

Management's Discussion and Analysis for Q3/2022 Results  
Thaicom Public Company Limited

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I. Overview

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*Performance overview*

Thaicom Plc (the Company or THCOM) recognized consolidated revenue from sales of goods and rendering of services for Q3/2022 at Baht 762 million, increased by 3.4% from Baht 737 million for that of Q2/2022 (QoQ), mainly due to the increase of service revenue from international clients. However, the revenue decreased by 17.7% compared with that of Q3/2021 (YoY) of Baht 925 million, mainly due to the ramp-down of broadcast customers, together with the occasional service incurred during Q3/2021.

For Q3/2022, the Company recognized core profit (operating profit excluding the effect from foreign exchange, the share of profit of investment in joint ventures, and extra items) at Baht 190 million, an insignificant change from that of Q2/2022 (QoQ) of Baht 200 million. The core profit, however, increased significantly at 950.1% compared with that of Q3/2021 (YoY) of Baht 18 million because of the structural change in operating cost after the concession ended, which resulted in decreases of satellite depreciation and concession fee.

THCOM's net profit for Q3/2022 was Baht 121 million, decreased by 60.9% compared with that of Q2/2022 (QoQ) of Baht 309 million. The main reason was the impairment of the satellite of Baht 259 million resulting from the general downtrend of the broadcast industry, together with the delay in applying foreign landing right license due to changes in the regulatory process, which caused the shift of transponder sales to be later than the original plan. During Q3/2022, the Company recognized gain from foreign exchange at Baht 314 million, increased by 36.8% from Baht 229 million for Q2/2022 (QoQ) from the Thai Baht depreciation against the US Dollars due to the amount of Dollar assets of the Company exceed its Dollar liabilities. Compared with Q3/2021 (YoY), the net profit decreased by 17.0% from Baht 146 million, mainly resulted from the aforementioned impairment.

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II. Business Summary

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*Satellite and related Services*

As at the end of Q3/2022, THCOM's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate was at 52%, which remained constant from that of Q2/2022

- THCOM signed a strategic partnership agreement with US-based Orbital Insight Inc., the leader in geospatial analytics and location intelligence technology, to enable Thaicom to deliver world-class data insights and intelligence services leveraging space-based technology and other sources with Orbital Insight's geospatial analytics platform to its customers in Thailand and the region.

The Orbital Insight Platform can transform multiple geospatial data sources from space-based technology and other world sensors from a wide range of service providers around the world such as satellite images, anonymized location data, vessel automatic identification system (AIS)

data, and other IoT data—combined with AI and Machine Learning to analyze data. The platform provides insights to benefit governments and the private sector and enable the management of a variety of sectors, including natural resource management, transportation, and public utility management.

This collaboration marks an important milestone in our global partnership strategy for the Company's future growth. As a regional space tech company, THCOM will leverage this data-driven technology from the Orbital Insight Platform to embrace new business opportunities in the new space economy domain. Applying insights from this trusted geospatial data will help customers in government and private sectors make better-informed decisions and enhance the country's development in the digital era.

- The Company collaborated with the Thai General Insurance Association (TGIA) to use Earth Observation (EO) satellite technology in the Crop Insurance Claims Analysis System for the rice insurance scheme, starting with a sandbox area of 3 million rai covering the 6 provinces of Khon Kaen, Nakhon Ratchasima, Nakhon Sawan, Nakhon Si Thammarat, Roi Et, and Sukhothai before expanding to other areas nationwide.

### Internet and media Services

The revenue from internet and media services mainly comes from Thai Advance Innovation Company Limited (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 at the end of Q3/2022, Lao Telecommunications Public Company (LTC) reported its total mobile subscribers of 2.23 million, slightly increasing 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	Q3/ 2022	Q2/ 2022	Q3/ 2021	QoQ (%)	YoY (%)	9 months 2022	9 months 2021	YoY (%)
Revenue from sales of goods and rendering of services	762	737	925	3.4%	-17.7%	2,189	2,509	-12.8%
Cost of sales of goods and rendering of services	(366)	(377)	(656)	-3.0%	-44.2%	(1,093)	(1,955)	-44.1%
Normal SG&A expenses <sup>(1)</sup>	(226)	(188)	(225)	20.5%	0.6%	(616)	(652)	-5.6%
EBIT from normal operations	169	171	44	-1.3%	281.0%	480	(98)	n.a.
Other income	9	8	5	7.2%	74.0%	22	66	-66.2%
Gain (loss) from foreign exchange	314	229	206	36.8%	51.9%	520	428	21.3%
Loss on impairment of equipment	(259)	-	-	n.a.	n.a.	(259)	-	n.a.

