

Management's Discussion and Analysis for Q2/2022 Results  
Thaicom Public Company Limited

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I. Overview

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*Performance overview*

For Q2/2022, Thaicom Plc (the Company or THCOM) recognized core profit (operating profit excluding the effect from foreign exchange, share of profit of investment in joint ventures, and extra items) of Baht 200 million, significantly increased compared with the loss in Q2/2021 (YoY) of Baht (86) million. This was because of the structural change in operating cost after concession ended, which resulted in decreases of satellite depreciation and concession fee. The core profit for Q2/2022 increased 45.3% compared with that of Q1/2022 (QoQ) of Baht 138 million, due to the increase of operating revenue, together with efficient cost management.

THCOM's consolidated revenue from sales of goods and rendering of services for Q2/2022 was Baht 737 million, decreased by 7.4% from Baht 796 million for Q2/2021 (YoY), mainly due to ramp down of broadcast customers. However, the revenue increased 6.6% compared with that of Q1/2022 (QoQ) of Baht 691 million due to the increase in service revenue from international customers

During Q2/2022, the Company was significantly affected by foreign currency exchanges. THCOM gained Baht 229 million from Thai Baht depreciation against the US Dollars due to the amount of Dollar assets of the Company exceed its Dollar liabilities. On the other hand, Lao Telecommunications Public Company (LTC), the joint venture in Lao PDR, recognized a significant loss from Lao KIP depreciation against US Dollars due to the marked-to-market on its Dollar liabilities and THCOM recognized this loss via share of loss of investment in joint ventures of Baht (104) million. Taken off the foreign currency effect, LTC performance recovered from last year due to significant growth of the teenage segment from "T-PLUS" brand and LTC continuously generated positive operating profits.

Taking into consideration the gain from foreign currency exchange, THCOM reported net profit for Q2/2022 of Baht 309 million, increased by 511.2% compared with that of Q1/2022 (QoQ) of Baht 51 million, and also improved from the loss in Q2/2021 (YoY) of Baht (41) million.

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II. Business Summary

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*Satellite and related Services*

- During Q2/2022, the Company and NXT Digital Limited (NDL), a company in Media & Digital Vertical of Hinduja Group, which is one of the largest conglomerates in India, signed a Memorandum of Understanding (MOU) to form a strategic partnership to enter the Broadband-over-satellite market and related services in India via OneOTT Intertainment Limited (OIL), the broadband subsidiary of NDL and India's third largest private Internet Service Provider (ISP) with over 1 million customers. The service will focus on providing quality broadband not only to rural markets but also underserved regions facing connectivity challenges.

India is one of the largest target markets for THCOM with high growth potential due to its broad landscape with connectivity challenges suitable for broadband-over-satellite. This partnership is not only providing business opportunities for the Thaicom 4 satellite but also enhancing the potential utilization of a new High Throughput Satellite (HTS) with Indian market future demand.

The partnership with NDL also included global emerging solutions for India ranging from Satellite AI solutions comprising space-based data technologies for agriculture and natural resource management to public WIFI and drones for augmenting rural digital solutions. NDL and Thaicom will also look to setting up a Centre for Excellence to develop new satellite and related digital based technologies using artificial intelligence and analytics.

- THCOM announced the deployment of LEO satellite Internet of Things (IoT) Solutions, the first collaboration project with Globalstar Inc., a global LEO satellite operator and a leading provider of satellite IoT solutions. LEO satellite IoT solutions are aimed at improving personnel safety and management for tourism in Thailand as well as the maritime industry in the region. In response to the government's plan to fully reopen the country after the easing of the COVID-19 situation, the solutions will be deployed first in Phuket and then expanded to other tourist destinations in the country.

