Loan Amount (million Baht)	The average of Minimum Loan Rate (MLR) plus 1.00% per Year ¹	Loan Period (Days)	Interest Payment (million Baht)
3,000	6.323% per year	180	93.55
3,000	6.323% per year	180	93.55
3,000	6.323% per year	180	93.55
3,000	6.323% per year	180	93.55
3,000	6.323% per year	180	93.55
3,000	6.323% per year	45	23.39
		Total	491.14

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¹Referring to the average interest rate as of the date which the resolution of the Board of Directors was made on 30 June 2020

Total estimated amount of interest payments that will occur from 1 October 2020 to 14 May 2023 equals 491.14 million Baht.

1.5.2 Connected transactions occurred during the period of 6 months prior to the date of agreement for entering into the transaction which are from the same person or related persons and close relatives of such person

The transactions approved by the shareholders' meeting

Between the Company and Mrs. Hatairatn Jurangkool

Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Loan Period (Days)	Interest Payment (million Baht)
150	6.00	10 Sep 19	11 Dec 19	92	2.27
400	6.00	18 Sep 19	18 Dec 19	91	5.98
310	6.00	25 Sep 19	25 Dec 19	91	4.64
100	6.00	25 Sep 19	25 Dec 19	91	1.50
100	6.00	2 Oct 19	2 Jan 20	92	1.51
100	6.00	4 Oct 19	6 Jan 20	94	1.55
100	6.00	11 Oct 19	13 Jan 20	94	1.55
100	6.00	30 Oct 19	30 Jan 20	92	1.51
60	6.00	30 Oct 19	30 Jan 20	92	0.91
200	6.00	12 Nov 19	12 Feb 20	92	3.02
300	6.00	13 Nov 19	13 Feb 20	92	4.54
300	6.00	26 Nov 19	26 Feb 20	92	4.54
150	6.00	26 Nov 19	26 Feb 20	92	2.27
150	6.00	29 Nov 19	28 Feb 20	91	2.24
150	6.00	11 Dec 19	11 Mar 20	91	2.24
400	6.00	18 Dec 19	18 Mar 20	91	5.98
310	6.00	25 Dec 19	25 Mar 20	91	4.64
100	6.00	25 Dec 19	25 Mar 20	91	1.50
100	6.00	2 Jan 20	2 Apr 20	91	1.50
200	6.00	3 Jan 20	3 Apr 20	91	2.99
100	6.00	6 Jan 20	7 Apr 20	92	1.51
100	6.00	13 Jan 20	16 Apr 20	94	1.55
100	6.00	30 Jan 20	30 Apr 20	91	1.50

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Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Loan Period (Days)	Interest Payment (million Baht)
60	6.00	30 Jan 20	30 Apr 20	91	0.90
200	6.00	12 Feb 20	12 May 20	90	2.96
300	6.00	13 Feb 20	13 May 20	90	4.44
300	5.75	26 Feb 20	26 May 20	90	4.25
150	5.75	26 Feb 20	26 May 20	90	2.13
150	5.75	28 Feb 20	28 May 20	90	2.13
150	5.75	11 Mar 20	11 Jun 20	92	2.17
400	5.75	18 Mar 20	18 Jun 20	92	5.80
310	5.75	25 Mar 20	25 Jun 20	92	4.49
100	5.75	25 Mar 20	25 Jun 20	92	1.45
100	5.75	2 Apr 20	12 May 20	40	0.63
200	5.75	3 Apr 20	12 May 20	39	1.23
100	5.75	7 Apr 20	12 May 20	35	0.55
100	5.75	16 Apr 20	12 May 20	26	0.41
				Total	94.98

Total interest amount equals 94.98 million Baht.

The transactions occurred following the resolution of the Board of Directors on 3 April 2020

Between the Company and Mrs. Hatairatn Jurangkool

Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Loan Period (Days)	Interest Payment (million Baht)
160	5.75	30 Apr 20	30 Jul 20	91	2.29
200	5.75	12 May 20	13 Aug 20	93	2.93
500	5.75	12 May 20	13 Aug 20	93	7.33
300	5.75	13 May 20	13 Aug 20	92	4.35
450	5.75	26 May 20	26 Aug 20	92	6.52
150	5.75	28 May 20	28 Aug 20	92	2.17
150	5.75	11 Jun 20	11 Sep 20	92	2.17
400	6.00	18 Jun 20	18 Sep 20	92	6.05
410	6.00	25 Jun 20	25 Sep 20	92	6.20
				Total	40.02

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Remark: Information as of 30 June 2020, the Company had promissory notes that were not due for the amount of 2,720 million Baht.

The transactions approved by the Meeting of the Board of Directors No. 1/2020

Between NokScoot Airlines Co., Ltd. and Mrs. Hatairatn Jurangkool

Loan Amount (million Baht)	Interest Rate (% per Year)	Start Date	End Date	Interest Payment (million Baht)
200	6.30	12 Dec 19	11 Dec 20	12.60

The Company holds 49.00% of Nok Mangkang Co., Ltd.'s registered and paid-up capital, which conveys the voting right of 99.90%, and Nok Mangkang Co., Ltd. holds 49.65% of NokScoot Airlines Co., Ltd.'s registered and paid-up capital.

1.5.3 Total size of the connected transactions

Item	Amount (million Baht)
Interest payments for the past 6 months (excluding the connected transactions approved by the shareholders' meeting)	12.60
Total estimated amount of interest payments that will occur from 15 May 2020 to 30 September 2020 (The Transaction of Ratification)	78.64
Total estimated amount of interest payments that will occur from 1 October 2020 to 14 May 2023	491.14
The total value of the transactions	582.38

Remark: The total value of the transactions does not match the total value of the transactions from the information of the entry into the connected transaction (Enclosure No.11). However, it does not affect the proposal of the agenda to the shareholders' meeting for consideration.

The calculation of net tangible assets (NTA) in reference to the consolidated financial statements as of 31 December 2019

Item	Amount (million Baht)
Total assets	15,170.96
<u>Less</u> Intangible assets	48.92
<u>Less</u> Total liabilities	18,639.17
<u>Add</u> Non-controlling interests	2,372.74
<u>Add</u> Capital increase as of 7 February 2020	1,551.68
Net tangible assets (NTA)	407.29
3% of net tangible assets (NTA)*	12.22

*3% of net tangible assets (NTA); which is less than 20 million Baht

The mentioned transaction is considered as the connected transaction regarding the receipt of financial assistance pursuant to the Notifications on Connected Transactions. In consideration of the size of the transaction under the Notifications on Connected Transactions, the size of such transaction is larger than 20 million Baht. Therefore, the Company is required to ask for an approval of entering into the transaction from the Board of Directors and disclose the information to the Stock Exchange of Thailand. And then the Company must request for an approval from the shareholders' meeting with affirmative votes of not less than three-fourths of the total votes of participating and voting shareholders, excluding the votes of the shareholders with special interests. In addition, the Company is obliged to appoint an independent financial advisor to give opinion regarding the rationale of the Transaction for Consideration and Approval and prepare a report for the Company's shareholders.

1.6 Characteristics and Scope of Interests of Connected Persons when Agreeing to Enter into the Connected Transactions

Mrs. Hatairatn Jurangkool is a major shareholder of the Company holding 983,864,225 shares, or equivalent to 26.38%, and the mother of 2 major shareholders of the Company, who

are Mr. Nuttapol Jurangkool holding 26.07% of shares and Mr. Thaveechat Jurangkool holding 22.51% of shares (information as of 13 March 2020).

Mrs. Hatairatn Jurangkool is the mother of Mr. Wutthiphum Jurangkool who is the director and the Chief Executive Officer.

1.7 Directors with Special Interests

Mr. Wutthiphum Jurangkool is a director of the Company and is also the director with special interests. However, he did not attend the meeting and had no voting right for the agendas in the meeting.

1.8 Conditions which may Affect the Right of Shareholders

- None –

1.9 Opinion of the Board of Directors concerning the Agreement for Entering into the Transaction

The Board of Directors of the Company considers various conditions of the credit facility agreement, the interest rate that does not exceed an average of the Minimum Loan Rates (MLR) plus 1.00% per year (an average of MLR is the average of MLR of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank), the extension of utilization period of credit facility, together with the offer of the lender to revise the credit facility agreement by giving the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit.

When considering the current situation of the Company, the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, which is still uncertain when the situation will improve again. And also, there is a concern of the new wave of the Coronavirus Disease 2019 (COVID-19) outbreak in foreign countries. Thus, the Company is unlikely to be able to find other funding sources, such as borrowing from financial institutions, in the near term or other loan sources with conditions that can replace the loans provided by the

lender. Moreover, the entry into the connected transaction is a better option than the capital increase which will help reduce the financial burden on the shareholders to purchase new ordinary shares from the capital increase.

In addition, the Company receives the interest rate that is similar to the reference interest rates of financial institutions at the present time. This allows the Company to have flexibility in financial liquidity management and be able to withdraw money from the loan agreement as the Company sees appropriate and also conform with the financial plan.

1.10 Opinion of the Audit Committees and/or the Directors that differs from the Board of Directors

The Audit Committees have the opinion in correspondence with the opinion of the Board of Directors of the Company, and none of the directors has different opinion or abstention.

