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Management's Discussion and Analysis for Q1/2023 Results  
Thaicom Public Company Limited

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## 1. Overview

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### Performance Overview

Thaicom Public Company Limited (the Company or THCOM) reported a core profit<sup>1</sup> of Baht 131 million for Q1/2023, an increase compared to a loss of Baht (27) million in Q4/2022 (QoQ). The main reasons for the increase were the reduction in realized foreign exchange losses and a decrease in selling and administrative expenses. Compared to Q1/2022 (YoY), in which the core profit<sup>1</sup>, Q1/2023's core profit<sup>1</sup> increased by 48.3% from Baht 88 million due to higher sales and service revenue.

Sales and service revenue in Q1/2023 amounted to Baht 735 million, close to Baht 738 million in Q4/2022 (QoQ). However, compared to Q1/2022 (YoY), sales and service revenue increased by 6.5% from Baht 691 million, driven by higher conventional satellite service revenue, as well as the recognition of income from ground station (Gateway) management fees and other consulting fees.

The Company's net profit attributable to owner of the Company for Q1/2023 was Baht 90 million, an increase from Q4/2022 (QoQ) when there was a net loss of Baht 439 million. The main reason was the reduction in net foreign exchange losses, as the Thai baht depreciated against the US dollar. The Company has more US dollar-denominated assets than liabilities. The net profit attributable to owner of the Company for Q1/2023 increased by 77.0% compared to that of Q1/2022 (YoY) of Baht 51 million, due to increased sales and service revenue, as well as increased financial income from recognizing interest income from the repayment of trade receivables.

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## 2. Business Summary

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### Satellite and related Services

#### Shareholders has approved the investment in a satellite project

On 18 January 2023, Space Tech Innovation Company Limited ("STI"), which is a wholly-owned subsidiary of the Company, received the notification from the National Broadcasting and Telecommunications Commission ("NBTC") declaring that STI was the successful bidder for the rights of use of the orbital slots at 119.5 degrees East, 120 degrees East, and 78.5 degrees East.

On 10 February 2023, the Board of Directors has approved STI to invest in the satellites for the orbital slot of 119.5 degrees East as a priority. The project comprises of the investment for the construction of the satellite for the orbital slot of 119.5 degrees East and the license fees for all of the orbital slots. This project will come to a total investment budget of no more than Baht 15,203 million

As to the 78.5 degrees East orbital slot, within three years after acquiring the orbital slot and Type 3 telecommunications license, STI would need to launch a satellite into 78.5 degrees East orbit in order to maintain

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<sup>1</sup> Core profit means profit attributable to owner of the Company before unrealized gain (loss) on exchange rate of the Company and joint ventures, and before extra items.

the complete operating rights in that satellite orbital position of 78.5 degrees East orbit, allowing the Company to have some additional time to carefully consider an investment in the satellite project at the orbital slot of 78.5 degrees East. In relation to the 120 degrees East orbital slot, its satellite network filing that is still the primary right of use and would require further frequency coordination. The feasibility of a satellite production will be determined once frequency coordination has been concluded and presented to the NBTC. As a result, there are currently no plans for the Company and STI to construct a satellite in this orbital slot.

On 7 April 2023, The meeting of shareholders has approved the investment in a satellite project which constitutes an acquisition of assets by the Company as proposed by no less than three-fourths of the shareholders who attended the meeting.

#### Business Cooperation

During Q1/2023, the Company has accomplished cooperation with several business partnerships, domestically and internationally, to enhance its service and future revenue potential, as follows:

- (1) The Agricultural Research Development Agency (ARDA) : This collaboration aimed to promote research and development in agriculture through telecommunication and satellite technology, as well as knowledge sharing on the adoption of data from satellite remote sensing technology, the Internet of Things (IoT), artificial intelligence (AI) technology, and other related information. In addition, there was also a further discussion on using satellite imagery to assess crop productivity, data management through digital platforms, and crop insurance for natural disasters.
- (2) Department of Royal Rainmaking and Agricultural Aviation (DRRAA) : This collaboration, THCOM will use remote sensing satellite technology integrated with artificial intelligence (AI) and machine learning (ML) to analyze soil and monitor the results of cloud seeding or artificial rainmaking to support the assessment of cultivated land. This technology will effectively mitigate drought disasters and manage soil health, resulting in increased productivity as well as enhancing the development of the agricultural sector.
- (3) The Research and Development Centre for Space and Aeronautical Science and Technology, Royal Thai Air Force (RDC RTAF) : THCOM and RDC RTAF will work together on research and development to increase the efficiency of the Unmanned Aircraft System (UAS) and various aviation technologies as well as satellites and space technologies including satellite launching rocket technology. Moreover, the development of aerospace research & development infrastructure including other related technologies is also in the pipeline.

#### Utilization of THCOM's satellites

As at the end of Q1/2023, THCOM's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate was at 55% increased from 53% at the end of 2022.