Unit: Baht million	Q3/ 2022	Q2/ 2022	Q3/ 2021	QoQ (%)	YoY (%)	9 months 2022	9 months 2021	YoY (%)
EBIT from operations	232	408	256	-43.2%	-9.2%	763	397	92.5%
EBITDA from operations <sup>(2)</sup>	351	347	323	1.3%	8.6%	1,044	846	23.5%
Finance income	51	33	33	55.2%	55.5%	112	99	12.6%
Financial costs	(31)	(28)	(46)	9.1%	-32.4%	(87)	(126)	-30.9%
Provision for doubtful debts and reversal of loss on impairment (loss on impairment) <sup>(3)</sup>	(7)	16	(18)	n.a.	-60.1%	72	(29)	n.a.
Share of profit of investment in joint venture	(73)	(104)	(67)	-29.8%	10.2%	(252)	(86)	190.9%
Profit (loss) before income tax expense	172	325	158	-47.2%	8.7%	608	254	139.3%
Income tax expense	(51)	(15)	(12)	227.6%	313.4%	(127)	(38)	231.9%
Profit (loss) attributable to owner of the Company	121	309	146	-60.9%	-17.0%	481	216	122.8%
Earnings (loss) per share (Baht)	0.11	0.28	0.13	-60.9%	-17.0%	0.44	0.20	122.8%
Core Profit <sup>(4)</sup>	190	200	18	-4.8%	950.1%	528	(88)	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 – loss on impairment - extra items

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

The consolidated revenue from sales of goods and rendering of services for Q3/2022 was Baht 762 million, a decrease of 17.7% from Baht 925 million in Q3/2021 (YoY), and compared with Q2/2022 (QoQ) the revenue increased 3.6% from Baht 734 million. This was mainly affected by the revenue from satellite and related services

During the first 9 months of 2022, the consolidated revenue from sales of goods and rendering of services was Baht 2,189 million, decreased by 12.8% from that of the same period of 2021 (YoY) at Baht 2,509 million, due to the decrease in satellite and related services revenue.

Revenue from sales of goods and rendering of services Unit: Baht million	Q3/ 2022	Q2/ 2022	Q3/ 2021	QoQ (%)	YoY (%)	9 months 2022	9 months 2021	YoY (%)
Satellite and related services	760	735	924	3.4%	-17.8%	2,185	2,505	-12.8%
Internet and media services	9	8	7	18.8%	21.8%	24	22	8.0%
Consolidation eliminations	(7)	(7)	(6)	6.1%	11.8%	(20)	(18)	11.7%
<b>Total</b>	<b>762</b>	<b>737</b>	<b>925</b>	<b>3.4%</b>	<b>-17.7%</b>	<b>2,189</b>	<b>2,509</b>	<b>-12.8%</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 Q3/2022 was Baht 760 million, a decrease of 17.8% from Baht 924 million for Q3/2021 (YoY), mainly due to the decrease of broadcast customers. However, the revenue from satellite and related services for Q3/2022 increased 3.4% from that of Q2/2022 (QoQ) because of the increase of the satellite service revenue from foreign customers, which was a long-term commitment, 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 9 months of 2022, the revenue from satellite and related services was Baht 2,185 million, a decrease of 12.8% from that of the first 9 months of 2021 (YoY) of Baht 2,505 million, due to the ramp-down of broadcast customers.

#### Internet and media services

For Q3/2022, the revenue from internet and media services was Baht 9 million, increased from Baht 7 million as of Q3/2021 (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 Q3/2022 of Baht 366 million, decreased by 44.2% compared with Baht 656 million for Q3/2021 (YoY) and also decreased by 3.0% compared with that of Q2/2022 (QoQ) of Baht 377 million. The cost during the first 9 months of 2022 was Baht 1,093 million, also decreased 44.1% compared to Baht 1,955 million during the same period of 2021 (YoY). This was the result of efficient cost control, 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.

Cost of sales of goods and rendering of services Unit: Baht million	Q3/ 2022	Q2/ 2022	Q3/ 2021	QoQ (%)	YoY (%)	9 months 2022	9 months 2021	YoY (%)
Satellite and related services	369	380	657	-3.1%	-44.0%	1,100	1,959	-43.8%
Internet and media services	4	4	4	4.7%	14.0%	12	13	-7.6%
Consolidation eliminations	(7)	(6)	(6)	10.0%	10.7%	(19)	(17)	10.0%
<b>Total</b>	<b>366</b>	<b>377</b>	<b>656</b>	<b>-3.0%</b>	<b>-44.2%</b>	<b>1,093</b>	<b>1,955</b>	<b>-44.1%</b>

Cost relating to satellite and related services for Q3/2022 was Baht 369 million. A drop of 44.0% from Baht 657 million for Q3/2021 (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 Q2/2022 (QoQ), the cost of satellite and related services slightly decreased by 3.1% from Baht 380 million.

The Company reported the cost relating to satellite and related services for the first 9 months of 2022 at Baht 1,100 million, decreased by 43.8% comparing with that of the first 9 months of 2021 (YoY) at Baht 1,959 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 Q3/2022 were Baht 4 million, an insignificant change from that of Q3/2021 (YoY).