1.11 Summary of Credit Lines and Loan Interest Rates with Mrs. Hatairatn Jurangkool

The Meeting	Credit Line	Interest Rate
The 2019 Annual General Meeting of Shareholders; held on 25 April 2019	3,000 million Baht (loan period of 12 months, which was due on 14 May 2020)	Not exceeding MLR + 1% per year
The Meeting of the Board of Directors, under a special agenda, No. 3/2020 and No. 6/2020 (the Transaction of Ratification)	3,000 million Baht (extend the loan period to be due on 30 September 2020, and give the lender the right to terminate the credit facility agreement)	Not exceeding MLR + 1% per year
The Meeting of the Board of Directors, under a special agenda, No. 6/2020 (the Transaction for Consideration and Approval)	3,000 million Baht (extend the loan period to be due on 14 May 2023, and give the lender the right to terminate the credit facility agreement)	Not exceeding MLR* + 1% per year

Remark: *An average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank equals 5.323% per year referring to the date which the resolution of the Board of Directors was made on 30 June 2020.

1.12 The Situation of Coronavirus Disease 2019 (COVID-19) for Airlines in Thailand

From the situation of the Coronavirus Disease 2019 (COVID-19) outbreak around the world, the global pandemic continues to surge from the beginning of 2020 to the present. The daily Situation Reports show the number of infected persons to have increased from the previous days. And the situations in the United States, South America, Including India, are not likely that the outbreaks will slow down, causing many airlines around the world to cancel international flights since the beginning of 2020 and implement border control measures in many countries around the world.

Therefore, the government has a strategy to re-open the country for limited tourism (Travel Bubble), where travel is permitted between any two countries allowing foreign tourists, business people to travel under the government measures. This is to connect international routes of two countries that have success in suppressing the Coronavirus Disease 2019 (COVID-19).

The situation of the Coronavirus Disease 2019 (COVID-19) outbreak in Thailand is well managed that it has gone over 1 month without domestic transmission. The number of new infected cases reported in the past month is the infected persons who all return from foreign countries. With the improved situation, the government begins to relax travel restrictions allowing domestic airlines to increase the number of routes and flights, and thus the number of passengers has increased.

In addition, the government will have a stimulus package for domestic tourism, such as Tiew Pan Sook scheme, which is open for registration on 1 July 2020. The government will help reduce travel costs by 40% so that it encourages the demand for air travel to increase again.

2. Opinion of the Independent Financial Advisor

2.1 Rationale and Benefits of the Transaction to the Registered Company

The Annual General Meeting of Shareholders for the year 2019, held on 25 April 2019, had resolved to approve to borrow 3,000 million Baht from Mrs. Hatairatn Jurangkool with the loan period of 12 months, and the due date was 14 May 2020.

And the Extraordinary General Meeting of Shareholders No. 1/2020, held on 14 January 2020, had resolved to approve an increase in registered capital of the Company for the number of 888,147,358 shares by offering newly issued ordinary shares to the Company's existing shareholders by way of Rights Offering. The Company sold the ordinary shares in February 2020, the total value of which was accounted for 1,551.68 million Baht.

Although, the Company would receive money from the offer of newly issued ordinary shares as previously mentioned, together with having cash and temporary investments of 404.66 million Baht according to the separate financial statements as of 31 December 2019, the Company still had the outstanding amount of loans with Mrs. Hatairatn Jurangkool as of 30 June 2020 for the amount of 2,720 million Baht, which would gradually be due within September 2020.

Currently the Company is experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, which cause the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Meeting of the Board of Directors resolved to extend the credit facility agreement to not more than 48 months (due on 14 May 2023) and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, so that the Company will be able to constantly have working capital for operation.

The Independent Financial Advisor opines that from the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, there is

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no indication of any improvement in the Company's performance in 2020 and the previous years from the separate financial statements in the below table:

Unit : million Baht

Item	2017	2018	2019	Comment
Net cash flows used in operating activities	(2,834)	(2,613)	(2,638)	Continuously be negative
Loss for the year	(1,826)	(2,405)	(1,714)	Continuous loss
Debt to equity ratio (times)	5.14	(21.61)	61.59	Capital deficiency in 2018

From the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, the debt to equity ratio was at a high level, and the situation of the aviation industry. This will cause the Company not to be able to borrow additional money from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral.

The Company has net cash flows used in operating activities as can be seen from the separate financial statements in the below table:

Unit : million Baht

Item	Q1/18	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	Q3/19	Q4/19	Comment
Loss before income tax expenses	(32)	(743)	(974)	(656)	(32)	(842)	(490)	(350)	Continuously be negative
Net cash flows used in operating activities	(320)	(1,037)	(429)	(827)	(40)	(1,852)	(546)	(200)	Continuously be negative

For each quarter from 2018 – 2019, the Company has continuously performed operating losses every quarter, and net cash flows used in operating activities have also been continually negative every quarter. The Company therefore has to use cash in the Company or borrow from financial institutions or from other parties to compensate for such negative working capital.

From the capital increase of 1,551.68 million Baht together with having cash and temporary investments of 404.66 million Baht according to the separate financial statements as of 31 December 2019, the Company has an obligation to repay the loans to Mrs. Hatairath Jurangkool for the amount of 2,720 million Baht within September 2020, and net cash flows used in operating activities are estimated to continually be negative in the following years. For the reasons, it is

necessary for the Company to extend the loan period in the credit facility agreement to not more than 48 months (due on 14 May 2023), and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit so that the Company will be able to constantly have working capital for operation.

The Independent Financial Advisor opines that the objective of entering into the Transaction for Consideration and Approval this time is reasonable and appropriate.

2.2 Advantages and Disadvantages of Entering into the Transaction

2.2.1 Advantages of entering into the transaction

(1) Having funds for business operation

In the case of the Company having insufficient liquidity for business operation and not being able to withdraw loans from financial institutions with lower interest rates than a loan rate from Mrs. Hatairatn Jurangkool, to enter into the Transaction for Consideration and Approval will help the Company to still have funds to continuously operate the business. However, such credit limit will be sufficient until 14 May 2023 as per the extension of the loan agreement or not depending on the situation of Coronavirus Disease 2019 (COVID-19) and the impact of the incident on the global aviation industry.

(2) An alternative source of funding in addition to financial institutions

Such credit limit will provide an alternative for the Company to enhance liquidity in addition to borrowing money from financial institutions. With the current operating results of the Company that has performed continuous losses in reference to the separate financial statements from 2016 to the present; the loss is at least 1,700 million Baht per year, the debt to equity ratio is rising continuously from 4.80 times in 2016 to 61.59 times in 2019, this will cause obtaining loans from financial institutions to require collateral. As a result, the capacity of the Company to obtain loans is greatly limited. However, for the conditions of borrowing this time, the Company does not have to provide any collateral and no fees charged. Therefore, this is a good option for the Company.

(3) Loan conditions are more loosened than financial institutions

Such credit limit has more loosened conditions than the conditions from financial institutions that the Company receives currently; for example, the Company does not have to provide any collateral, the lender does not charge any fees, no conditions for maintaining financial ratios, etc., which gives the Company more flexibility to borrow.

(4) Reducing burden on the shareholders to purchase new ordinary shares from the capital increase

The historical data of the offer of newly issued ordinary shares to the Company's existing shareholders by way of Rights Offering for the past 4 years:

Year	No. of Offered Shares	No. of Shares Sold	Price (Baht/Share)	Amount (million Baht)
2017	1,135,999,882	1,135,999,882	1.50	1,704
2019	908,799,918	836,515,960	2.75	2,300
2020	888,147,358	620,670,967	2.50	1,552

As previously mentioned, the Company has offered to sell newly issued ordinary shares to the shareholders for 3 times within the past 4 years, causing burden to the shareholders of the Company significantly, and causing the shareholders who did not exercise the right for subscription to purchase newly issued ordinary shares to have a significant share dilution. Therefore, to enter into the Transaction for Consideration and Approval will reduce burden on the shareholders for the capital increase in the future, or extending to slow the period of capital increase, and the shareholding proportion of the minority shareholders will not be diluted.

2.2.2 Disadvantages of entering into the transaction

(1) Relying on the connected person as a major creditor

According to the separate financial statements of the Company ended 31 December 2019, the Company had short-term borrowings of 2,520 million Baht,

which were loans from Mrs. Hatairatn Jurangkool in the whole amount. As can be seen, the Company fully relies on the loans from Mrs. Hatairatn Jurangkool.

For other liabilities of financial institutions that the Company had, there were Letter of Guarantee (LG), Standby Letter of Credit, Forward contracts and Derivatives, which were not current liabilities.

Therefore, to enter into the Transaction for Consideration and Approval will cause the Company to rely greatly on Mrs. Hatairatn Jurangkool.

- (2) Each loan depends on the consideration of Mrs. Hatairatn Jurangkool

The agreement has no condition for Mrs. Hatairatn Jurangkool that she must give a loan to the Company every time the Company requests. Therefore, Mrs. Hatairatn Jurangkool has the right to consider not to provide any loan, which will require the Company to find other funding sources as a replacement, or adjust the Company's financial plan to be in line with the liquidity.

- (3) Giving the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, may cause the Company to not be able to find money to pay the principal and interest over the maturity dates of promissory notes, and being charged a default interest rate of 15% per year.

