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

1. Overview

The Board of Directors meeting of Thaicom Public Company Limited (the Company or THCOM) no.4/2023, dated 10 February 2023, approved to propose to the shareholder's meeting the dividend for 2022 performance of Baht 548 million, or equivalent to Baht 0.50 per share.

Performance Overview

In 2022, The Company recognized the core profit (profit attributable to owner of the Company before unrealized gain (loss) on exchange rate of the Company and joint ventures and before extra items) at Baht 527 million, increased by 995.3% compared to that of 2021 of Baht 48 million. Despite the decrease of revenue from satellite and related services following the decrease of Thai broadcast customers, especially government entities, the cost of services also decreased because of the structural change in operating cost after the concession ended, which resulted in significant increase of the core profit. The Company had ending cash and cash equivalents, including the current financial assets, as at the end of 2022 of Baht 5,848 million, increased by 19.3% compared to Baht 4,902 million as at the end of 2021, due to the increase of operational cash flow.

THCOM's revenue from sales and service for 2022 was Baht 2,927 million, decreased by 11.4% from Baht 3,303 million for 2021 due to the decrease of revenue from Thai broadcast customers, together with the decrease of International broadband clients. However, the cost of sales and services for 2022 was Baht 1,500 million, decreased by 36.1% compared to Baht 2,349 million for 2021 due to the decrease of satellite depreciation and concession fee after concession ended.

The Company recognized the net profit for 2022 of Baht 42 million, equivalent to Baht 0.04 per share, decreased by 70.7% compared to that of 2021 of Baht 144 million, of which the main reasons were:

- (1) In Q3/2022, THCOM recognized 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.
- (2) The net foreign exchange gain for 2022 was Baht 120 million, decreased by 67.6% from Baht 369 million for 2021
- (3) Share of profit (loss) of investment in subsidiaries and joint ventures for 2022 was Baht (306) million, the net loss increased 14.6% compared to the loss of Baht (267) million for 2021. LTC's revenue for 2022 has grown from that of 2021 and continued generating operating profit. The loss was mainly from the depreciation of the Lao Kip against the US Dollar, resulting in a loss from marked-to-market of its US Dollar liabilities. The depreciation of the Lao Kip against the US Dollar significantly fluctuated during 2022. However, it has become more stable during December 2022 and continuing to January 2023.

2. Business Summary

Satellite and related Services

The awards for the Orbital Slot Auction Package bidding

On 18 January 2023, the Office of the National Broadcasting and Telecommunications Commission (NBTC) announced that Space Tech Innovation Company Limited, wholly owned subsidiary of THCOM, has won 2 sets of the Orbital Slot Packages, which were Package 2 at 78.5 degrees East and Package 3 at 119.5 and 120 degrees East. The auction price (excluding VAT) for the slot 78.5 degrees East was Baht 380 million, whereas that of the slot 119.5 and 120 degrees East was Baht 417 million.

The change of the major shareholder

On 30 December 2022, Gulf Ventures Company Limited, wholly owned subsidiary of Gulf Energy Development Public Company Limited, purchased 450,870,934 shares of THCOM from Intouch Holdings Public Company Limited, equivalent to 41.13% of the total issued and paid-up shares of the Company.

Business Cooperation

During 2022, the Company has accomplished cooperation with several business partnerships, domestically and internationally, to enhance its service and future revenue potential, as follows:

- (1) Globalstar Inc., a global LEO satellite operator and a leading provider of satellite IoT (Internet of Things) solutions and mobile satellite services, to collaborate on the establishment and operation of Globalstar's low-earth orbit satellite (LEO) ground facilities in Thailand and regional commercial service deployment, with a focus on personnel safety and management solutions for Thailand's Tourism and Maritime industry.
- (2) NXT Digital Limited, a company in Media & Digital Vertical of Hinduja Group, which is one of the largest conglomerates in India. THCOM signed a binding Memorandum of Understanding to form a strategic partnership to enter the Broadband-over-satellite market and related services in India via OneOTT Entertainment Limited.
- (3) 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.
- (4) Amazon Web Services, Inc., an Amazon.com company, to create, transform, and deliver Thaicom digital content quickly and easily. By leveraging AWS's global cloud infrastructure, advanced video technologies, and pay-as-you-go-model, Thaicom can produce high-quality video streams for distribution to its national and worldwide customers.
- (5) Thai General Insurance Association (TGIA), to adopt satellite technology using with crop insurance. The collaboration was to provide Remote Sensing Satellite with Artificial Intelligence

to analyze data for TGIA so as to serve information for the project management with being prompt, comprehensive, and enhancing efficiency. This aims to develop the country by targeting data usage from Earth observation satellites to improve and raise efficiency in crop insurance for the agriculture sector of Thailand.