The satellite-based tracking system was designed to safeguard tourists. Water tourists must carry a tracking device while on the water; the tracking device is installed with the life jacket. In an emergency, with the press of a one-touch SOS button, an alert is instantly sent to Marine Services, the government authority responsible for maritime safety, along with the user's GPS location coordinates. This project was built on the collaboration agreement with Globalstar on the establishment and operation of ground facilities in Thailand, which was announced in Q1/2022.

At the end of Q2/2022, the Company's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate was 52%, slightly declined from 54% for the end of Q1/2022.

### *Internet and media Services*

The revenue from internet and media services mainly comes from Thai AI, which are the income from the sale of set-top-boxes and related equipment, including the sale and rental services for internet platform such as IPTV channels, video streaming, eSport and LOOX TV.

### *Telephone business abroad*

As of the end of Q2/2022, Lao Telecommunications Public Company (LTC) reported its total mobile subscribers of 2.16 million, slightly increased in comparison with the subscribers as at the end of 2021 of 2.01 million.

### III. Consolidated Operating Results

#### Summary of key financial information of THCOM

| Unit: Baht million  | Q2/<br>2022 | Q1/<br>2022 | Q2/<br>2021 | QoQ<br>(%) | YoY<br>(%) | 6<br>months<br>2022 | 6<br>months<br>2021 | YoY<br>(%) |
|---|-------------|-------------|-------------|------------|------------|---------------------|---------------------|------------|
| Revenue from sales of goods and rendering of services   | 737         | 691         | 796         | 6.6%       | -7.4%      | 1,427               | 1,584               | -9.9%      |
| Cost of sales of goods and rendering of services  | (377)       | (349)       | (650)       | 8.0%       | -41.9%     | (727)               | (1,299)             | -44.1%     |
| Normal SG&A expenses <sup>(1)</sup>   | (188)       | (201)       | (222)       | -6.7%      | -15.2%     | (389)               | (427)               | -8.8%      |
| EBIT from normal operations   | 171         | 140         | (76)        | 22.5%      | -325.4%    | 311                 | (142)               | n.a.       |
| Other income  | 8           | 6           | 5           | 33.7%      | 60.7%      | 14                  | 61                  | -77.4%     |
| Gain (loss) from foreign exchange   | 229         | (23)        | 71          | n.a.       | 223.3%     | 206                 | 222                 | -7.2%      |
| EBIT from operations  | 408         | 123         | (0.2)       | 232.8%     | n.a.       | 531                 | 141                 | 276.9%     |
| EBITDA from operations <sup>(2)</sup>   | 347         | 347         | 252         | 0.0%       | 37.7%      | 693                 | 523                 | 32.4%      |
| Finance income  | 33          | 28          | 36          | 18.2%      | -9.1%      | 61                  | 66                  | -8.6%      |
| Financial costs   | (28)        | (28)        | (40)        | 1.7%       | -28.7%     | (56)                | (80)                | -30.1%     |
| Provision for doubtful debts and reversal of loss on impairment (loss on impairment) <sup>(3)</sup> | 16          | 63          | (12)        | -74.2%     | n.a.       | 79                  | (11)                | n.a.       |
| Share of profit of investment in joint venture  | (104)       | (74)        | (4)         | 41.4%      | 2336.4%    | (178)               | (20)                | 793.7%     |
| Profit (loss) before income tax expense   | 325         | 112         | (20)        | 190.7%     | n.a.       | 436                 | 96                  | 353.7%     |
| Income tax expense  | (15)        | (61)        | (22)        | -74.6%     | -28.2%     | (77)                | (26)                | 193.5%     |
| Profit (loss) attributable to owner of the Company  | 309         | 51          | (41)        | 511.2%     | n.a.       | 360                 | 70                  | 413.3%     |
| Earnings (loss) per share (Baht)  | 0.28        | 0.05        | (0.04)      | 511.2%     | n.a.       | 0.33                | 0.06                | 413.3%     |
| Core Profit <sup>(4)</sup>  | 200         | 138         | (86)        | n.a.       | 45.3%      | 338                 | (106)               | n.a.       |

(1) Normal SG&A expenses: Selling and administrative expenses, including directors and management benefit expenses.