#### *Selling and administrative expenses*

The SG&A expenses, including directors and management benefits, were Baht 226 million for Q3/2022, an insignificant change from that of Q3/2021 (YoY), but an increase of 20.5% from Baht 188 million for Q2/2022 (QoQ), were mainly due to the occasional increase of legal fee for the Company's lawsuits.

#### *Finance costs*

Finance costs for Q3/2022 was Baht 31 million, a decrease of 32.4% from Baht 46 million for Q3/2021 (YoY), mainly due to the repayment of debenture in Q4/2021 of Baht 2,275 million, together with the repayment of long-term loan according to schedule. The financial cost increased 9.1% compared with that of Q2/2022 (QoQ) of Baht 28 million due to the depreciation of Thai Baht against US Dollars, which is the Company's major loan currency.

#### *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 Q3/2022, the share of profit (loss) of investment in joint venture was Baht (73) million, mainly from the loss from share of profit of investment in LTC. In fact, LTC's revenue has grown from that of Q3/2021 (YoY) and also continued generating operating profit. The loss was mainly from an appreciation of US Dollar against Lao Kip, resulting loss from marked-to-market of its US Dollar liabilities. However, the share of profit (loss) of investment in Q3/2022 was improved 29.8% compared with that of Q2/2022 (QoQ) of Baht (104) million since the depreciation of Lao KIP against US Dollars was more relieved.

#### *Net profit*

During the first 9 months of 2022, THCOM recognized net profit of Baht 481 million, increased by 122.8% compared with that of the same period of last year (YoY) and had core profit of Baht 528 million, significantly increased from the loss of Baht (88) million for the same period of last year (YoY) due to the decrease of satellite depreciation and the concession fee, offsetting with revenue drop from broadcast customers.

THCOM's net profit for Q3/2022 was Baht 121 million, decreased by 60.9% compared with that of Q2/2022 (QoQ) of Baht 309 million and also decreased by 17.0% from Baht 146 million for Q3/2021 (YoY). Apart from the effect of revenue and cost aforementioned, the net profit was also affected by the satellite impairment and gain from foreign exchange.

For Q3/2022, the Company recognized core profit (operating profit excluding the effect from foreign exchange, the share of profit of investment in joint ventures, and extra items) at Baht 190 million, an insignificant change from that of Q2/2022 (QoQ) of Baht 200 million. The core profit, however, increased significantly at 950.1% compared with that of Q3/2021 (YoY) of Baht 18 million because of the structural change in operating cost after the concession ended, which resulted in decreases of satellite depreciation and concession fee.

The Company gained from foreign exchange of Baht 314 million for Q3/2022, increased by 36.8% from Baht 229 million for Q2/2022 (QoQ) and also increased by 51.9% from Baht 206 million for Q3/2021 (YoY), mainly due to Thai Baht depreciation against the US Dollars since the amount of Dollar assets of the Company exceed its Dollar liabilities.

THCOM recognized the impairment of the satellite of Baht 259 million in Q3/2022 resulting from the downtrend of the broadcast industry, together with the delay in applying foreign landing right license due to changes in the regulatory process, which caused the shift of transponder sales later than the original plan.

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#### IV. Financial Position

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As at the end of Q3/2022, the Company reported total assets of Baht 15,267 million, decreased by 0.5% 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 Unit: Baht million	September 30, 2022		December 31, 2021	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% tr of Total assets
Current assets	7,361	48.2%	8,050	52.5%
Property, plant and equipment	2,311	15.1%	2,778	18.1%
Right-of-use assets*	1,696	11.1%	1,434	9.4%

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

##### Trade and other receivables

As at the end of Q3/2022, the Company had trade and other current receivables of Baht 1,464 million, or 9.6% of total assets, a decrease of 29.3% 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 Q3/2022, the Company had a current ratio of 4.2x, decreased from 5.7x as at the end of 2021 due to the decrease of account receivables, together with the increase of right-of-use assets.

### Right-of-use assets

As at the end of Q3/2022, the Company had right-of-use assets of Baht 1,696 million or 11.1% of total assets. This was mainly the right-of-use from the agreement to purchase part of the bandwidth capacity on Thaicom 4 and Thaicom 6 Satellites after the expiry of the concession, and also the capacity on the foreign satellite operators leased for the Company's customers. The right-of-use assets increased 18.3% from Baht 1,434 million as at the end of 2021 due to the increase of the right-of-use of the capacity on a foreign satellite.

### Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q3/2022 were Baht 956 million, a decrease of 24.5% 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 Q3/2022 was Baht 10,897 million, decreased by 2.1% 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 Q3/2022, the ratio of net borrowings to equity was 0.09x, decreased from 0.11x as at the end of 2021.

### Cash flows

*Net cash provided by operating activities* for the first 9 months of 2022 was Baht 1,889 million, an increase of 85% from Baht 1,021 million in comparison with the first 9 months 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 9 months of 2022 was Baht 1,167 million, due to the conversion of current financial assets into cash.

*Net cash provided (used) in financing activities* for the first 9 months of 2022 was Baht (1,043) 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 Q3/2022 of Baht 5,788 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.