Utilization of THCOM's satellites

As at the end of 2022, THCOM's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate was at 53%.

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 2022, Lao Telecommunications Public Company (LTC) and TPLUS Digital Company Limited (TPLUS) reported the consolidated mobile subscribers of 2.33 million, increasing in comparison with the subscribers as at the end of 2021 of 2.01 million.

3. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount		Change
	2022	2021	%YoY
Revenue from sales of goods and rendering of services	2,927	3,303	-11.4%
Other income	49	74	-33.7%
Net gain (loss) from foreign exchange	120	369	-67.6%
Total Revenue	3,096	3,745	-17.3%
Cost of sales of goods and rendering of services	(1,500)	(2,349)	-36.1%
SG&A expenses ⁽¹⁾	(940)	(884)	6.4%
Loss on impairment of equipment	(259)	-	n/a
Profit from operating activities	396	512	-22.7%
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) ⁽²⁾	1,210	1,203	0.6%
Financial income	166	129	28.9%
Financial costs	(122)	(155)	-21.7%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	64	13	391.5%
Share of profit (loss) of investment in subsidiaries and joint ventures	(306)	(267)	14.6%

Unit: Baht million	Amount		Change
	2022	2021	%YoY
Profit before income tax expense	199	232	-14.5%
Income tax expense	(156)	(88)	77.2%
Profit attributable to the owner of the Company (Net Profit)	42	144	-70.7%
Less: Unrealized gain (loss) on exchange rate of the Company	36	356	-89.9%
Less: Unrealized gain (loss) on exchange rate of joint ventures	(279)	(260)	7.3%
Less: Extra items ⁽³⁾	(242)	-	n/a
Core Profit ⁽⁴⁾	527	48	995.3%
Basic earnings per share (Baht)	0.04	0.13	-70.7%

- (1) SG&A expenses included selling and administrative expenses and directors and management benefit expenses.
- (2) EBITDA excluded gain (loss) on exchange rate and loss on assets impairment.
- (3) Extra items included the loss on impairment, and other one-time items for the period.
- (4) Core Profit means profit attributable to owners of the Company before unrealized gain (loss) on exchange rate of the Company and joint ventures and before extra items.

Revenue from sales of goods and rendering of services

The consolidated revenue from sales of goods and rendering of services for 2022 was Baht 2,927 million, a decrease of 11.4% from Baht 3,303 million in 2021, mainly affected by the decrease of revenue from satellite and related services, offsetting with the slight increase of revenue from Internet and media services.

Revenue from sales of goods and rendering of services	2022	2021	%YoY
Unit: Baht million			
Satellite and related services	2,921	3,297	-11.4%
Internet and media services	32	30	6.7%
Consolidation eliminations	(26)	(24)	8.3%
Total	2,927	3,303	-11.4%

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 are 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 for both broadcast and broadband.

The revenue from satellite and related services for 2022 was Baht 2,921 million, a decrease of 11.4% from Baht 3,297 million for 2021, mainly due to the decrease of revenue from domestic broadcast customers, especially government entities, together with the decrease of revenue from international broadband customers as the Thaicom 4 satellite approaching its end of life.

Internet and media services

For 2022, the revenue from internet and media services was Baht 32 million, increased by 6.7% compared with Baht 30 million for 2021, 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 2022 of Baht 1,500 million, decreased by 36.1% compared with Baht 2,349 million for 2021, mainly due to 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	2022	2021	%YoY
Satellite and related services	1,509	2,355	-35.9%
Internet and media services	17	17	0.0%
Consolidation eliminations	(26)	(23)	13.0%
Total	1,500	2,349	-36.1%

Cost relating to satellite and related services for 2022 was Baht 1,509 million. A drop of 35.9% from Baht 2,355 million for 2021, 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.