(2) Excluding gain (loss) from foreign exchange and loss from assets impairment.

(3) Reversal of loss on impairment for Q1/2022 was from debt collection of long-overdue account receivable from foreign customers.

(4) Core Profit means EBIT from operations + financial income – financial cost – provisions for doubtful debts – extra items

#### Revenue from sales of goods and rendering of services

The consolidated revenue from sales of goods and rendering of services for Q2/2022 was Baht 737 million, a decrease of 7.4% from Baht 796 million in Q2/2021 (YoY), and compared with Q1/2022 (QoQ) the revenue increased 6.6% from Baht 691 million. This was mainly affected by the revenue from satellite and related services

During the first 6 months of 2022, the consolidated revenue from sales of goods and rendering of services was Baht 1,427 million, decreased by 9.9% from that of the same period of 2021 (YoY) at Baht 1,584 million, due to the decrease in satellite and related services revenue.

| Revenue from sales of goods and rendering of services<br>Unit: Baht million | Q2/<br>2022 | Q1/<br>2022 | Q2/<br>2021 | QoQ<br>(%)  | YoY<br>(%)   | 6 months<br>2022 | 6 months<br>2021 | YoY<br>(%)   |
|---|-------------|-------------|-------------|-------------|--------------|------------------|------------------|--------------|
| Satellite and related services  | 735         | 690         | 795         | 6.5%        | -7.5%        | 1,425            | 1,581            | -9.8%        |
| Internet and media services   | 8           | 7           | 7           | 2.5%        | 10.3%        | 15               | 15               | 1.1%         |
| Consolidation eliminations  | (7)         | (6)         | (6)         | 3.1%        | 12.6%        | (13)             | (12)             | 9.6%         |
| <b>Total</b>  | <b>737</b>  | <b>691</b>  | <b>796</b>  | <b>6.6%</b> | <b>-7.4%</b> | <b>1,427</b>     | <b>1,584</b>     | <b>-9.9%</b> |

After the expiry of the concession, revenue from satellite and related services comprised of revenue from sales of goods and rendering of services from Thaicom 7 and Thaicom 8, which operated under licenses to provide telecommunication services. Besides, there were revenue from satellite services from part of bandwidth purchased on Thaicom 4 and Thaicom 6 satellites from National Telecom Public Company Limited, including bandwidth purchased from international satellite service providers in order to continue providing seamless service both broadcast and broadband.

The revenue from satellite and related services for Q2/2022 was Baht 735 million, a decrease of 7.5% from Baht 795 million for Q2/2021 (YoY), mainly due to the decrease of broadcast customers. However, the revenue from satellite and related services for Q2/2022 increased 6.5% from that of Q1/2022 (QoQ) because of the increase of occasional satellite-related services provided to an international customer, together with the benefits from Thai Baht depreciation against US Dollar since part of the Company's revenue was linked to Dollar currency.

During the first half of 2022, the revenue from satellite and related services was Baht 1,425 million, a decrease of 9.8% from that of the first half of 2021 (YoY) of Baht 1,581 million, due to the ramp-down of broadcast customers, while the revenue from broadband customers was maintained.

#### Internet and media services

For Q2/2022, the revenue from internet and media services was Baht 8 million, increased from Baht 7 million as of Q2/2021 (YoY), resulting from an increase of revenue from eSport, offsetting with a decline of revenue from broadband and television network and system integration services.

#### *Cost of sales of goods and rendering of services*

The Company reported the consolidated cost of sales of goods and rendering of services for Q2/2022 of Baht 377 million, decreased by 41.9% compared to Baht 650 million for Q2/2021 (YoY). The cost during the first half of 2022 was Baht 1,299 million, also decreased 44.1% compared to Baht 727 million during the same period of 2021 (YoY). This was the result of the drop of revenue, together with the decrease of concession fee to the Ministry of Digital Economy and Society and depreciation of satellites after the expiry of the concession.