- (4) The possible risk of getting a default interest rate charged

With the operating results of the Company that has performed continuous losses, the Company may not be able to find money to repay principal and interest over the maturity dates of promissory notes, and will be charged a default interest rate of 15% per year.

In the case of the Company possibly having insufficient cash, the Company can negotiate to extend the payment period with the creditor, causing less use of cash during that period. And if cash remains insufficient, the Company will choose

to borrow money to compensate it by considering the issuance of promissory notes with appropriate issued periods to be in line with the forecast of excess cash flows that will come in to pay promissory notes.

From the past record, the Company could negotiate with Mrs. Hatairatn Jurangkool to renew promissory notes, which allowed the Company to have no record of default payments with Mrs. Hatairatn Jurangkool, including Jurangkool's family holding more than 70% of registered and paid up capital. Therefore, the IFA is confident that the Company will continually be provided the financial support even though the performance may not be as expected.

In the case of getting a default interest rate charged by 15% per year for the whole amount of the loan of 3,000 million Baht for a period of 1 year, the Company will have the total interest payment of 450 million Baht.

2.3 Advantages and Disadvantages of Not Entering into the Transaction

2.3.1 Advantages of not entering into the transaction

- None -

2.3.2 Disadvantages of not entering into the transaction

- (1) The Company may not have sufficient liquidity for the loan repayment

In the case of the shareholders' meeting not approving to enter into the Transaction for Consideration and Approval, the Company must gradually repay the loans following the maturity dates of the promissory notes that are due. And this could possibly cause the Company to lack liquidity and affect the Company's business operation.

- (2) The Company may not have sufficient liquidity for business operation

In the case of funding raised from the offer of newly issued ordinary shares during 3 February 2020 – 7 February 2020 for the amount for 1,552 million Baht is fully used, the Company's performance remains loss, and also the Company is not

able to find funding from other sources, such as financial institutions, it could possibly cause the Company to lack liquidity, and affect the Company's business operation.

- (3) Unable to find funding sources that match the capabilities of the Company

From the Company's current performance that has continuous loss for several years in the past, the conditions of loans from financial institutions in the past year, the request for the credit line, or the withdrawal of the loans that already has the credit line with a low interest rate, the financial institutions require the conditions to have collateral in the full amount, and most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral, the Company will need to use only deposits/cash as collateral, causing the conditions from the financial institutions not to match the current capabilities of the Company.

- (4) The Company may have to further increase registered capital

In the case of the Company's lack of liquidity and unable to borrow money from financial institutions or any persons, the Company may consider to sell newly issued ordinary shares again, which will be burden on the shareholders if the shareholders purchase newly issued ordinary shares, and if not purchasing newly issued ordinary shares, the shareholding proportion of the shareholders will be diluted.

2.4 Advantages and Disadvantages of Entering into the Transaction with the Connected Person and Third Parties

2.4.1 Advantages of entering into the transaction with the connected person

Having the conditions and the credit line for obtaining the loan that the Company is able to follow

Since Mrs. Hatairatn Jurangkool holds 26.38% of registered and paid-up capital in the Company, Mrs. Hatairatn Jurangkool would expect the Company to constantly have liquidity to operate business. For this reason, the conditions and the credit line for obtaining

the loan are appropriate for the Company and is able to follow, which will be for the benefits of the Company and Mrs. Hatairatn Jurangkool as a shareholder as well.

2.4.2 Disadvantages of entering into the transaction with the connected person

There may be a conflict of interest from Mrs. Hatairatn Jurangkool

Due to the fact that Mrs. Hatairatn Jurangkool is a major shareholder, she may exercise control over the Board of Directors or the management to use loans from Mrs. Hatairatn Jurangkool more than using loans from financial institutions under better conditions so that Mrs. Hatairatn Jurangkool could receive a benefit from loan interest.

Nevertheless, the Board of Directors has representatives from other groups of the shareholders and has the Audit Committee, who are independent, qualified persons and have knowledge of laws and finance. They have the duty to consider the appropriateness of the connected transactions, thus, reducing the risk of such conflict of interest that might occur.

2.4.3 Advantages of entering into the transaction with third parties

None, because there is no financial institution or other person offering the same or better loan conditions when compared with the offer from Mrs. Hatairatn Jurangkool.

2.4.4 Disadvantages of entering into the transaction with third parties

- (1) The credit line received may not be sufficient for business operation

Due to the fact that the Company's performance has continuous losses for several years in the past, causing the Company's cash flows to decrease quickly. The credit line of the loan received may not be sufficient for the need if the Company continues to generate losses in the future.

- (2) The conditions received may not match the capabilities of the Company

Due to the facts that the Company's current performance and various financial ratios are not good, as well as the Company does not have any securities

that financial institutions accept as collaterals for the loans, the Company often has problems to request for the loans.

3. Appropriateness of the Price and Conditions of the Transaction

The credit line of revolving loans that the Company currently receives from financial institutions can be classified into 2 types; which are Overdraft loan (OD) and Promissory Note (PN). The Overdraft loan will have a credit line of not exceeding 20 million Baht from each financial institution, and the interest rate received is at the Minimum Overdraft Rate (MOR) of 5.845% per year. For promissory notes, currently the Company has the credit line for several hundred million Baht, but under the conditions to withdraw loans, providing a collateral in the full amount is required. At present, the Company no longer uses promissory notes, because it cannot find any securities other than cash as collateral.

For the interest rate of overdraft loans received from financial institutions, presently it is at the Minimum Overdraft Rate (MOR) of 5.845% per year, close to the interest rate from this transaction, which is currently at 6.323% per year (an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year). However, the amounts of credit line received are much different. The credit line from financial institutions is not exceeding 20 million Baht from each financial institution whereas the credit line from this transaction is 3,000 million Baht, thus it cannot be compared with the interest rate from the Transaction for Consideration and Approval. And the credit line from financial institutions that is not exceeding 20 million Baht from each financial institution is not sufficient to use as working capital. Therefore, it is not an option that suits the current situation.

When considering the potential of the Company to find loans from financial institutions in the amount of several billion Baht without relying on third parties to support collateral, it is difficult for the case based on the separate financial statements as in the below table:

Unit : million Baht

Item	2017	2018	2019	Comment
Net cash flows used in operating activities	(2,834)	(2,613)	(2,638)	Continuously be negative
Loss for the year	(1,826)	(2,405)	(1,714)	Continuous loss
Debt to equity ratio (times)	5.14	(21.61)	61.59	Capital deficiency in 2018

From the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, and the debt to equity ratio has been increased every year. This will cause the Company not to be able to obtain loans from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral.

For Mrs. Hatairatn Jurangkool to lend a lot of money with an average of the Minimum Loan Rates (MLR) of Bangkok Bank, Kasikorn Bank, and Siam Commercial Bank plus 1.00% per year, which is currently at 6.323% per year, and does not limit the right of the Company to consider loans from other funding sources, it can be considered as a reserve fund in the event that the Company lacks liquidity and cannot obtain loans from financial institutions at a lower interest rate. Therefore, the Independent Financial Advisor opines that the interest rate that the Company receives is appropriate.

In the case of the Company's borrowing for the full amount of 3,000 million Baht within 12-month period from Mrs. Hatairatn Jurangkool, the Company will have to pay the total amount of interest of approximately 189.69 million Baht. The Independent Financial Advisor is of the opinion that it is worth borrowing, because If the Company lacks liquidity, and cannot find other sources of fund including not having such credit line of 3,000 million Baht, the Company might not be able to operate business constantly causing the Company's revenues to reduce or the Company might have to temporarily suspend the business.

For the conditions of the transaction, the Company can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days. It is the Company's objective to be in line with the use of fund each time in the short-term. Therefore, the use of 180-day promissory notes is appropriate, because in general, the airline business will have high seasons in the 1st and the 4th quarters, and low seasons in the 2nd and the 3rd quarters, which are 2 consecutive quarters or 180 days. And the Company will use such loan as working capital for the short-term. The interest payment will also be less along with a shorter period of borrowing.

The Company does not have to provide any collateral to Mrs. Hatairatn Jurangkool, which is much better than the conditions that the Company currently receives from financial institutions which require the Company to provide collaterals in the full amount.

In the loan agreement with Mrs. Hatairatn Jurangkool currently, it has a condition in the case of a default on payment by the borrower; the borrower agrees to the lender to allow him/her to charge a default interest rate of 15% per year, which is better than the loans from financial institutions which could charge the maximum interest rate of 16.22 – 28% per year depending on each financial institution, including charging the default interest rate of 20 – 28% per year depending on each financial institution.

The interest payment will be on the maturity date of each promissory note. When comparing with the conditions of the loans from financial institutions that the Company currently receives, the loan conditions are similar to the conditions offered by financial institutions.

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, is different from financial institutions. Normally, financial institutions will be able to do so only in the event of the Company's payment default, or in the case of the Company breaching the conditions in the agreement. However, the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry. And this causes the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Independent Financial Advisor is of the opinion that under the conditions of the loans from Mrs. Hatairatn Jurangkool; the interest rate is appropriate, the loan conditions are better than the current conditions, and no limitation toward the right of the Company to operate the business, including the consideration on loans from other funding sources which may have better conditions and interest rate. Therefore, the mentioned conditions in the transaction are appropriate.

