

Executive summary

In 1Q22, Thailand's economic improved QoQ following the increased number of exports and international tourism, after easing some travel restrictions. However, a sharp increase in Omicron variant infections nationwide, rising inflation and the Russia-Ukraine war have affected to the growth of INTOUCH Group to slow down.

AIS is pivoting towards a "Cognitive Telco", or a smart organization, by strengthening the mobile service business with 5G technology. At the end of 1Q22, the AIS 5G network covered 78% of the population, 2.8 million from the total of 44.6 million were 5G subscribers. AIS also focuses on driving business growth with home internet and corporate customers. At the end of 1Q22, AIS Fibre customers continued to surge to 1.86 million subscribers, strongly increased 30% YoY due to robust demand from Home Broadband.

During 1Q22, THAICOM entered into several technologies and business cooperation with both domestic and international partnerships to enhance its potential and existing services. The cooperation included (1) signing a Memorandum of Understanding (MOU) with Thai General Insurance Association, to provide Remote Sensing Satellite with Artificial Intelligence to analyze data for crop insurance. (2) signing a partnership agreement with Globalstar Inc., a global provider of satellite communications and IoT (Internet of Things) solutions, jointly develop and manage Globalstar's low-earth orbit satellite (LEO) ground facilities in the region. (3) signing an agreement with Amazon Web Services Inc. to enhance cloud satellite TV.

At the end of 1Q22, INTOUCH sold of all investment in Ninja Logistic Pte., one of our start-up companies, which we had invested in 2019, at 5.73 million USD, given 35% IRR.

Overview of Consolidated Operational Results

Share of profit (loss) by business segment (in million baht)	For the three-month period ended 31 March				
	2022		2021		%YoY
The Company	(26)	-1%	(75)	-3%	-65%
AIS (Local Wireless Telecommunication Business)	2,552	100%	2,687	101%	-5%
THCOM (Satellite & International Businesses)	21	1%	46	2%	-54%
Other Businesses	5	0%	2	0%	150%
Net Profit	2,552	100%	2,660	100%	-4%
Normalized Net Profit *	2,572	101%	2,670	100%	-4%

* Excluding the net gains or losses from extra items such as fair value measurement and foreign exchange.

Operational results of INTOUCH Group for 1Q22 showed a net profit of 2,552 million baht, 4% dropped from the same period last year mainly due to:

- a lower contribution from AIS mainly due to an increase in depreciation & amortization after the acquisition of 700MHz in April 2021, but this was partially offset by the decline in net foreign exchange loss.
- a lower contribution from THAICOM mainly due to higher loss contributed from the investment in joint ventures and a net foreign exchange loss, while in 1Q21, it was gain.

Operational results of INTOUCH for 1Q22 had the share of the net results 2,574 million baht, a drop of 6% from the same period last year, mainly due to lower net profit of AIS and THAICOM. The operational expenses, included directors and managements benefits, were 35 million baht, 58% dropped from 1Q21 due to the Company restructuring at the end of 2021.

Dividend payout

INTOUCH has a policy of paying dividends based on the separate financial statements. These are mainly dividends passed through from associates and subsidiaries after the deduction of operating expenses, assuming there are no extraordinary circumstances or items of concern in which the payment of a dividend would have a material impact on the Company's operations.

Possible key and influential factors affecting the Company's future operations or financial position

INTOUCH conducts its business as a holding company that has investments in other companies. Therefore, the financial position or operational results of these companies could have a material impact on INTOUCH.

The performance of these investments has been disclosed in the Management Discussion & Analysis of Financial Results for AIS (ADVANC) and THAICOM (THCOM).

Significant Events

Local wireless telecommunication business

The market and competitive environment: although Thailand has reopened to tourist and the lockdown restrictions have been lifted, the impact of the Omicron outbreak continues to put pressure on consumers' mobile spending. Unlike 1Q21, there were no government stimulus campaigns aimed at boosting consumer spending in this quarter. Mobile competition remained aggressive due to weak spending which affected to the mobile operators in maintaining the offer of low-unlimited plans to keep their customer base. In addition, as the mobile operators have attempted to increase their 5G adoption, there has been intense competition in certain areas. However, the chipset shortage is a challenge to increasing affordable 5G-compatible models that enable 5G attraction.

