

Introduction

CEO: Good morning! Investors, Fund managers, and Analysts. First, thank all of you for your interest in our company. The 3Q22 is a critical turning point for Thailand, especially in terms of the economy after the country's reopening and starting to boost the tourism sector, which is the country's leading business driver. Therefore, the third quarter is a significant turning point for the transportation and tourism industry as well. As we mentioned before, 3Q22 should be a good quarter. It came out like that regarding various operating numbers such as passengers carried, revenue, load factor, average fare, RASK, CASK, ancillary income, operating aircraft, etc. However, all of these improvements were pressured by the sharp rise in oil prices during 3Q22 and the uncontrollable exchange rate, which led to unrealised losses, as well as new accounting standards, causing us to see an impact on bottom-line results, which the CFO will clarify later. We will talk about 3Q22 today, but we want to highlight the business outlook for 4Q22 and next year. We will have a snapshot of what we can expect in 4Q22 from our improving business. However, we recommend quarterly comparisons as last year we had a temporary suspension on our operation, so that the YoY figure might have been slightly overstated. Therefore, our performance improvement has continued since the beginning of the year. Those numbers will tell us that we are moving in the right direction, and we strive to return to the same position as before the pandemic. Khun Phairat, please provide further information on the operating results.

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CFO: Good morning everyone. For the performance of the 3rd quarter, normally we would compare with the same quarter of last year, but we temporarily suspended our operations from approximately middle of July to early September, especially in August in which we could not fly a single flight, in compliance with the CAAT. So comparing YoY would not depict a clear improvement. Therefore, this quarter we also showed QoQ to show such improvements from the 1st quarter until now as well as in the 4th quarter.

Looking at the capacity, our ASK grew 58% QoQ mainly from recovering demand, especially from international flights while domestic demand remained solid. The number of flights flown also improved 40% QoQ. We could utilise more hours of aircraft per day, now at 9.9 hours and should be higher in the 4th quarter. This would help us optimise costs better as the higher the utilisation rate, the more efficiency we will see. The load factor stood at 87%, up 12 ppts. ASEAN and India saw quite decent expansion. The 4th quarter we will continue to see more dynamics from ASEAN tourists who will come to Thailand. In terms of passengers, we carried 2.75 million passengers while the average fare was at Baht 1,404, up 7% QoQ. This would post a positive result in the RASK, partially from more international flights flown which normally bear a higher fare. So we recommend investors to also look at RASK to see whether we fly short-haul or long-haul flights, if the revenue per unit is higher, that means we are in the right direction. Last quarter we discussed the domestic fuel surcharges, which eventually took place in October, not September. So the domestic ticket fare would increase in the 4th quarter. In terms of ancillary income per pax, we saw a clear improvement as more international passengers would normally buy the checked baggage on top as well as in-flight food and beverage, which was forbidden previously. We had 58 aircraft at the end of the quarter and are in preparation for re-delivering five aircraft in the 4th

quarter. At this point in time, we have re-delivered three out of five. So by the end of the year, we would have 53 aircraft as planned. The last one is the on-time performance ("OTP"). This helps a lot with the branding. When people think of AirAsia, they think of punctuality. We stood at 92% which is higher than our 90% target. It is to note that the more we fly, the OTP might slide down a bit but should be at the level we are satisfied with.

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CFO: In terms of revenue trend, QoQ our ticket sales grew from Baht 2.2 billion to Baht 3.8 billion. Ancillary income also grew from Baht 470 million to Baht 955 million. Overall the QoQ growth was 76%, as explained earlier from better average fare, load factor, and capacity. Comparing YoY, a significant growth seen as we only carried 0.08 million passengers last year, compared to 2.75 million in this quarter.

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CFO: The checked baggage portion is the largest one in ancillary income following more international passengers. Ancillary income per pax also improved both YoY and QoQ. The check baggage income per pax stood at Baht 170 in this quarter, up from Baht 87 in the same quarter last year which was weighted by more domestic passengers.

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CFO: In terms of costs, the largest portion is fuel. The jet fuel price was around USD 78 per barrel in 3Q2021 but increased to approximately USD 144-145 per barrel, the highest level in many years. As we had more capacity, this variable cost also increased correspondingly. So, the total costs overall increased 27% QoQ, a slower pace of increase than our revenue which rose 76% QoQ. The fixed cost, which still pressured the performance, involved the aircraft depreciation regardless of whether it is utilised or not. However, as we used more operating aircraft, the cost per unit should reduce. We were still able to manage staff costs. The inactive staff remained on furlough while the increase in the cost was due to more flights flown. Maintenance cost was still heavy in the quarter, again, from more operating aircraft utilisation. This also included the redelivery cost taking place in 3Q2022 and potentially in 4Q2022. However, post that, we expect no more redelivery costs. Compared to last year, total costs increased 137% YoY, mainly from more flights flown.

