

(Translation)

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Subject: Solutions to Issues in Duty-Free Business Operation at Airports under Supervision of Airports of Thailand Public Company Limited

To: President,
The Stock Exchange of Thailand

Reference: Letter of Airports of Thailand Public Company Limited No. 19770/2025, dated 30 October 2025

Reference is made to the Letter of Airports of Thailand Public Company Limited (AOT), reporting that the AOT Board of Directors, in the AOT Board of Directors Meeting No. 16/2025 on 29 October 2025, resolved to approve solutions to issues in duty-free business operation at airports under AOT's supervision based on the consultant's findings on solution options for issues in duty-free business operation at airports under AOT's supervision, and instruct the management to use those findings as a framework for negotiation with King Power Duty Free Company Limited (KPD), for AOT's maximum benefits while ensuring fairness to the contracting party. The negotiation results would be proposed to the AOT Board of Directors for consideration afterwards.

AOT held the Board of Directors Meeting No. 18/2025 on 2 December 2025 at AOT Board of Directors Meeting Room, 7th Floor, AOT Head Office Building. The Meeting resolved to approve the negotiation results for solutions to issues in duty-free business operation at airports under AOT's supervision, comprising Suvarnabhumi Airport (BKK), Don Mueang International Airport (DMK), Phuket International Airport (HKT), Chiang Mai International Airport (CNX), and Hat Yai International Airport (HDY), presented by the Working Group for Negotiating Solutions to Issues in Duty-Free Business Operation at Airports under AOT's Supervision, and the amendment of duty-free concession contracts for the abovementioned 5 airports under AOT's supervision based on the negotiation results of the Working Group. Details can be summarized as below:

AOT considered two primary options – either contract amendment or contract termination for a new bidding process – and concluded that the most suitable option is to amend the contract by adjusting the concession conditions in alignment with the actual circumstances arising during contract management, while taking into account the following factors:

(1) Ensuring business continuity: AOT will be able to provide continuous passenger services with a good Level of Service, as duty-free retail service is considered an essential component. In other words, AOT will not need to seek a new concessionaire, considered as a time and cost consuming process. Also, there is uncertainty associated with sourcing a replacement concessionaire – a process that may take no less than 14 months.

(2) More stable revenue: AOT will continue to receive concession fees (at an appropriate level) without experiencing any revenue gap during the bidding process for a new concessionaire, and any revenue loss due to the absence of a service provider.

(3) Reasonable return: The study found that the contract amendment provides a financial return higher than the minimum return expected from seeking a new concessionaire under the current circumstances, and not lower than the proposal submitted by the second-ranked bidder in the previous tender.

(4) Minimizing economic damage: Other than causing AOT to lose revenue and lowering the Level of Service, contract termination will also affect overall employment among related operators, thereby impacting the overall economy. This approach allows the project to continue operating and helps reduce potential adverse impacts, caused by related operators, on the overall economy and employment rate.

The contract amendment approach will be more beneficial to AOT than terminating the contract and initiating a new bidding process. In the event of contract termination, AOT will lose revenue from concession fees until a new concessionaire is appointed, which is expected to take no less than 14 months. Moreover, the new concessionaire may be unable to offer concession fees at a level comparable to or higher than those of the current concessionaire (given the current economic conditions both domestically and globally). Each contract still maintains the conditions of collecting (1) minimum guarantee (MG): AOT still receives minimum guarantee, with an annual growth rate of 5 percent; 2) 20 percent revenue sharing; and 3) additional concession fees (Upside). If the specified conditions are met, the details of the proposed solution for each airport are as follows:

1. BKK

Solution: The minimum guarantee (MG) on a per-passenger basis continues to be collected under the same passenger-based principle, and shall be charged annually (equivalent to 232.90 Baht per passenger with a continuous annual growth rate of 5 percent). In addition, AOT has negotiated an additional revenue-sharing component of 35 percent on the excess spending per head. This demonstrates that AOT has an opportunity to obtain additional revenue in the event of recovery in the aviation industry, which exceeds the original contract that provided only a 20-percent revenue-sharing rate throughout the contract term.

Extending the contract term for additional two years is consistent with the BKK Development Plan, under which the construction of the South Terminal is expected to be completed around 2032. This contract extension will cover the period during which all areas of the existing passenger terminal – currently used by KPD – will need to be closed for repairs between 2032 and 2035. During this period, it is anticipated that no new concessionaires will be interested in participating in the bidding process. Therefore, the extension of contract term is necessary to ensure that BKK can maintain continuity of its duty-free business operation smoothly throughout the closure of the existing passenger terminal.

2. DMK

Solution: The minimum guarantee fee per square meter shall continue to be collected (calculated at 39,187.76 Baht per square meter per month), along with the revenue sharing of 20 percent as stipulated in the original contract. If passenger traffic recovery exceeds 100 percent, AOT will return to the previously agreed minimum guarantee rate per square meter.

The extension of the contract term is proposed because, under the airport development plan, the current concessionaire is required to relocate its services to Passenger Terminal 3 and dismantle its existing investments in the previous terminal building. The study found that if a new investment is made in the new area designated for the duty-free business, an appropriate operating period resulting from such new investment will be approximately 5 years. Therefore, a suitable contract term extension that will provide sufficient incentive for the concessionaire to relocate to the new terminal is 5 years (including the remaining term of the existing contract). In other words, if the existing contract has a remaining term of 3 years upon the completion of Passenger Terminal 3, the payback period will be 5 years; therefore, a two-year extension is considered appropriate. However, if the construction of Passenger Terminal 3 is delayed to the extent that the remaining term of the current concession is less than one year on the official opening date of Passenger Terminal 3, AOT reserves the right to terminate the existing KPD's concession contract and initiate a new bidding process.

3. HKT, CNX and HDY (Regional Airports)

Solution: The minimum guarantee (MG) continues to be collected under the same passenger-based principle, and be charged annually (equivalent to 129.67 Baht per passenger with a continuous annual growth rate of 5 percent starting from 2030, due to changes in passenger spending behavior at regional airports and a significant decline in passenger volumes following the COVID-19 situation, or an average of 134.70 Baht per passenger over the contract term). In addition, AOT has negotiated an additional revenue-sharing component of 35 percent on the excess spending per head, subject to the same conditions as those applied at BKK. This demonstrates that AOT has an opportunity to obtain additional revenue in the event of an improvement in the aviation industry, which exceeds the original contract that provided only a 20-percent revenue-sharing rate throughout the contract term.

However, after the contract amendment, in the event that the business returns to its original state as outlined in KPD's duty-free business proposal, AOT reserves the right to collect concession fees as proposed in KPD's proposal.

Please be informed accordingly.

Yours sincerely,



(KRIT PAKAGIJ)

Corporate Secretary

Authorized Person

The Corporate Secretary and Corporate Governance Department

Tel. 0 2535 5261

Fax. 0 2535 5189