



Thai Airways International Public Company Limited
89 Vibhavadi Rangsit Road, Bangkok 10900, Thailand
Tel : 66 (0) 2545-1000, 66 (0) 2695-1000
THAI 01/205

(Translation)

17 May 2023

Subject: Restructuring of business operation in aviation business
To: President of the Stock Exchange of Thailand

The meeting of the Creditors' Committee No. 5/2023, which was held on 17 May 2023, made resolution by approving the restructuring of business operation in aviation business (the "Restructuring") of Thai Airways International Public Company Limited (the "Company") in accordance with the roadmap proposed by the Plan Administrators and executives. The Restructuring of Thai Smile Airways Company Limited ("Thai Smile Airways"), the Company's subsidiary in which the Company holds 99.99 percent of the total shares, would result in the fleet of aircraft currently operated by Thai Smile Airways becomes under management of the Company. On 17 May 2023, the Creditors' Committee already approved the Restructuring pursuant to clause 5.7.2 of the business reorganization plan. The Restructuring also requires the approval in each stage from competent authorities including the Minister of Transport and the Civil Aviation Authority of Thailand. The Company expects that the Restructuring will be completed within 2023.

Currently, Thai Smile Airways operates under different Air Operator Certificate ("AOC") from the Company. Hence, Thai Smile Airways and the Company are managing their operations, flight planning, scheduling, and route network separately, which limits the ability to efficiently manage fleets under rapid changes in market competition. Additionally, an increase in price competition in the short-haul route from low-cost carriers, which are offering lower prices, has also impaired Thai Smile Airways' competitive ability.

After the Restructuring, the Company will manage operations, flight planning, scheduling, and route network for both the Company's and Thai Smile Airways' fleets under the Company's AOC. This will help create more flexibility in business operations. The Restructuring will strengthen business operation in aviation business of the Company in many aspects including;

1. Operation under a single AOC increases the ability to determine flight network routes that are more responsive to customers' needs and convenience in connecting flights (Hub & Spoke) as the Company will have more flight routes available with the ability to switch aircraft to suit flight distance and market demands through efficient aircraft management between narrow-body aircraft, previously operated by Thai Smile Airways, and wide-body aircraft, operated by the Company. This results in the Company having higher aircraft utilization rates and lower unit costs due to economies of scale;

2. Unification of brand identity of the Company's and Thai Smile Airways' eliminates ambiguity in marketing positions between business operation in aviation business as services and operations are under management of the Company. Additionally, this will increase efficiency and effectiveness in marketing communication, resulting in cost reduction for sales and marketing communications, increased competitiveness, and increased efficiency in strategic planning; and

3. Reduction of redundancy in operations, including human resources in aviation operations, including pilots and flight attendants, resulting in support systems integration, flight operations integration, and various resources, resulting in the Company's ability to provide more efficient revenue and cost management.

Nevertheless, the Restructuring will not significantly affect the services provided to Thai Smile Airways' passengers, as Thai Smile Airways' workforce, i.e. executives, employees, pilots, and flight attendants, including services to passengers, will become a part of the Company. Additionally, the Company has studied various aspects, including financial aspect, business continuity, and legal aspects, and concluded that the Restructuring will help the Companies achieve the goals of business rehabilitation and reforming plans.

The Restructuring is considered neither as the acquisition nor disposal of an asset of a listed company, under Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated 31 August 2008, (as amended), or the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts by Listed Companies Regarding the Acquisition and Disposal of Assets, B.E. 2547 (2004), dated 29 October 2004, (as amended); nor as a related-party transaction, under Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Related-Party Transactions, dated 31 August 2008, (as amended), or the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts by Listed Companies Regarding Related-Party Transactions, B.E. 2546 (2003), dated 19 November 2003, (as amended).

Please be informed accordingly.

Yours sincerely,

(Mr. Chai Eamsiri)

Chief Executive Officer