The fixed-broadband market continues to witness strong demand from remote working, while the entry price plan remained stable at around 400 baht. In terms of competition, operators have emphasized quality service and value-added offering strategies such as guaranteeing service quality, superior service packages, and premium content to increase ARPU. Discounts on packages have been offered to new customers and those who were looking to switch service providers. This has resulted to a decrease in the industry's ARPU.

In the mobile business, the subscriber base expanded to 44.6 million in 1Q22 with 0.51 million net additions. This was attributable to a combination of both prepaid (+0.27 million) and postpaid (+0.24 million) segments, underpinned by solid handset bundling and better churn management. As an impact of low spending amidst Omicron's spread and price competition, blended ARPU was 216 baht/subscriber/month.

In the fixed-broadband (FBB) business, AIS Fibre continued to ramp up its subscriber base with a net addition of 93,100, an increase of 30% from 1Q21 to 1,865,100 at the end of 1Q22. This was due to robust demand from the continuation of the work-from-home trend. Although intense competition remained, as operators continued to offer low-price plans and discounts for new acquisitions and to address weak consumption. ARPU was 446 baht/subscriber/month.

Satellite business

During 1Q22, THAICOM Group had MOU, partnership agreement and corporation agreement with both domestic and international partnerships. The collaboration was a strategic move in expanding THAICOM's portfolio of cooperation with leading partners, which would complement its existing satellite services. The examples were to adopt satellite technology for crop insurance, to focus on personnel safety and management solutions for Thailand's Tourism and Maritime industry, and to improve THAICOM's first cloud-based satellite TV broadcasting.

At the end of 2021, the conventional satellites which THAICOM provided services under telecommunication licenses were Thaicom 7 and 8. The overall utilization rate was 54%, declined from 57% at the end of 2021. This was mainly due to the drop of broadcasting domestic clients.

Telecom services in Lao PDR

At the end of 1Q22, LTC Group, a joint venture of THAICOM, had a total of 2.02 million mobile subscribers, an increase from 2.01 million in 2021.

Key Operational Results

Company business

The Company (in million baht)	For the three-month period ended 31 March		
	2022	2021	%YoY
Expenses	(35)	(84)	-58%
Others ¹⁾	9	9	0%
Net Loss	(26)	(75)	-65%

1) Excluding net gain (loss) from fair value measurement of investments in Venture Capital project which were presented as a part of operational result in Other Businesses.

INTOUCH's net loss dropped 65% from 1Q21, mainly due to expenses related to the Company restructuring at the end of 2021.

AIS (Local wireless telecommunications)

Local wireless telecommunications (in million baht)	For the three-month period ended 31 March		
	2022	2021	%YoY
Share of net result from investment in AIS Group using equity method	2,552	2,687	-5%
Normalized share of net result *	2,566	2,759	-7%

* Excluding the share of net foreign exchange gain (loss).

The share of the net results from AIS Group in 1Q22 decreased from 1Q21, mainly due to higher depreciation & amortization after the acquisition of frequency spectrums (700MHZ) in April 2021. However, this was partially offset by the decrease in net foreign exchange loss.

Sales and service revenue decreased YoY, mainly due to mobile revenue as a result from lower ARPU, even though having higher subscribers, reflecting the prolonged pandemic and price competition. The revenue from interconnection charge (IC) and TOT partnership also dropped following lower network traffic with TOT and the change in IC rate which has effective from 1 January 2022 onwards. In addition, the revenue from sale of device and SIM dropped mainly due to the sale of new iPhone13 in the previous quarter.