Compared with Q1/2021 (QoQ), the consolidated cost of sales of goods and rendering of services increased 8.0%, in line with revenue increase.

| Cost of sales of goods and rendering of services<br>Unit: Baht million | Q2/<br>2022 | Q1/<br>2022 | Q2/<br>2021 | QoQ<br>(%)  | YoY<br>(%)    | 6 months<br>2022 | 6 months<br>2021 | YoY<br>(%)    |
|--|-------------|-------------|-------------|-------------|---------------|------------------|------------------|---------------|
| Satellite and related services   | 380         | 351         | 652         | 8.2%        | -41.7%        | 732              | 1,302            | -43.8%        |
| Internet and media services  | 4           | 4           | 3           | 17.1%       | 19.9%         | 8                | 9                | -16.5%        |
| Consolidation eliminations   | (6)         | (6)         | (6)         | -6.3%       | 5.2%          | (12)             | (12)             | 3.3%          |
| <b>Total</b>   | <b>377</b>  | <b>349</b>  | <b>650</b>  | <b>8.0%</b> | <b>-41.9%</b> | <b>727</b>       | <b>1,299</b>     | <b>-44.1%</b> |

Cost relating to satellite and related services for Q2/2022 was Baht 380 million. A drop of 41.7% from Baht 652 million for Q2/2021 (YoY) contributed by a decrease of depreciation of Thaicom 4 and Thaicom 6 satellites, and concession fee to the Ministry of Digital Economy and Society after the end of the concession period. In comparison with Q1/2022 (QoQ), the cost of satellite and related services increased 8.2% from Baht 351 million in accordance with an increase of revenue.

The Company reported the cost relating to satellite and related services for the first half of 2022 at Baht 732 million, decreased by 43.8% comparing with that of the first half of 2021 (YoY) at Baht 1,302 million, as a result of the decrease of satellite depreciation and concession fee.

#### Cost of internet and media services

Cost relating to the internet and media services for Q2/2022 were Baht 4 million, an increase from Baht 3 million from Q2/2021 (YoY), in line with revenue increase.

#### Selling and administrative expenses

The SG&A expenses, including directors and management benefits, were Baht 188 million for Q2/2022. A decrease of 15.2% from Baht 222 million for Q2/2021 (YoY) and 6.7% from Baht 201 million for Q1/2022 (QoQ), were mainly due to the decrease of legal fee, together with general administrative expenses from effective cost management.

#### Finance costs

Finance costs for Q2/2022 was Baht 28 million, a decrease of 28.7% from Baht 40 million for Q2/2021 (YoY), mainly due to the repayment of debenture in Q4/2020 of Baht 2,275 million. The cost was maintained in comparison with Q1/2022 (QoQ).

#### Share of profit of investment in joint venture

The share of profit (loss) of investment in joint venture consisted of those from LTC, Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd

During Q2/2022, the share of profit (loss) of investment in joint venture was Baht (104) million, decreased from Baht (4) million and Baht (74) million for Q2/2021 (YoY) and for Q1/2022 (QoQ), respectively. During the first half of 2022, the share of profit (loss) of investment in joint venture was Baht (178) million, decreased from Baht (20) million for the first half of 2021 (YoY). This was mainly due to the loss from share of profit of investment in LTC regarding an appreciation of US Dollar against Lao Kip, resulting loss from mark-to-market of its US Dollar liabilities.

### Net profit

The company's net profit for Q2/2022 was Baht 309 million, increased by 511.2% from Baht 51 million for Q1/2022 (QoQ), due to revenue increase and gain from foreign exchange. The net profit also increased compared to the net loss of Q2/2021 (YoY) of Baht (41) million due to the significant decrease of satellite depreciation and concession fee.