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CFO: For EBITDA, we said we expected that the 3Q2022's EBITDA would be good and we achieved that. In the last quarter, EBITDA loss was around Baht (1) billion while it was Baht (600) million in this quarter. We also showed the one-off redelivery item. Excluding that, operational EBITDA loss was narrowed to approximately Baht (300) million, compared to Baht (800) million in the last quarter. Again, we do not expect any redelivery cost next year.

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CFO: This page is on profitability where we showed how the EBITDA loss turned into the net profit loss. The largest portion is regarding the FX where we saw Baht depreciation in

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the 3rd quarter at Baht 38/USD, up around Baht 2/USD in the last quarter. This is from the marking-to-market of the lease liabilities, which stood at around USD 1 billion. Thus, the Baht 2 weaker resulted in Baht 2.8 billion of unrealised loss. However, you might observe that the Baht has been appreciating in the past weeks which might result in an FX gain in the 4th quarter. Apart from that, the depreciation and amortisation also incurred from IFRS 16 regarding the rights of use which also impacted the finance cost. We had the income tax benefit from the operational loss so we had deferred tax assets in the quarter. Reading from here, actually our net loss mostly came from the impact from IFRS 16 which we need to familiarise ourselves with. All in all, the net loss narrowed from Baht (4.7) billion in the last quarter to Baht (4) billion in this quarter. While compared to last year in which we recognised only 55% of the TAA's performance, on a comparable basis, the total loss last year was around Baht (3.8) billion.

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CFO: In terms of RASK, we continued to handle this well. The trend improved from Baht 1.49 in 2Q2022 to Baht 1.68 in this quarter. Last year, RASK was Baht 1.72 partially due to the buffet tickets sold. Excluding that, RASK would not be higher than in this quarter. CASK also dropped correspondingly, following more capacity utilised. We still expect an improving trend of CASK and CASK ex-fuel. The impact of fuel was large as you can see from Baht 2.62 Baht including fuel down to Baht 1.75 excluding fuel.

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CFO: Let me recap the 9M2022 performance. Our revenue was at Baht 9,500 million and expense was at Baht 22,000 million. The expense was mainly from the unrealised loss which was around Baht 5 billion in the past nine months. The rest was on depreciation mainly. When looking at the EBITDA, this was negative Baht (2,900) million while the net loss was Baht (11,000) million. ASK improved 207% YoY. RASK rose 31% YoY while CASK significantly dropped 34% YoY. CASK ex-fuel dropped even further at 47% YoY. So all in all, our 3rd quarter, the revenue saw a positive growth while the manageable costs were controlled with our full effort. The pressure remained to be from the currency exchange and aircraft redelivery. Next year, there should be less or no costs on redelivery and thus the total cost should further decrease. RASK should continue this trend as you can see the ticket fare is a little bit elevated. This is driven by the market environment. That is about it. Back to the CEO.

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CEO: Let's start with the number of tourists entering Thailand after the relaxation of the COVID curbs. If you look at the graph below from last July, it can be seen that the number of arrivals has increased significantly. Currently, there are more than 1 million tourists per month visiting the country. According to TAT's predictions, this year should witness roughly 10 million tourists. The numbers are still erratic when asked how they will look next year. Numerous variables will still affect the figures for the following year, such as whether China is open or not and, if so, to what extent. The figures for the following year must therefore still be carefully monitored. According to the recent TAT projection, the base case is looking at 18 million tourists, while the best case is looking at 30 million tourists, which is 70–80% of the 40 million visitors in the pre-COVID period. You can see how many

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nationalities enter Thailand on the right-hand side graph. Chinese tourists are being replaced by travellers from ASEAN, India, Europe, and America. Regarding the number of tourists travelling into Thailand, the top 3 are Malaysia No. 1, both air and land, which we can see from the busy immigration, especially in Hat Yai, and No. 2 India, which we have resumed all of our flights to India, so we carried 1 out of 3 Indian tourists who come to our country. The third rank is Singapore which is the very first country that opened the country. With the increased flight frequency from 2-3 flights to 5 flights, we are already back to the pre-COVID stand for Singapore.

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CEO: This slide is the number that we have presented throughout the year. The key takeaway is the number of operating aircraft and the number of flights we opened compared to pre-COVID. In 3Q22, we operated 35 aircraft, increasing by 10 aircraft from 2Q22. The proportion of international flights (red graph) rose from about 20% to 30% in 3Q22 and should exceed 50% in 4Q22. As for domestic flights (black graph), which also increased sequentially, were partly from foreign tourists who added up around 30% to domestic travel. As a result, in 4Q22, we should operate 40–43 aircraft as planned and ramp up capacity to roughly 76% of pre-COVID levels, where the quantity of domestic flights will nearly resemble pre-COVID levels.

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CEO: This slide will continue from the previous slide in terms of adding flights. Domestic flight volume (red line) has dramatically increased and will likely reach 700 weekly flights by December. At the conclusion of the fourth quarter, it is anticipated to return to 300 flights per week for international flights (grey line), which have also increased in the same direction. We should be able to resume 1,000 weekly flights, including both domestic and international flights, which is around the same as before COVID. The nationality of the passengers is shown on the right-hand side, with 60% of domestic flights carrying Thai passengers and the remaining 40% carrying foreign visitors that fly to Thailand to support local travel.