However, the fixed-broadband revenue was higher as the subscriber base expanded, following the remote working requirement, while ARPU was lower than last year from the aggressive price offering in the market. Revenue from the non-mobile enterprise business rose due to the growing demand for cloud-based, data center and enterprise solution.

Sales and service costs was stable YoY, mainly due to the decrease of costs of device and SIM, following its revenues, but this was offset by the increase of depreciation & amortization after the acquisition of frequency spectrums (700MHZ), in April 2021, and the continuation of investment in 5G/4G network. Other costs of service rose mainly from new contents.

Distribution costs & administrative expenses in 1Q22 was the same as in 1Q21, mainly due to higher staff-related expenses, offset by the decrease in distribution costs due to less marketing activities.

Satellite & international businesses

Satellite & International Businesses (in million baht)	For the three-month period ended 31 March		
	2022	2021	%YoY
Sales and service revenue	691	788	-12%
Sales and service costs	(349)	(523)	-33%
Operating agreement fees	-	(127)	-100%
Distribution costs & administrative expenses	(139)	(204)	-32%
Share of profit (loss) of investments in joint ventures	(74)	(16)	363%
Other income	34	87	-61%
Net foreign exchange gain (loss)	(23)	151	-115%
Finance costs and tax	(89)	(44)	102%
Net profit	51	112	-54%
Contribution to INTOUCH Group	21	46	-54%
Normalized contribution to INTOUCH Group *	30	(16)	288%

* Excluding the share of gain or loss from extra items in the satellite & international businesses, such as net foreign exchange.

THAICOM's net results in 1Q22 showed a gain of 51 million baht, a drop from 1Q21, mainly due to higher share of loss of investments in joint ventures and having net foreign exchange loss, while there was a gain in 1Q21.

However, if this net foreign exchange gain/loss were excluded, the normalized share of the net result from the satellite & international businesses would have been higher than 1Q21, mainly due to lower depreciation and operating agreement fees after the expiration of operating agreement. Although, the share of loss in a joint venture was higher than 1Q21 due to a currency translation on its accrued dividend and US dollar loans after the appreciation of US dollar against Lao KIP. Moreover, sales and service revenue from satellites decreased mainly due to a decline in number of broadcast domestic clients and broadband usage of international customers.

Other businesses

Other Businesses (in million baht)	For the three-month period ended 31 March		
	2022	2021	%YoY
Service revenue	15	-	100%
Service costs	(13)	-	100%
Distribution costs & administrative expenses	(3)	(2)	50%
Net gain from fair value measurement of investments in Venture Capital project	3	-	100%
Other income	5	8	-38%
Finance cost and income tax expense	(1)	(2)	-50%
Net profit (loss)	6	4	50%
Contribution to INTOUCH Group	5	2	150%
Normalized Contributed to INTOUCH Group *	2	2	0%

* Excluding net gain from fair value measurement of investments in Venture Capital project.

Other businesses include a human-resource development business, a home shopping business (INTOUCH Group sold of all its investment in High Shopping in September 2021) and businesses under the Venture Capital project ("InVent").

Summary of Financial Position

Key financial position data

Consolidated Financial Position	As at 31 March 2022		As at 31 December 2021		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	3,831	7%	2,235	4%	1,596	71%
Other current financial assets	5,343	10%	6,229	12%	(886)	-14%
Dividends receivable	5,099	9%	-	0%	5,099	100%
Trade receivables	991	2%	1,772	3%	(781)	-44%
Current portion of long-term loans to related parties	1,121	2%	1,003	2%	118	12%
Inventories	8	0%	7	0%	1	14%
Other current assets	510	1%	409	1%	101	25%
Long-term loans to related party	626	1%	750	1%	(124)	-17%
Investment in associates and joint ventures	32,471	58%	35,021	65%	(2,550)	-7%
Investment in venture capital	964	2%	1,139	2%	(175)	-15%
Property, plant & equipment	2,716	5%	2,787	5%	(71)	-3%
Right-of-use assets	1,398	2%	1,461	3%	(63)	-4%
Deferred tax assets	671	1%	690	1%	(19)	-3%
Other non-current assets	469	1%	481	1%	(12)	-2%
Total Assets	56,218	100%	53,984	100%	2,234	4%
Liabilities and Equity						
Dividends payable	5,324	9%	-	0%	5,324	100%
Current portion of long-term borrowings and lease liabilities	660	1%	666	1%	(6)	-1%
Provision for unpaid operating fees and interest	2,890	5%	2,890	5%	-	0%
Other current liabilities	845	2%	885	2%	(40)	-5%
Long-term borrowings and lease liabilities	1,748	3%	2,079	4%	(331)	-16%
Other non-current liabilities	760	1%	763	1%	(3)	0%
Total Liabilities	12,227	22%	7,283	13%	4,944	68%
Total Equity	43,991	78%	46,701	87%	(2,710)	-6%
Total Liabilities and Equity	56,218	100%	53,984	100%	2,234	4%