### 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 Q1/2023, Lao Telecommunications Public Company (LTC) and TPLUS Digital Company Limited (TPLUS) reported the consolidated mobile subscribers of 2.44 million, increasing in comparison with the subscribers as at the end of 2022 of 2.32 million.

## 3. Consolidated Operating Results

### Summary of key financial information of THCOM

Unit: Baht million	Amount			Change	
	Q1/2023	Q4/2022	Q1/2022	%QoQ	%YoY
Revenue from sales of goods and rendering of services	735	738	691	-0.4%	6.5%
Other income	6	27	6	-78.7%	-4.9%
Net gain (loss) from foreign exchange	(54)	(400)	(23)	-86.5%	133.6%
<b>Total Revenue</b>	<b>687</b>	<b>365</b>	<b>674</b>	<b>88.2%</b>	<b>2.0%</b>
Cost of sales of goods and rendering of services	(395)	(408)	(349)	-3.1%	13.0%
SG&A expenses <sup>(1)</sup>	(209)	(325)	(201)	-35.8%	3.7%
<b>Profit from operating activities</b>	<b>83</b>	<b>(367)</b>	<b>123</b>	<b>n/a</b>	<b>-32.2%</b>
<b>Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) <sup>(2)</sup></b>	<b>312</b>	<b>166</b>	<b>347</b>	<b>88.3%</b>	<b>-10.0%</b>
Financial income	75	55	28	37.9%	171.5%
Financial costs	(34)	(35)	(28)	-0.9%	22.8%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	27	(8)	63	n/a	-57.3%
Share of profit (loss) of investment in subsidiaries and joint ventures	(19)	(54)	(74)	-65.7%	-74.9%
<b>Profit before income tax expense</b>	<b>133</b>	<b>(409)</b>	<b>112</b>	<b>n/a</b>	<b>18.9%</b>
Income tax expense	(43)	(29)	(61)	48.8%	-29.2%
<b>Profit attributable to the owner of the Company (Net Profit)</b>	<b>90</b>	<b>(439)</b>	<b>51</b>	<b>n/a</b>	<b>77.0%</b>
Less: Unrealized gain (loss) on exchange rate of the Company	(46)	(334)	(35)	-86.2%	31.4%
Less: Unrealized gain (loss) on exchange rate of joint ventures	5	(29)	(73)	n/a	n/a
Less: Extra items <sup>(3)</sup>	-	(49)	71	n/a	n/a
<b>Core Profit</b>	<b>131</b>	<b>(27)</b>	<b>88</b>	<b>n/a</b>	<b>48.3%</b>
<b>Basic earnings per share (Baht)</b>	<b>0.08</b>	<b>(0.40)</b>	<b>0.05</b>	<b>n/a</b>	<b>77.0%</b>

(1) SG&A expenses included selling and administrative expenses and directors and management benefit expenses.

(2) excluded gain (loss) on exchange rate and loss on assets impairment.

(3) other one-time items for the period.

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

The consolidated revenue from sales of goods and rendering of services for Q1/2023 was Baht 735 million, stabled from Baht 738 million in Q4/2022 (QoQ), However, when compared with Q1/2022 (YoY) of Baht 691 million, it increased by 6.5% due to the higher revenue from satellite and related services.

Revenue from sales of goods and rendering of services	Q1/2023	Q4/2022	Q1/2022	%QoQ	%YoY
Unit: Baht million					
Satellite and related services	732	736	690	-0.5%	6.1%
Internet and media services	9	8	7	12.5%	28.6%
Consolidation eliminations	(6)	(6)	(6)	0.0%	0.0%
<b>Total</b>	<b>735</b>	<b>738</b>	<b>691</b>	<b>-0.4%</b>	<b>6.5%</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 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 in Q1/2023 amounted to Baht 732 million, decreased by 0.5% from Baht 736 million in Q4/2022 (QoQ) from broadband satellite service due to the decrease of utilization of a customer as per contract and the price discounted on a customer's contract extension. However, the Company had higher conventional satellite service revenue, as well as the recognition of income from ground station (Gateway) management fees to Glablastar and other consulting fees.

The revenue from satellite and related services for Q1/2023 increased by 6.1% from Baht 690 million for Q1/2022 (YoY), due to the higher conventional satellite service revenue, as well as the recognition of income from ground station (Gateway) management fees and other consulting fees.

### Internet and media services

For Q1/2023, the revenue from internet and media services was Baht 9 million, increased from Q4/2022 of Baht 8 Million, resulting from the revenue recognition of Data Analytic.

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

The Company reported the consolidated cost of sales of goods and rendering of services for Q1/2023 of Baht 395 million, decreased by 3.1% compared with Baht 408 million for Q4/2022 (QoQ), mainly due to the decrease of cost of satellite and related services. The Company reported the consolidated cost of sales of goods and rendering of services for Q1/2023 increased by 13% compared with Baht 349 million for Q1/2022 (YoY), due to the higher revenue proportion.