4. Summary of the Opinion of the Independent Financial Advisor

The Meeting of the Board of Directors, under a special agenda, No. 6/2020, held on 30 June 2020, resolved to approve the extension of utilization period of credit facility to be due on 30 September 2020, and also to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit. In this event, the Meeting of the Board of Directors approved the entry of the transaction without having to wait for the resolution of the shareholders' meeting.

Currently, the Company is experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, which cause the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, within the same meeting, the Meeting of the Board of Directors resolved to extend the credit facility agreement to not more than 48 months (due on 14 May 2023) and have a condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, so that the Company will be able to constantly have working capital for operation.

The Independent Financial Advisor opines that from the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry, there is no indication of any improvement in the Company's performance in 2020, because from the numbers in the financial statements during the past years, the Company has performed continuous losses, net cash flows used in operating activities have been continually negative, and the debt to equity ratio was at a high level. This will cause the Company not to be able to borrow additional money from financial institutions with the conditions of not having to place any collateral. In addition, most of the Company's fixed assets are tools and computer equipment, which cannot be used as collateral, thus, the Company needs to extend the loan period from originally being due on 30 September 2020 to not more than 48 months (due on 14 May 2023) so that the Company will be able to constantly have working capital for operation.

The Independent Financial Advisor opines that the objective of entering into the Transaction for Consideration and Approval for the use of fund as working capital in general operations, including supporting related businesses, is reasonable and appropriate.

There are advantages of entering into the transaction for the Company, which are (1) having funds for business operation, (2) an alternative source of funding in addition to financial institutions, (3) loan conditions are more loosened than financial institutions, and (4) reducing burden on the shareholders to purchase new ordinary shares from the capital increase. However, there are disadvantages of entering into the transaction, which are (1) relying on the connected person as a major creditor, (2) each loan depends on the consideration of Mrs. Hatairatn Jurangkool, (3) giving the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, and (4) the possible risk of getting a default interest rate charged.

There is no advantage of not entering into the transaction. However, there are disadvantages of not entering into the transaction, which are (1) the Company may not have sufficient liquidity for the loan repayment, (2) the Company may not have sufficient liquidity for business operation, (3) unable to find funding sources that match the capabilities of the Company, and (4) the Company may have to further increase registered capital.

There is an advantage of entering into the transaction with the connected person, which is having the conditions and the credit line for obtaining the loan that the Company is able to follow. However, the disadvantage of entering into the transaction with the connected person is that there may be a conflict of interest from Mrs. Hatairatn Jurangkool.

There is no advantage of entering into the transaction with third parties. However, there are disadvantages of entering into the transaction with third parties, which are (1) the credit line received may not be sufficient for business operation and (2) the conditions received may not match the capabilities of the Company.

For the interest rate of overdraft loans received from financial institutions, presently it is at the Minimum Overdraft Rate (MOR) of 5.845% per year, close to the interest rate from this transaction, which is currently at 6.323% per year. However, the amounts of credit line received are much different. The credit line from financial institutions is not exceeding 20 million Baht from each financial institution whereas the credit line from this transaction is 3,000 million Baht.

When considering the potential of the Company to find loans from financial institutions in the amount of several billion Baht without relying on third parties to support collateral, it is difficult for the case, and the loan condition from the transaction does not limit the right of the Company to consider loans from other funding sources. Therefore, the Independent Financial Advisor opines that the interest rate that the Company receives is appropriate.

For the conditions of the transaction, the Company can gradually withdraw as necessary by issuing promissory notes, each of which has the term of no longer than 180 days. It is in line with the use of fund each time in the short-term for the Company. Therefore, the use of 180-day promissory notes is appropriate. The Company does not have to provide any collateral, which is much better than the conditions that the Company currently receives from financial institutions.

The loan agreement has a condition in the case of a default on payment by the borrower; the borrower agrees to the lender to allow him/her to charge a default interest rate of 15% per year, which is better than the loans from financial institutions which could charge the maximum interest rate of 16.22 – 28% per year depending on each financial institution, including charging the default interest rate of 20 – 28% per year depending on each financial institution.

The interest payment will be on the maturity date of each promissory note, and this is similar to the loan condition offered by financial institutions.

The condition to give the lender the right to terminate the agreement and/or immediately cancel the outstanding credit limit, although there is still the outstanding credit limit, is different from financial institutions. Normally, financial institutions will be able to do so only in the event of a company's payment default, or in the case of the Company breaching the conditions in the agreement. However, the Company is currently experiencing a negative cash flow from operations due to the situation of the Coronavirus Disease 2019 (COVID-19) outbreak, the closure of the airspace and prohibiting international flights, and the slowdown of the airline business as well as the overall tourism industry. And this causes the Company to continuously incur operating losses. The Company is unable to find alternative funding sources to cover the losses.

Therefore, the Independent Financial Advisor is of the opinion that under the conditions of the loans from Mrs. Hatairatn Jurangkool; the interest rate is appropriate, the loan conditions are better than the current conditions, and no limitation toward the right of the Company to operate the business,

including the consideration on loans from other funding sources which may have better conditions and interest rate. Therefore, the mentioned conditions in the transaction are appropriate.

Therefore, the Independent Financial Advisor is of the opinion that the shareholders should approve the entry into the transaction on receiving financial assistance from connected persons by extending the loan period to not more than 48 months, which is due on 14 May 2023, and giving the lender the right to terminate the credit facility agreement. Moreover, the Independent Financial Advisor suggests the shareholders to consider other factors that may affect the decision making, such as the conditions of the transaction, advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering into the transaction, advantages and disadvantages of entering into the transaction with the connected persons, advantages and disadvantages of entering into the transaction with third parties, etc.

In considering on approval or disapproval on the Transaction for Consideration and Approval this time, the shareholders could consider the rationale and the opinions, of which the Independent Financial Advisor presents in this report. Nevertheless, the shareholders could decide to “approve” or “disapprove” on the Transaction for Consideration and Approval, mainly depending on the discretion of the shareholders.

Yours sincerely,

Capital Link Advisory Limited

- Mr. Kriangkrai Siravanichkan -

(Mr. Kriangkrai Siravanichkan)

Authorized Director

- Mr. Kasin Theanchai -

(Mr. Kasin Theanchai)

Authorized Director

- Mr. Kasin Theanchai -

(Mr. Kasin Theanchai)

Operational Controller

Appendix
Information of the Company

1. History and Major Development of the Company

Year	Major Development
2015	<ul style="list-style-type: none"> - Was delivered two Boeing 737-800 Next Generation aircraft, and two Bombardier Q400 NextGen aircraft. - 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 2 to 3 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%, Scoot Pte. Ltd. 25%, and TOD Holdings Co., Ltd. 50%.
2016	<ul style="list-style-type: none"> - Was delivered additional three Boeing 737-800 aircraft, and two Bombardier Q400 NextGen aircraft - 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% (decreased from 25%), Scoot Pte. Ltd. 15% (decreased from 25%), ANA Holdings Inc. 15%, Cebu Air Inc. 15%, and VaultPAD Ventures Ltd. (previously named TOD Holdings Co., Ltd.) 40%.
2017	<ul style="list-style-type: none"> - The new way booking from Nok Air "Choose Your NOK", and hot food services on flight - Took the aircraft out of the fleet total four aircraft, according to the Company's business plan and took the delivery of brand-new aircraft, which were two Boeing 737-800 New 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 reopened and operated 3 flights per week from Mae Sot – Yangon.

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Year	Major Development
	<ul style="list-style-type: none"> - The launch of new 5 routes under "Fly 'n' Ride service" from and to the nearby destinations where the Company did not directly operate by transferring passengers to the closest airports and transporting via buses to the final destinations. - Increased the various payment channels in 5 options to smooth your travel planning, namely BBL Direct Debit, Big C, Rabbit LINE Pay, Apple Pay and TESCO Lotus. - The Company's registered capital and paid-up capital are as follows: increased registered capital to 2,499,249,882 shares with a par value of 1 Baht per share with total value of 2,499,249,882 Baht, and paid-up capital of 2,271,999,764 shares with a par value of 1 Baht per share with total value of 2,271,999,764 Baht.
2018	<ul style="list-style-type: none"> - Remove the aircraft from the fleet according to the turnaround plan of the Company in total of 1 aircraft. - Increased new international routes for Charter Flight service; Don Mueang - Yin Chuan, Don Mueang - Nantong, Chiang Mai – Nanning, Phuket – Nanning, Phuket – Chengdu, Don Mueang – Yancheng, Phuket – Xian, Phuket – Ho Hot, Phuket – Fuzhou, Phuket – Yichang, Phuket – Hefei, U-Tapao – Changsha, U-Tapao – Nanchang, U-Tapao – Linyi, U-Tapao – Datong, U-Tapao – Baotou, U-Tapao – Yun Chuan, U-Tapao – Mei Sian, Don Mueang – Phetchabun, Don Mueang – Yichang, Don Mueang – Mei Sian, Phuket – Changzhou, Phuket – Zhengzhou - Opened new domestic routes for scheduled direct flights; Udon Thani - Ubon Ratchathani, Don Mueang – Phetchabun, and Don Mueang - Mae Hong Son - Increased new routes to service passengers who wished to travel to the destinations where the Company did not directly operate by transferring passengers to the closest airports and transporting via buses to the final destinations. Under "Fly 'n' Ride" service, there were 4 routes; Sisaket, Phetchabun (Khao Kho), Chiang Rai (Mae Sai) and Lamphun, under " Fly'n'Ferry" service, there were 7 routes; Bulon Island, Jum Island, Libong Island, Railay Island, Lao Liang Island, Yao Noi Island, and Yao Ya Island.i - Increased payment channels for passengers; which were Alipay, WeChat Pay, UnionPay, QR Payment (the first one in Thailand to use it), and 123Myanmar - Passengers could travel from Chiang Mai and Hat Yai to Bangkok, and transited the flight to Tokyo, Japan or Taipei, Taiwan via one-single ticket booking on Nok Air's website without having to reload baggage by using "check-through baggage" service. - Nok Air received "Best Low-Cost Airline in Thailand 2018" award from Skytrax