* Some items have been reclassified for comparative and analytical purposes.

Total consolidated assets rose 4% from the end of 2021, mainly due to dividends receivable from AIS and THAICOM that were approved in March 2022 (and received in April 2022). However, the value of investment in associates & joint ventures dropped as a result of a dividend payment, although this was partially offset by their operational results in 1Q22. In addition, there was a decrease in trade receivables after the collection of long-term outstanding foreign customer.

Total consolidated liabilities increased 68% from the end of 2021, after the dividend was approved in March 2022 (and paid in April), although this was partially offset by a drop in long-term borrowings following the repayment schedules in satellite business.

Total consolidated equity decreased 6% from the end of 2021, due to the dividend payment from 2H21 operational results, net of 1Q22 profit in the group.

Liquidity and cash flow: At the end of 1Q22, the current ratio was 1.7, a slight increase from 1.6 at the end of 1Q21, mainly due to the decrease in long-term borrowings and the current portion of lease liabilities, following the repayment schedules. INTOUCH Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations as well as secure short-term credit facilities from various banks as financial backup.

The consolidated cash rose by 1,596 million baht from the end of 2021 (excluding the impact from foreign currency fluctuations), mainly due to the receipt of cash from operations and the conversion of other current financial assets to cash and cash equivalents.

Accounts receivable: At the end of 1Q22, INTOUCH Group had accounts receivable equivalent to 2% of total assets, almost unchanged from 3% at the end of 2021. The group has reserved an appropriate provision for expected credit losses.

Inventory: At the end of 1Q22, the value of INTOUCH Group's inventory was the same as the end of 2021. The group assesses the allowance for obsolete inventories on a regular basis to ensure that it is appropriate. Inventories are reported at cost or their net realizable value, whichever is lower. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to complete the sale.

Profitability ratio and return on equity: INTOUCH Group's net profit margin at the end of 1Q22 was 79.0%, higher than 1Q21, while the return on equity was 6.5%, a decrease from the same period last year due to higher shareholders' equity from an increase in retained earnings.

Debt-to-equity ratio: At the end of 1Q22, the group had a debt-to-equity ratio of 0.3 times, almost the same as 1Q21. INTOUCH Group has the ability to repay both short- and long-term loans without violating the conditions of its loan agreements with respect to maintaining stipulated financial ratios.

The group's commitments, including those off the balance sheet, have been disclosed in the notes to the financial statements, namely *Commitments*, *Bank Guarantees*, *Significant Events*, and *Disputes & Litigation*.

The External Auditor's Report

The external auditor's report contained the following conclusion:

"Based on our review, nothing has come to our attention that leads us to believe that the aforementioned interim financial information for the three-month period ended 31 March 2022 has not been prepared, in all material respects, in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting."