Cost of internet and media services

Cost relating to the internet and media services for 2022 were Baht 17 million, equivalent to that of 2021 while the revenue increased, resulting from the efficient cost control.

Selling and administrative expenses

The SG&A expenses, including directors and management benefits, were Baht 915 million for 2022, increased by 3.5% from Baht 884 million for 2021, mainly due to the increase of expenses related to staff.

Finance costs

Finance costs for 2022 was Baht 122 million, a decrease of 21.7% from Baht 155 million for 2021, 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.

Share of profit of investment in subsidiaries and joint ventures

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

During 2022, the share of profit (loss) of investment in subsidiaries and joint ventures was Baht (306) million, increasing from the loss of Baht (267) million for 2021, mainly from the loss from share of profit of investment in LTC. In fact, LTC's revenue for 2022 has grown from that of 2021 and continued generating operating profit. The loss was mainly from the depreciation of the Lao Kip against the US Dollar, resulting in a loss from marked-to-market of its US Dollar liabilities. The depreciation of the Lao Kip against the US Dollar significantly fluctuated during 2022. However, it has become more stable during December 2022 and continuing to January 2023.

Profit attributable to the owner of the Company (Net profit)

The Company recognized the net profit for 2022 of Baht 42 million, equivalent to Baht 0.04 per share, decreased by 70.7% compared to that of 2021 of Baht 144 million, of which the main reasons were:

- (1) In 2022, THCOM recognized 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.
- (2) The net foreign exchange gain for 2022 was Baht 120 million, decreased by 67.6% from Baht 369 million for 2021
- (3) Share of profit (loss) of investment in joint ventures for 2022 was Baht (306) million, or the net loss increased 14.6% compared to the loss of Baht (267) million for 2021.

In 2022, The Company recognized the core profit (profit attributable to owner of the Company before unrealized gain (loss) on exchange rate of the Company and joint ventures and before extra items) at Baht 527 million, increased by 995.3% compared to that of 2021 of Baht 48 million. Despite the decrease of revenue from satellite and related services following the decrease of Thai broadcast customers, especially government entities, the cost of services also decreased because of the structural change in operating cost after the concession ended, which resulted in significant increase of the core profit.

4. Financial Position

As at the end of 2022, the Company reported total assets of Baht 14,850 million, decreased by 3.2% 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	December 31, 2022		December 31, 2021	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	7,474	50.3%	8,050	54.2%
Property, plant and equipment	2,276	15.3%	2,778	18.7%
Right-of-use assets*	1,589	10.7%	1,434	9.7%

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

Trade and other receivables

As at the end of 2022, the Company had trade and other current receivables of Baht 1,483 million, or 10.0% of total assets, a decrease of 28.4% 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 2022, the Company had a current ratio of 4.0x, decreased from 5.7x as at the end of 2021 due to the decrease of account receivables and the decrease of current portion of long-term loans to related parties.

Right-of-use assets

As at the end of 2022, the Company had right-of-use assets of Baht 1,589 million or 10.7% 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 the capacity on the foreign satellite operators leased for the Company's customers. The right-of-use assets increased 10.8% 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 2022 were Baht 872 million, a decrease of 31.1% 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 2022 was Baht 10,554 million, decreased by 5.2% 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 2022, the ratio of net borrowings to equity was 0.08x, decreased from 0.11x as at the end of 2021.

Cash flows

Net cash provided by operating activities for 2022 was Baht 2,003 million, an increase of 63.6% from Baht 1,224 million in comparison with that 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 2022 was Baht 1,104 million, due to the conversion of current financial assets into cash to prepare for the investment in new satellite project.

Net cash provided (used) in financing activities for 2022 was Baht (1,134) million, mainly comprised of the loan repayment and interest payment.

The Company had ending cash and cash equivalents, including the current financial assets, as at the end of 2022 of Baht 5,848 million, increased by 19.3% compared to Baht 4,902 million as at the end of 2021.

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.