The Opinion Report of the Independent Financial Advisor: The Transaction on Receiving Financial Assistance from Connected Persons

Year	Major Development
	<ul style="list-style-type: none"> - Nok Air was 1 in 5 airlines that operated the on-time schedule the most up to 80% in ASEAN, ranked by OAG
2019	<ul style="list-style-type: none"> - The Extraordinary General Meeting of Shareholders No. 1/2019, held on 22 January 2019, resolved to approve the following: <ul style="list-style-type: none"> - Approved to increase registered capital from 2,499.25 million Baht to 3,408.05 million Baht by allotting newly issued ordinary shares to the existing shareholders by way of Rights Offering - Invested in Line Maintenance Partnership (Thailand) Company Limited, operates in platform for airline maintenance service with the registered capital of 63.68 million Baht. NokScoot Airline Company Limited invested in the portion of 50.9998% of its registered capital or equivalent to 32.48 million Baht and entered into Joint Venture Agreement and related agreement of Line Maintenance Partnership (Thailand) Company Limited with SIA Engineering Company Limited and a management of the Company. The proportion of investment for NokScoot Airline Company Limited, SIA Engineering Company Limited and a management of the Company are by 50.9998%, 49% and 0.0002%, respectively. - The Annual General Meeting of Shareholders Year 2019, held on 25 April 2019, resolved to approve the following: <ul style="list-style-type: none"> - Approved 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, 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. - Was delivered additional two Boeing 737-800 aircraft to be consistent with high season and expanding flight routes both in domestic and international flight by providing services in both Charter flights and services during high season. - Increased new international routes for direct flight service; Don Mueang – Hiroshima and Don Mueang - Guwahati - Increased new international routes for Charter Flight service; Don Mueang – Yiwu, Don Mueang – Wuxi, Don Mueang – Xuzhou, Don Mueang – Changsha, Don Mueang - Hefei and Phuket - Hangzhou - Increased new routes to service passengers who wished to travel to the destinations where the Company did not directly operate by transferring passengers to the closest

Year	Major Development
	<p>airports and transporting via buses to the final destinations. Under "Fly 'n' Ride" service, there were 3 routes; Nakhon Phanom, Nong Khai and Nakhon Si Thammarat (Donsak).</p> <ul style="list-style-type: none"> - Passengers could travel from Chiang Mai Chiang Rai Phuket and Hat Yai to Bangkok, and transited the flight to New Delhi, India Taipei, Taiwan or Sapporo Tokyo Osaka, Japan via one-single ticket booking on Nok Air's website without having to reload baggage by using "check-through baggage" service. - Adding Baggage Delivery Service for more convenience to passengers which deliver luggages from Don Mueang Airport to any destinations in Bangkok and from Chiang Mai Airport to place or any locations in Chiang Mai. - Increased payment channels for passengers; which were WeChat Pay, Alipay via card swipe and 0% installment payment for 3 months via credit card
2020	<ul style="list-style-type: none"> - The Extraordinary General Meeting of Shareholders No. 1/2020, held on 14 January 2019, resolved to approve the following: <ul style="list-style-type: none"> - Approved the decrease of the registered capital of 99,030,527 Baht from the existing registered capital of 3,408,049,800 Baht to 3,309,019,273 Baht by decreasing the number of ordinary shares of the Company which have not been sold, i.e. the exceeding ordinary shares remaining after the accommodation of the rights exercise of NOK-W1 and the newly issued ordinary shares remaining after the allocation to the existing shareholders of the Company according to the Extraordinary General Meeting of Shareholders No. 1/2019 held on 22 January 2019 , in the total amount of 99,030,527 shares at the par value of 1 Baht per share - Approved the allocation of the newly issued ordinary shares of the Company up to 888,147,358 shares at the par value of 1 Baht per share to the existing shareholders of the Company proportionate to their respective shareholdings (Rights offering) with the allocation ratio of 3.50 existing shares to 1 newly issued ordinary share, at the offering price at 2.50 Baht per share. - 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 Company Limited. NokScoot Airlines Company Limited has been experiencing continuous financial losses and has worsened by the COVID- 19 pandemic. The Board of Directors' Meeting of NokScoot Airlines Company Limited No.4/2020 has approved the date of calling the Annual General Meeting of Shareholders Year 2020 on 14 July 2020 to consider and approve the dissolution and liquidation.

2. The Structure of Shareholding in Subsidiaries and the Nature of Business

As of 31 December 2019, the Company has 2 subsidiaries as follows;

No.	Company Name	Shareholding Proportion	Nature of Business
Subsidiaries that the Company holds shares directly			
1.	Nok Mangkang Company Limited Paid-up capital: 10 million Baht	49% (99.90% voting rights)	Invest in NokScoot Airlines Company Limited which operates international low-cost airline business in the middle flight route
2.	Nok Holidays Company Limited Paid-up capital: 100,000 Baht	99%	Engage in tourism business
Subsidiaries that the Company holds shares indirectly			
3.	NokScoot Airlines Company Limited* Paid-up capital: 2,961 million Baht	24.33%	Transport passengers and cargo, mail by air
Joint Venture			
4.	Air Black Box Asia Pacific Pte Ltd. Paid-up capital: 9.26 million Singapore Dollars	13.04%	Develop a ticket reservation system between airlines
5.	Line Maintenance Partnership (Thailand) Company Limited** Paid-up capital: 15.92 million Baht	12.41%	Aircrafts maintenance services

* A subsidiary of Nok Mangkang Company Limited, it is in the process of organizing the Annual General Meeting of Shareholders Year 2020 on 14 July 2020 to consider and approve the dissolution and liquidation.

** A subsidiary of NokScoot Airlines Company Limited

At present, the Company and its subsidiaries operate the following businesses;

The Company 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 31 December 2019, the Company flew 41 routes of which 23 routes are domestic flights, and 18 international routes with a total of 604 flights per week as scheduled round-trip flights.

To extend its wing to overseas territories, the Company signed the Interline Cooperation Agreement with Scoot Airlines which allowed the Company to sell tickets from domestic destination, such as Chiang Mai, Chiang Rai, Phuket, Udon Thani, Ubon Ratchathani, Nakhon Si Thammarat, 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 is corporate with Asia-Pacific low-cost airline alliances or “Value Alliance” consisting of Nok Air, Nok Scoot, Scoot, Cebu Pacific (including Cebgo Air), and Jeju Air which create network within the alliance group, and provide more options to connect routes in Southeast Asia, North Asia, and Australia continent to facilitate passengers.

The Company’s policy is to procure aircraft that appropriately respond to flight demands in each route whether it’s primary, secondary and feeder routes. As of 31 December 2019, the Company operated 2 aircraft types in its fleet; namely, Boeing 737-800 for 16 aircraft and Bombardier Q400 for 8 aircraft for a total of 24 aircrafts. The average age of the fleet was 5.8 years, and the aircraft usage rate on average was 10.83 hours/aircraft/day.

Boeing 737-800 is a medium-haul narrow-body aircraft with jet engines. The aircraft are required in primary and secondary routes. Meanwhile, Bombardier Q400 a small two-engine turboprop aircraft designed for short-haul flight. The Company mostly flies these two aircraft types in secondary and feeder routes to suit modest demands along the routes. Moreover, the Company receives investment promotional privileges under the Investment Promotion Act B.E. 2560 (and Amendment) from The Board of Investment of Thailand (BOI) in the large mass and cargo transport business.