During the first half of 2022, THCOM reported its net profit of Baht 360 million, increased by 413.3% compared with that of the same period of 2021 (YoY) of Baht 70 million, due to the decrease of satellite depreciation and concession fee, which compensated the decrease of revenue from broadcast customers.

The core profit as of Q2/2022 was Baht 200 million, increased from that of Q2/2021 (YoY), which THCOM recognized the loss of Baht (86) million. During the first half of 2022, the core profit was Baht 338 million, increased from the loss during the first half of 2021 (YoY) of Baht (106) million due to the decrease of satellite depreciation and concession fee.

Comparing with that of Q1/2022 (QoQ), the core profit increased by 45.3% from Baht 138 million, mainly due to the increase of revenue and effective cost control.

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## IV. Financial Position

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As at the end of Q2/2022, the Company reported total assets of Baht 14,908 million, decreased by 2.8% from Baht 15,340 million as at the end of 2021, mainly due to the decrease of trade and other receivables owing to debt collection from foreign customer and the recognition of the share of loss from investment in LTC.

### THCOM's asset components

| Major Assets<br>Unit: Baht million | June 30, 2022     |                      | December 31, 2021 |                         |
|------------------------------------|-------------------|----------------------|-------------------|-------------------------|
|                                    | Amount<br>(Bt mn) | % of<br>Total assets | Amount<br>(Bt mn) | % tr of<br>Total assets |
| Current assets                     | 8,227             | 55.2%                | 8,050             | 52.5%                   |
| Property, plant and equipment      | 2,632             | 17.7%                | 2,778             | 18.1%                   |
| Right-of-use assets*               | 1,372             | 9.2%                 | 1,434             | 9.4%                    |

\*Right-of-use assets including transponders, plant, buildings and vehicles

### Trade and other receivables

As at the end of Q2/2022, the Company had trade and other current receivables of Baht 1,478 million, or 9.9% of total assets, a decrease of 28.6% from Baht 2,071 million as at the end of 2021, mainly due to debt collection from foreign customer.

### Liquidity

As at the end of Q2/2022, the Company had a current ratio of 5.53x, not significantly different from the ratio as at the end of 2021 of 5.66x.

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### Right-of-use assets

As at the end of Q2/2022, the Company had right-of-use assets of Baht 1,372 million or 9.2% of total assets, decreased from Baht 1,434 million as at the end of 2021. This was mainly from the amortization of the right-of-use from the agreement to purchase part of bandwidth capacity on Thaicom 4 and Thaicom 6 Satellites after the expiry of the concession.

### Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q2/2022 were Baht 1,114 million, a decrease of 12.0% from Baht 1,266 million as at the end of 2021, mainly attributable to the repayment of long-term loans for the satellite projects.

The Company's shareholders' equity as at the end of Q2/2022 was Baht 10,871 million, decreased by 2.3% from Baht 11,129 million as at the end of 2021, mainly reflecting from consolidated net profit offsetting with the dividend payment.

As at the end of Q2/2022, the ratio of net borrowings to equity was 0.10x, decreased from 0.11x as at the end of 2021.

### Cash flows

*Net cash provided by operating activities* for the first half of 2022 was Baht 1,297 million, an increase of 29.7% from Baht 1,000 million in comparison with the first half of 2021, regarding an increase of profit from operations together with debt collection of long-outstanding account receivable from foreign customers

*Net cash provided (used) by investing activities* for the first half of 2022 was Baht 880 million, due to the conversion of current financial assets into cash.

*Net cash provided (used) in financing activities* for the first half of 2022 was Baht (703) million, mainly comprised of the loans repayment and interest payment.

The Company had ending cash and cash equivalents, including the current financial assets as at the end of Q2/2022 of Baht 5,507 million.

This document contains certain forward-looking statements. They refer to future events and to the future financial performance of the Companies. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "believe" or "continue." Although the Companies believe that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.