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CEO: It all starts with market share. We are back to be the market leader again. Previously, there used to be no international flights, which forced all airlines to use their available capacity to handle all domestic flights. Due to the fact that all airlines use around the same number of aircraft, the market share was very evenly spread. For instance, during the first quarter, when we utilised about 20 aircraft, so did our rivals. However, when the country began to reopen, more international flights began to operate, which allowed us to reactivate the aircraft in our fleet to support the rising number of international flights and, to a lesser extent, domestic flights. As a result, at the end of September, we were back at 32% of the domestic market. We still have 10 inactive aircraft in our fleet that other competitors do not, and adding aircraft to the fleet cannot be done quickly, giving us an advantage over others in terms of aircraft and personnel. If the situation stays this way, I think we will be able to increase the proportion even further in the future.

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Secondly, as Khun Phairat mentioned about fuel cost fluctuation, we have worked with CAAT in asking for permission to allow us to charge fuel cost fluctuation at airlines' discretion. As of October, domestic flight tickets will impose the fluctuating cost of fuel, which differs from airline to airline. Thai AirAsia will charge Baht 200-250 depending on the distance, resulting in a 20–25% increase in the average fare to partly compensate for the increase in fuel prices since the beginning of the year. The beginning of new flights in the fourth quarter is an additional factor. Beginning on 12 October 2022, when Japan dismissed visa requests and loosened its restrictions one day earlier, we operated flights to Japan for the first time. Due to the great feedback and advance bookings, we will raise the frequency to daily flights in mid-December from the current four flights per week to Fukuoka with a load factor of above 80%. In addition to Japan, we have launched flights from Chiang Mai to Hanoi and Da Nang, which have been well accepted with a load factor of over 80%. Regarding the flights that will begin operating from Bangkok to Dhaka (Bangladesh) the following week, this is a significant market in South Asia given that China has yet to open the nation. We will also begin operating flights from Bangkok to Taipei and Chiang Mai to Taipei, both of which received positive feedback when we first began the sale. As a result, you can see that we are trying to increase the frequency of flights both domestically and internationally, as well as adding new flights to meet the demand that is currently there. We are also increasing the frequency of flights in some countries where we used to fly, like Singapore, where we have recently resumed operations as pre-COVID. Finally, it's a matter of China. If asked whether China has opened the country or not, from what we've seen so far, there are encouraging signs that China is likely to improve despite the ongoing outbreak and maintaining COVID-Zero measures. However, you may notice that the controls are only in place in high-risk areas like Guangzhou, rather than the entire nation. We currently operate two weekly flights to China, each to Hangzhou and Shenzhen thanks to the Chinese government's ongoing expansion of the permitted number of flights between China and Thailand. By decreasing quarantine from 7+3 to 5+3 and lifting its circuit breaker measures, including cutting COVID testing to merely 1 time, China recently delivered a positive message that it is moving in the same direction as other nations. Most likely, no country would return to restricting its borders as it did in the past when outbreak prevention and tourism promotion were complementary activities. We anticipate a clearer picture of the policy in March when Chinese ministers will be elected.

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CEO: As I mentioned, this slide will restate that the load factor has increased from 70% to 87% and is expected to reach 90% in the upcoming quarter. Additionally, average fares have gone up consecutively, particularly in 4Q22, when imposed fuel cost fluctuations are anticipated to push up average fares by 20% to 25%.

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CEO: Despite the low demand for air travel, Skytrax has awarded us as "Best Low-Cost Airline" for the 13th consecutive year. The fact that Asia Aviation Plc., better known as Thai Air Asia, is the only airline listed in the Thailand Sustainability Investment (THSI) for the fourth consecutive year is another national accomplishment of which we are proud. Even though the aviation industry has faced numerous issues over the last two years, the company still successfully ran its operations.

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CEO: This is just one of the many promos we offer. A joint effort to promote domestic tourism was created on the left side with the Tourism Authority of Thailand (TAT). After many nations have started to open the country, driving the TAT to increase domestic travel, we should see another push to stimulate domestic tourism at the end of the year.

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CEO: Lastly, we continue to confirm the same targeted number. The target number of passengers is 10 million, which we are optimistic we can reach. To lessen the financial burden, the fleet, as previously reported, has 5 more aircraft to be returned and will finish the redelivery this year. We are certain that we can attain a load factor of more than 80%. Although there were setbacks in the first half of the year, we can make up for them at a rate of 87-90% in the third and fourth quarters. At the end of the year, the utilisation will go back to 12 hours, and we're working on cutting the CASK, which was previously around Baht 1.00. As a result, I believe that 4Q22 will be the strongest quarter in recent years. For better bottom-line results, we will make every effort to close the gap between RASK and CASK. We also anticipate that some uncontrollable factors will unfold in our favour.

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