The revenue structure of the Company’s Group during 2017 – 2019

Unit : million Baht

Item	2017		2018		2019	
	Value	%	Value	%	Value	%
1. Revenues from transportation	17,386.00	85.32	16,699.71	84.60	16,758.56	83.92
2. Ancillary revenues	2,186.11	10.73	2,560.12	12.97	2,847.72	14.26
3. Other revenues						

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Unit : million Baht

Item	2017		2018		2019	
	Value	%	Value	%	Value	%
- Interest income	23.91	0.12	25.46	0.13	22.80	0.11
- Others	780.69	3.83	454.93	2.30	340.04	1.70
Total other revenues	804.60	3.95	480.39	2.43	362.84	1.82
Total revenues	20,376.71	100.00	19,740.22	100.00	19,969.12	100.00

3. The Top 10 Shareholders

The Company has registered capital of 4,197,166,631 Baht and paid-up capital of 3,729,186,723 Baht, which can be divided into 3,729,186,723 ordinary shares with a par value of 1 Baht per share. The list of top 10 shareholders of the Company as of 13 March 2020 (most updated) is shown below:

No.	Name	Number of Shares	Shareholding Proportion (%)
1.	Mrs. Hathairatn Jurangkool	983,864,225	26.38
	Mr. Sunsum Jurangkool	14,153	0.00
	Total	983,878,378	26.38
2.	Mr. Nuttapol Jurangkool	972,109,455	26.07
3.	Mr. Thaveechat Jurangkool	839,569,990	22.51
4.	Thai Airways International Public Company Limited	495,390,721	13.28
5.	Dr. Tham Chirathivat	11,600,000	0.31
6.	Mr. Patee Sarasin	11,500,000	0.31
7.	Mrs. Piriya Apithanothai	10,392,400	0.28
8.	Mr. Somkiat Chinthammit	9,730,000	0.26
9.	Mr. Sudhitham Chirathivat	9,036,800	0.24
10.	Mr. Kullawut Viratmalee	7,141,308	0.19
	Total number of shares of top 10 shareholders	3,350,349,052	89.84
	Other shareholders	378,837,671	10.16

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No.	Name	Number of Shares	Shareholding Proportion (%)
	Total number of shares	3,729,186,723	100.00

4. Board of Directors

As of 29 June 2020 (most updated), the Board of Directors of the Company consists of:

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

5. Management of the Company

As of 29 June 2020 (most updated), the management of the Company consists of:

No.	Name	Position
1.	Mr. Wutthiphum Jurangkool	Chief Executive Officer
2.	Mr. Raj Tanta-Nanta	Deputy Chief Executive Officer
3.	Mr. Wutthiphum Jurangkool	Acting Chief Operating Officer
4.	Mr. Wutthiphum Jurangkool	Acting Chief Financial Officer

6. Financial Position and Operating Result

6.1 Statement of Financial Position (Consolidated)

Unit : million Baht

Statement of Financial Position (Consolidated)	Audited as of 31 December		
	2017	2018	2019
Current assets			
Cash and cash equivalents	3,169.85	1,419.89	1,233.79
Current investments	-	9.23	42.88
Trade and other current receivables	1,449.46	2,008.93	2,493.34
Inventories	32.24	50.20	80.98
Short-term aircraft deposits and prepayments	26.58	374.97	272.56
Other current assets	103.57	101.86	123.05
Total current assets	4,781.69	3,965.07	4,246.59
Non-current assets			
Deposits at bank pledged as collateral	1,300.88	1,122.86	1,153.06
Investment in joint venture	6.88	1.41	8.12
Other long-term investments	46.67	46.66	46.18
Maintenance reserve	7,192.49	7,788.30	8,342.41
Leasehold improvements and equipment	266.06	206.79	148.70
Intangible assets	47.46	45.72	48.92
Deferred tax assets	13.32	13.32	13.32
Long-term aircraft deposits and prepayments	827.75	820.11	1,054.09
Other non-current assets	39.43	63.82	109.57
Total non-current assets	9,740.94	10,108.99	10,924.36

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Unit : million Baht

Statement of Financial Position (Consolidated)	Audited as of 31 December		
	2017	2018	2019
Total assets	14,522.63	14,074.06	15,170.95
Current liabilities			
Short-term borrowings	700.00	2,400.00	3,620.00
Trade and other current payables	4,861.49	5,905.92	5,688.41
Deferred income from customer loyalty programs	18.48	18.33	36.95
Provisions for aircraft return condition and short-term aircraft maintenance	108.81	120.62	72.41
Other current liabilities	31.03	15.27	71.47
Total current liabilities	5,719.81	8,460.14	9,489.23
Non-current liabilities			
Provisions for aircraft maintenance as plan, aircraft return condition, and long-term aircraft maintenance	7,771.71	8,276.45	8,918.45
Provisions for employee benefit	242.22	273.87	188.66
Other non-current liabilities	97.89	95.24	42.82
Total non-current liabilities	8,111.82	8,645.55	9,149.93
Total liabilities	13,831.63	17,105.69	18,639.17
Shareholders' equity			
Share capital			
Authorized share capital	2,499.25	2,499.25	3,408.05
Issued and paid share capital	2,272.00	2,272.00	3,108.52
Share premium on ordinary shares	4,325.89	4,325.89	5,789.79
Retained earnings (deficit)			
Appropriated			
Legal reserve	62.50	62.50	62.50
Unappropriated (deficit)	(5,339.43)	(8,122.00)	(10,050.34)
Deficit arising from change in ownership interest			
In subsidiaries	(5.94)	(5.94)	(5.94)
Total shareholders' equity attributable to owners of the Company	1,315.02	(1,467.55)	(1,095.47)
Non-controlling interests	(624.02)	(1,564.08)	(2,372.74)
Total shareholders' equity (capital deficiency)	691.00	(3,031.63)	(3,468.21)
Total liabilities and shareholders' equity	14,522.63	14,074.06	15,170.95

6.2 Statement of Comprehensive Income (Consolidate)

Unit : million Baht

Statement of Comprehensive Income (Consolidated)	Audited for the Annual Year		
	2017	2018	2019
Revenues			
Passenger revenues	17,386.00	16,699.71	16,758.56
Service revenues	2,186.11	2,560.12	2,847.72
Other income			
Interest income	23.91	25.46	22.80
Others	780.69	454.93	340.04
Total revenues	20,376.71	19,740.23	19,969.12
Expenses			
Costs of passenger and services	21,031.61	22,551.21	21,770.89
Selling expenses	178.49	177.17	210.46
Administrative expenses	994.11	937.25	956.67
Finance costs	63.83	44.58	125.09
Total expenses	22,268.04	23,710.20	23,063.11
Share of loss from investments in joint venture	(8.34)	(5.47)	(1.41)
Loss before income tax expenses	(1,899.67)	(3,975.45)	(3,095.40)
Income tax expenses	-	-	-
Loss for the year	(1,899.67)	(3,975.45)	(3,095.40)
Other comprehensive income – net from income tax	-	17.42	123.06
Total comprehensive loss for the year	(1,899.67)	(3,958.02)	(2,972.34)

6.3 Statement of Cash Flows (Consolidate)

Unit : million Baht

Statement of Cash Flows (Consolidated)	Audited as of 31 December		
	2017	2018	2019
Net cash provided by (used in) operating activities	(2,962.27)	(3,754.39)	(3,816.66)
Net cash provided by (used in) investing activities	(8.90)	193.08	149.94
Net cash provided by (used in) financing activities	2,866.57	1,662.60	3,402.26
Effect of translation adjustment on foreign currency	43.22	148.75	78.35
Net increase (decrease) in cash and cash equivalents	(61.37)	(1,749.96)	(186.11)

Unit : million Baht

Statement of Cash Flows (Consolidated)	Audited as of 31 December		
	2017	2018	2019
Opening balance of cash and cash equivalents	3,231.22	3,169.85	1,419.89
Closing balance of cash and cash equivalents	3,169.85	1,419.89	1,233.79

6.4 The Analysis of Financial Position and Performance Results (Consolidate)

The Analysis of Financial Position and Performance Results of Year 2019 (Consolidate)

The Company's Performance of the consolidate financial statements

For the year ended on 31 December 2019, the Company and its subsidiaries reported net loss was 2,972.34 million Baht. The net loss was consisted of the losses from the owners of the parent company in the amount of 1,928.34 million Baht and the net loss of non-controlling interests in the amount of 1,044.00 million Baht. When considering the losses from the owner of the parent company in the amount of 1,928.34 million Baht, a decrease of 854.23 million Baht or 30.70 per cent. Therefore, the Company would like to clarify the key factors and events affecting the Company's performance as follow;

During the year, the Number of Aircraft decreased from 25 aircrafts at the end of 2018 to 24 aircrafts or decreased 4.00 per cent at the end of 2019 according to the Company's turnaround plan. While, Available Seat Kilometers (ASK) and number of flights which decreased at 7.03 and 7.95 per cent respectively when compared to the last year. Revenue per Available Seat Kilometers (RASK) slightly decreased by 0.52 per cent but Cost per Available Seat-Kilometers (CASK) decreased by 6.03 per cent when compared to the last year. As a result of 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. Furthermore, not only On-time performance improvement continuously but also availability of spare parts management efficiently 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 the last year. It was an impact on the Company's fuel cost to 4,102.66 million Baht or decreased 16.00 per cent from the last year. However, the Company entered into fuel hedging contracts partially as per the Company policy to reduce the exposure of fuel price volatility.

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 per cent from year 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 per cent and 72.01 per cent, 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 per cent from as of 31 December 2018. It was attributable to the decreasing in Cash and Cash equivalents by 24.11 per cent from as of 31 December 2018.

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 per cent from as of 31 December 2018. It was attributable to the increasing in Aircraft Maintenance Reserve by 7.11 per cent and Long-term aircraft deposits and prepayments by 28.53 per cent from year 2018.

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 per cent from as of 31 December 2018, which mainly from increased in Short-term borrowings 1,220 million Baht or increased by 50.83 per cent.

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 per cent 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.