Additional Financial Data and Key Ratios

Separated Financial Position	As at 31 March 2022		As at 31 December 2021		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	457	1%	395	1%	62	16%
Other current financial assets	1,894	4%	1,894	5%	-	0%
Dividends receivable	5,235	12%	-	0%	5,235	100%
Investment in subsidiaries and associates	35,643	81%	38,236	92%	(2,593)	-7%
Investments in venture capital	964	2%	1,139	3%	(175)	-15%
Other assets	37	0%	53	0%	(16)	-30%
Total Assets	44,230	100%	41,717	100%	2,451	6%
Liabilities and Equity						
Dividend payable	5,131	12%	-	0%	5,131	100%
Other liabilities	71	0%	171	0%	(100)	-58%
Total Equity	39,028	88%	41,546	100%	(2,518)	-6%
Total Liabilities and Equity	44,230	100%	41,717	100%	2,513	6%

* Some items have been reclassified for comparative and analytical purposes.

Separate Statements of Profit or Loss (in million baht)	For the three-month period ended 31 March		
	2022	2021	%YoY
Share of net results from investments in:-			
Subsidiaries	22	46	-52%
Associates	2,552	2,687	-5%
Other income	12	9	33%
Total revenue	2,586	2,742	-6%
Administrative & other expenses	(26)	(65)	-60%
Directors and management benefits	(9)	(19)	-53%
Total expenses	(35)	(84)	-58%
Net Profit	2,551	2,658	-4%

Consolidated Statements of Profit or Loss (in million baht)	For the three-month period ended 31 March		
	2022	2021	%YoY
Sales and service revenue	703	788	-11%
Share of net results from investments in joint ventures	(74)	(16)	363%
Share of profit of investments in an associate	2,552	2,687	-5%
Net foreign exchange gain	-	151	-100%
Other income	50	103	-51%
Total revenue	3,231	3,713	-13%
Sales and service costs	(362)	(523)	-31%
Operating agreement fees	-	(127)	-100%
Distribution costs	(3)	(3)	0%
Administrative expenses	(145)	(246)	-41%
Net foreign exchange loss	(23)	-	100%
Directors and management benefit expenses	(25)	(40)	-38%
Total expenses	(558)	(939)	-41%
Profit before finance costs & income tax expense	2,673	2,774	-4%
Finance costs	(28)	(40)	-30%
Profit before income tax expense	2,645	2,734	-3%
Income tax expense	(62)	(6)	933%
Net profit	2,583	2,728	-5%
Attributable to:			
Owners of the Parent	2,552	2,660	-4%
Non-controlling interests	31	68	-54%
Net profit	2,583	2,728	-5%

Consolidated source and use of Cash Flows *
For the three-month period ended 31 March 2022
million baht

Source of funds		Use of funds	
Operating cash flows	917	Repayment of loan and lease liabilities	317
Decrease in other current financial assets	867	Net Investment in venture capital & joint ventures	13
Cash proceed from disposal of investments	192	Increase in loans and advances to related parties	8
Cash proceeds from disposal of equipment	1	Purchase of fixed assets	9
		Payment of interest	34
		Increase in cash	1,596
Total	1,977		1,977

* Consolidated cash flows consisted of cash and cash equivalents before exchange rate fluctuations were taken into account.

Material financial ratios
(based on consolidated financial statements)
For the three-month period ended 31 March

	2022	2021	Change
Net profit margin (%)	79.0	71.6	7.3
Current ratio (times)	1.7	1.6	0.1
Return on equity attributed to owners of the parent (%)	6.5	7.1	(0.7)
Return on assets (%)	4.6	4.9	(0.3)
Debt to equity attributed to owners of the parent (times)	0.3	0.4	(0.0)
Interest bearing debt to equity attributed to owners of the parent (times)	0.1	0.1	(0.0)
Basic earnings per share (baht)	0.80	0.83	(0.03)
Book value per share (baht)	11.90	11.38	0.52

Disclaimer

Some statements made in this material are forward-looking statements with the relevant assumptions, which are subject to various risks and uncertainties. These include statements with respect to our corporate plans, strategies and beliefs, and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue" "plan" or other similar words.

The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Please note that the Company and its executives/staff do not control and cannot guarantee the relevance, timeliness, or accuracy of these statements.