The Analysis of Financial Position and Performance Results of Year 2018 (Consolidate)

The Company's Performance of the consolidate financial statements

For the year ended on 31 December 2018, the Company and its subsidiaries reported net loss was 3,975.45 million Baht, compared to 1,899.67 million Baht last year. The net loss was consisted of the losses from the owners of the parent company in the amount of 2,786.76 million Baht and the net loss of non-controlling interests in the amount of 1,188.69 million Baht. The Company therefore would like to clarify the key factors and events affecting the Company's performance as follow;

An average Jet fuel price in 2018 was 85.77 USD per barrel which increased from 65.52 USD per barrel from the last year. It was an impact on company's fuel cost to 4,884.33 million Baht or increased 19.96 per cent from the last year. However, the Company entered into fuel hedging contracts partially as per the Company policy to reduce the exposure of fuel price volatility. Moreover, Revenue per Available Seat-Kilometer (RASK) decreased mainly from the Number of Chinese tourists decrease as a result of the boat accident in Phuket. As well, the Company phased out 5 operating aircrafts out of fleet, therefore the total number of operating aircraft decreased from 30 Aircrafts in 2017 to 25 aircrafts at the end of 2018.

Assets

As of 31 December 2018, the Company and its subsidiaries had total assets of 14,074.06 million Baht, or decreased by 3.09 per cent from 31 December 2017. Total assets could 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 per cent and 71.83 per cent of total assets, respectively.

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 per cent from 31 December 2017. It was attributable to the decreasing in cash and cash equivalents by 55.21 per cent caused by trade and other current receivables increasing by 38.60 per cent from 31 December 2017.

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 per cent from 31 December 2017. Mainly from the Company and its subsidiary present gross amount of maintenance reserve and provisions for aircraft maintenance as plan which is benefit for financial user. They will show maintenance reserve as asset in financial statement and provisions for aircraft maintenance as plan as liability in financial statement provisions for aircraft maintenance as plan is the provision which 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. However, the adjustment will not be impact to financial performance. They are only presentation in financial statement. 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.

Liabilities and Shareholders' Equity

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 per cent from 31 December 2017, which mainly from short-term borrowings to increase by 242.86 per cent and trade payables increased by 21.48 per cent. Moreover, in this period the Company and its subsidiary have reviewed the presentation in the financial statements as mentioned above.

Shareholders' equity: as of 31 December 2018, the Company and its subsidiaries had negative shareholders' equity of 3,031.63 million Baht or negatively increased by 538.73 per cent 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.

6.5 Statement of Financial Position (Separate)

Unit : million Baht

Statement of Financial Position (Separate)	Audited as of 31 December		
	2017	2018	2019
Current assets			
Cash and cash equivalents	1,548.87	447.12	362.39
Current investments	-	7.48	42.26
Trade and other current receivables	626.19	849.81	1,036.37
Short-term loan to related parties	-	-	200.00
Inventories	32.24	50.20	80.98
Short-term aircraft deposits and prepayments	26.58	374.97	272.56
Other current assets	72.44	60.23	62.84
Total current assets	2,306.31	1,789.81	2,057.42
Non-current assets			
Deposits at bank pledged as collateral	1,217.89	993.29	960.66
Investment in subsidiary	4.95	4.95	5.00
Investment in joint venture	28.42	28.42	28.42

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Unit : million Baht

Statement of Financial Position (Separate)	Audited as of 31 December		
	2017	2018	2019
Other long-term investments	46.43	46.32	45.81
Long-term loan to related parties	970.00	1,215.00	1,460.00
Maintenance reserve	5,818.00	5,649.60	5,650.73
Leasehold improvements and equipment	255.37	187.95	115.76
Intangible assets	42.61	32.55	36.27
Deferred tax assets	13.32	13.32	13.32
Long-term aircraft deposits and prepayments	775.62	768.34	1,006.03
Other non-current assets	64.96	90.60	158.88
Total non-current assets	9,237.57	9,030.33	9,480.88
Total assets	11,543.88	10,820.14	11,538.30
Current liabilities			
Short-term borrowings	-	1,700.00	2,520.00
Trade and other current payables	2,820.10	3,282.34	2,771.06
Deferred income from customer loyalty programs	18.48	18.33	36.95
Provisions for aircraft return condition and short-term aircraft maintenance	102.09	106.66	62.21
Other current liabilities	7.62	14.33	70.40
Total current liabilities	2,948.29	5,121.65	5,460.62
Non-current liabilities			
Provisions for aircraft maintenance as plan, aircraft return condition, and long-term aircraft maintenance	6,396.39	5,862.31	5,674.11
Provisions for employee benefit	221.41	266.99	176.68
Other non-current liabilities	97.89	94.12	42.53
Total non-current liabilities	6,715.69	6,223.43	5,893.32
Total liabilities	9,663.98	11,345.08	11,353.94
Shareholders' equity			
Share capital			
Authorized share capital	2,499.25	2,499.25	3,408.05
Issued and paid share capital	2,272.00	2,272.00	3,108.52
Share premium on ordinary shares	4,325.89	4,325.89	5,789.79
Retained earnings (deficit)			
Appropriated			

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Unit : million Baht

Statement of Financial Position (Separate)	Audited as of 31 December		
	2017	2018	2019
Legal reserve	62.50	62.50	62.50
Unappropriated (deficit)	(4,780.49)	(7,185.33)	(8,776.45)
Deficit arising from change in ownership interest in subsidiaries	-	-	-
Total shareholders' equity attributable to owners of the Company	1,879.90	(524.94)	184.36
Non-controlling interests	-	-	-
Total shareholders' equity (capital deficiency)	1,879.90	(524.94)	184.36
Total liabilities and shareholders' equity	11,543.88	10,820.14	11,538.30

6.6 Statement of Comprehensive Income (Separate)

Unit : million Baht

Statement of Comprehensive Income (Separate)	Audited for the Annual Year		
	2017	2018	2019
Revenues			
Passenger revenues	12,868.38	12,014.19	11,227.90
Service revenues	1,257.96	1,476.95	1,291.54
Other income			
Interest income	25.72	28.23	57.31
Others	634.60	364.80	131.89
Total revenues	14,786.66	13,884.16	12,708.63
Expenses			
Costs of passenger and services	15,645.04	15,482.81	13,566.22
Selling expenses	111.94	111.78	102.98
Administrative expenses	821.09	680.04	670.77
Finance costs	34.27	14.37	82.84
Total expenses	16,612.34	16,289.00	14,422.81
Loss before income tax expenses	(1,825.68)	(2,404.84)	(1,714.17)
Income tax expenses	-	-	-
Loss for the year	(1,825.68)	(2,404.84)	(1,714.17)
Other comprehensive income – net from income tax	-	-	123.06
Total comprehensive loss for the year	(1,825.68)	(2,404.84)	(1,591.12)

6.7 Statement of Cash Flows (Separate)

Unit : million Baht

Statement of Cash Flows (Separate)	Audited as of 31 December		
	2017	2018	2019
Net cash provided by (used in) operating activities	(2,834.41)	(2,612.52)	(2,637.70)
Net cash provided by (used in) investing activities	(19.19)	(273.79)	(501.32)
Net cash provided by (used in) financing activities	2,896.13	1,694.11	3,044.51
Effect of translation adjustment on foreign currency	31.22	90.46	9.78
Net increase (decrease) in cash and cash equivalents	73.75	(1,101.74)	(84.73)
Opening balance of cash and cash equivalents	1,475.12	1,548.87	447.13
Closing balance of cash and cash equivalents	1,548.87	447.13	362.40

6.8 The Analysis of Operating Performance Results (Separate)

The Analysis of Operating Performance Results of Year 2019 (Separate)

Data: 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 per cent of total revenue 1,291.54 million Baht to service revenue which was 10.16 per cent of total revenue and 189.20 million Baht to other income which was 1.49 per cent of total revenue.

Passenger revenue: In 2019, passenger revenue increased 6.54 per cent 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 per cent respectively, passenger revenue decreased mainly from the Number of Chinese tourists decline as a result of the boat accident in Phuket. Even though this event has occurred since the third quarter of 2018 but it still also impacted to the Number of Chinese tourists by Charter flight of the Company until the second quarter of 2019. In addition, the average air fare of charter flights to China in the half year of 2019 decreased by 12.81 per cent from the same period of last year. 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 per cent improvement from last year.

Service revenue: In 2019, service revenue decreased 185.41 million Baht or 12.55 per cent 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 per cent 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.

Data: 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 per cent 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 per cent. 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 per cent from the last year.

Variable cost: In 2019, variable costs were at 10,342.31 million Baht or decreased 11.09 per cent 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-kilometres or 6.41 per cent from last year.

Fixed costs: In 2019, fixed cost was 3,997.66 million Baht which was decreased at 14.15 per cent. 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 per cent 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.

Profit (Loss) for the Year

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 per cent.

The Analysis of Operating Performance Results of Year 2018 (Separate)

Data: Revenue

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

Passenger revenue: In 2018, passenger revenue decreased 854.19 million Baht, or 6.64 per cent from year 2017, which resulting from the decrease of 0.86 per cent in the total number of flight due to declining number of charter flights to China, also an average air fares decreased 9.85 per cent from last year due to market price competition. Therefore, the passenger yield decreased from 2.20 to 1.91 Baht/passenger-kilometers, or decreased by 13.18 per cent from last year.

Service revenue: In 2018, service revenue increased 218.99 million Baht, or 17.41 per cent from last year. The main causes of incremental baggage load revenue and service revenue were because the Company had added new strategies to increase revenue from baggage storage, Priority Boarding or NOK First, and other flight services for passengers (Choose Your NOK) since 9 November 2017, and to provide add-on products and services to serve all passenger needs had received positive feedback from the customer continually.

Other income: In 2018, other income decreased 267.31 million Baht, or 40.48 per cent from last year. It resulted mainly from the decrease in revenue from insurance claim and gain from sales and leaseback of aircraft for the amount of 113.29 million Baht and 243.40 million Baht respectively from last year.

Data: Cost & Expenses

In 2018, the Company's operating expenses in total were 16,289.00 million Baht decreased from 16,612.34 million Baht, or 1.95 per cent from last year. It was caused by increased from jet fuel price increased by 19.96 per cent, whereas aircraft maintenance expenses and aircraft operating lease reduced 12.08 per cent and 13.23 per cent 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 per cent. Similarly, Cost per Available Seat-Kilometers exclude Fuel (CASK ex-fuel) decreased from 1.80 to 1.61 Baht/seat-kilometers, or 10.37 per cent from last year.

Variable cost: In 2018, variable costs were at 11,632.51 million Baht. The Company has changed the estimation of aircraft maintenance as plan for the amount of 91.18 million Baht based on the estimates of efficiency of maintenance plan, thus costs of aircraft maintenance decreased from the same period of last year. However, the jet fuel cost continually increased. Fuel cost per ASK (Fuel/ASK) rose from 0.60 to 0.71 Baht/Seat-Kilometers, or 17.72 per cent from last year. Moreover, aircraft maintenance per ASK diminished from 0.46 to 0.40 Baht/Seat-Kilometers, or decreasing by 13.04 per cent.

Fixed costs: In 2018, fixed costs were at 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: The Company's financing cost reduced by 58.07 per cent from last year to be 14.37 million Baht. It was caused by a reduction of the Company's finance cost from the commitment fees for aircraft deposit from last year.

Profit (Loss) for the Year

From the above mentioned, the total costs of the Company increased owing to jet fuel price that still increased significantly. Moreover, the total revenues decreased mainly from market price competition, including the decreasing number of Chinese tourists, causing the passenger revenue to decline compared with last year. Even though the Company could reduce aircraft maintenance expenses and aircraft operating lease by cost saving according to the Company's turnaround plan, the total comprehensive loss in year 2018 increased to 2,404.84 million Baht from 1,825.68 million Baht, or the loss increased by 31.72 per cent from last year.

6.9 The Analysis of Operating Performance Results of Nok Scoot Airlines Company Limited

Operating Performance for NokScoot Airlines Company Limited of Year 2019

For 2019 performance of NokScoot Airlines Company Limited, total revenue was 7,207.46 million Baht increasing from 5,828.52 million Baht from last year, or increased by 23.66 per cent, mainly from the total number of flight which increased at 32.60 per cent from last year, with the total number of passenger increased by 36.66 per cent from 1.16 to 1.59 million passengers. In this year, NokScoot Airlines Company Limited has an average number of operating aircraft in fleet increased 20.00 per cent 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 per cent.

Currently, NokScoot Airlines Company Limited 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).

Operating Performance of NokScoot Airlines Company Limited for Year 2018

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

operating performance in 2018 was 1,528.33 million Baht which increased from the net loss of last year by 47.59 million Baht.

Currently, NokScoot Airlines Company Limited operates schedule routes to China, Taiwan, India and Japan with Don Muang international airport being the center of 4 destinations to China; such as Nanjing, Tianjin, Qingdao and Shenyang, 1 destination to Taipei, Taiwan, 1 destination to Delhi, India, and 2 destinations to Japan, such as Tokyo (Narita) and Osaka (Kansai).

NokScoot Airlines acquired 1 more aircraft (used Boeing 777-200) in Q2/2018 for business expansion purpose. Hence, at the end of 2018, NokScoot had total operating lease of 5 Boeing 777- 200 aircraft. The company plans to increase frequency flights in the same routes and expand new routes in the future.

6.10 Financial Ratios

Financial Ratio	2017	2018	2019
<u>Liquidity Ratios</u>			
Average collection period (days)	6.97	31.54	40.58
Days sales of inventory (days)	0.54	0.67	1.10
Days sales of advance tickets ¹ (days)	24.28	25.97	29.80
Payment days (days)	18.01	85.94	95.86
Cash cycle (days)	(34.77)	(79.71)	(83.97)
<u>Profitability Ratios</u>			
Operating profit margin before fuel costs	18.8%	18.0%	21.3%
Operating profit margin	(9.3%)	(19.9%)	(14.9%)
EBITDAR margin ²	11.7%	1.7%	5.2%
Net profit margin	(9.3%)	(20.1%)	(15.5%)
Return on equity	(238.7%)	N/A	N/A
<u>Efficiency Ratios</u>			
Return on assets	(28.5%)	(27.8%)	(21.2%)
Return on fixed assets	(595.8%)	(1,639.7%)	(1,687.8%)
Asset turnover (times)	3.06	1.38	1.37
<u>Financial Policy Ratio</u>			
Debt to equity ratio (times)	5.05	N/A	N/A
Commitment coverage ratio (times)	0.56	0.08	0.26

¹Days sales of advance tickets equal (unearned revenue/total main revenues)x360

²EBITDAR margin equals (operating profit+aircraft operating Leases+charter flight rental)/total revenues

The Analysis of Financial Ratio of Year 2019

Liquidity Ratio

In 2019, the Company had current ratio at 0.45 times and quick ratio at 0.44 times. The Company had a cash cycle (83.97) days increased from year 2018 at (79.71) days, indicating that the Company able to manage the cash cycle effectively. Due to the facts that the Company able to increase account payable payment period to 95.86 days from 85.94 days. The Company has unearned passenger revenue was 1,622.75 million Baht increased of 233.49 million Baht or 16.81 per cent in year 2018 amount of 1,389.26 million Baht. As a result, number of day sales of advances ticket increased to 29.80 days from 25.97 days. While the Company trade and other current receivables in the amount of 2,493.34 million Baht increased of 484.41 million Baht or 24.11 per cent from 2,008.93 million Baht in year 2018. In the year 2019, the Company had an average collection period increased to 40.58 days from 31.58 Days, including the average sales of inventory period increased to 1.10 days from 0.67 days due to the increased of spare parts and other consumables.

Profitability Ratio

In 2019, the Company had net profit margin (15.50) per cent, loss decreased 4.64 per cent from year 2018 at (20.14) per cent due to the company could manage intensely both of direct and indirect costs more efficiency, according to the Company's turnaround plan. Including the improvement of service efficiency, resulting in the Company operating profit margin before the fuel cost at 21.30 per cent, increased 3.30 per cent from the year 2018 at 18.00 per cent and the EBITDAR margin of 5.18 per cent, increased 3.52 per cent from year 2018 at 1.66 per cent, due to decreased in aircraft operating rental expenses. Moreover, the return on equity cannot be calculated due to the Company had operating results, net losses and shareholders' equity deficit.

Financial Policy Ratio

In 2019, the Company had commitment coverage ratio at 0.26 times, increased 0.18 times from year 2018 at 0.08 times as a result of the Company had more efficient in cost management and reduced in aircraft operating expense. Debt to equity ratio cannot be calculated because the Company's shareholders' equity deficit which may have an impact on the Company's going concern operations. The

Company proceeded to increase the registered capital of the Company to increase the shareholders' equity to become positive.

The Analysis of Financial Ratio of Year 2018

Liquidity Ratio

In 2018, the Company had current ratio at 0.47 times and quick ratio at 0.46 times. The Company had a cash cycle (79.71) days increased from year 2017 at (34.71) days, indicating that the Company able to manage the cash cycle effectively. Due to the facts that the Company able to increased account payable payment period to 85.94 days from 18.01 days. The Company has unearned passenger revenue was 1,389.26 million Baht an increase of 15.18 million Baht or 1.10 per cent in year 2018 amount of 1,374.08 million Baht. As a result, number of day sales of advances ticket increased to 25.97 days from 24.28 days. While the Company trade and other current receivables in the amount of 2,008.93 million Baht, increased 559.47 million Baht or 38.59 per cent from 1,449.46 million Baht in year 2017. In the year 2017, the Company had an average collection period increased to 31.58 days from 6.97 Days, including the average sales of inventory period increased to 0.67 days from 0.54 days due to the increased of spare parts and other consumables.

Profitability Ratio

In 2018, the Company had net profit margin (20.14) per cent, increased 10.82 per cent from year 2017 at (9.32) per cent due to rising in fuel cost and the Number of Chinese tourists decreased as a result of the boat accident in Phuket. The Company operating profit margin before the fuel cost at 18.00 per cent, decreased 0.80 per cent from the year 2017 at 18.80 per cent and the EBITDAR margin of 1.70 per cent, decreased 10.00 per cent from year 2017 at 11.70 per cent, due to increased in aircraft operating rental expenses. Moreover, the return on equity cannot be calculated due to the Company had operating results, net losses and shareholders' equity deficit.

Financial Policy Ratio

In 2018, the Company had commitment coverage ratio at 0.08 times, decreased 0.48 times from the year 2017 at 0.56 times. The Company had net loss of 3,975.45 million Baht which debt to equity ratio cannot be calculated because the Company's shareholders' equity deficit which may have an impact on the Company's going concern operations.