Cost of sales of goods and rendering of services	Q1/2023	Q4/2022	Q1/2022	%QoQ	%YoY
Unit: Baht million					
Satellite and related services	391	409	351	-4.4%	11.4%
Internet and media services	5	5	4	0.0%	25.0%
Consolidation eliminations	(6)	(7)	(6)	-14.3%	0.0%
<b>Total</b>	<b>395</b>	<b>408</b>	<b>349</b>	<b>-3.1%</b>	<b>13.0%</b>

Cost relating to satellite and related services for Q1/2023 was Baht 391 million. A drop of 4.4% from Baht 409 million for Q4/2022 (QoQ), due to higher repair and maintenance cost in Q4/2023. Cost relating to satellite and related services for Q1/2023 increased by 11.4% compared with Baht 351 million for Q1/2022 (YoY), due to the income from ground station (Gateway) management fees and other consulting fees.

#### Cost of internet and media services

Cost relating to the internet and media services for Q1/2023 were Baht 5 million, equivalent to that of Q4/2022 (QoQ) and Q1/2023 (YoY).

#### Selling and administrative expenses

The SG&A expenses, including directors and management benefits, were Baht 209 million for Q1/2023, decreased by 35.8% from Baht 325 million for Q4/2022 (QoQ), due to the increase of expenses related to professional fee, staff and others. The SG&A expenses, including directors and management benefits in Q1/2023, stabled from Q1/2022 (YoY).

#### Finance costs

Finance costs for Q1/2023 was Baht 34 million, equivalent to that of Q4/2022 (QoQ) of Baht 35 million. Finance costs for Q1/2023 increased 22.8% from Baht 28 million for Q1/2022 (YoY), mainly due to higher interest rate and the bank guarantee fees for the Auction.

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

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

In Q1/2023, the share of loss from investments in joint ventures amounted to Baht 19 million, mainly due to losses from investments in the Laotian telephone business (LTC). Although LTC's revenue grew compared to Q4/2022 (QoQ) and Q1/2022 (YoY), and the company continued to generate operating profit, the significant increase in interest rates caused Sherington Investments Pte Ltd.'s financial costs to rise, resulting in the realization of a share of loss in the joint venture.

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

The Company's net profit attributable to owner of the Company for Q1/2023 was Baht 90 million, an increase from Q4/2022 (QoQ) when there was a net loss of Baht 439 million. The main reason was the reduction in net foreign exchange losses, as the Thai baht depreciated against the US dollar. The Company has more US dollar-denominated assets than liabilities. The net profit attributable to owner of the Company for Q1/2023 increased

by 77.0% compared to that of Q1/2022 (YoY) of Baht 51 million, due to increased sales and service revenue, as well as increased financial income from recognizing interest income from the repayment of trade receivables.

The Company reported a core profit<sup>1</sup> of Baht 131 million for Q1/2023, an increase compared to a loss of Baht (27) million in Q4/2022 (QoQ). The main reasons for the increase were the reduction in realized foreign exchange losses and a decrease in selling and administrative expenses. Compared to Q1/2022 (YoY), the core profit<sup>1</sup>, increased by 48.3% from Baht 88 million due to higher sales and service revenue.

#### 4. Financial Position

As at the end of Q1/2023, the Company reported total assets of Baht 14,464 million, decreased by 2.6% from Baht 14,850 million as at the end of 2022, mainly due to the decrease of trade and other receivables.

##### Asset components

Assets Unit: Baht million	31 March 2023		31 December 2022	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	7,331	50.6%	7,474	51.6%
Property, plant and equipment	2,208	15.2%	2,276	15.7%
Right-of-use assets*	1,503	10.4%	1,589	11.0%

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

##### Trade and other receivables

As at the end of Q1/2023, the Company had trade and other current receivables of Baht 863 million, or 6.0% of total assets, a decrease of 71.6% from Baht 1,483 million as at the end of 2022, mainly due to debt collection from foreign customers.

##### Liquidity

As at the end of Q1/2023, the Company had a current ratio of 4.1x, stabled from the end of 2022 of 4.0x due to the decrease of both current assets and current liabilities.

##### Right-of-use assets

As at the end of Q1/2023, the Company had right-of-use assets of Baht 1,503 million or 10.4% 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 decreased 5.7% from Baht 1,589 million as at the end of 2022 due to the amortization of right-of-use satellite assets

<sup>1</sup> Core profit means profit attributable to owner of the Company before unrealized gain (loss) on exchange rate of the Company and joint ventures, and before extra items.

### Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q1/2023 were Baht 644 million, a decrease of 35.4% from Baht 872 million as at the end of 2022, mainly attributable to the repayment of long-term loans for the satellite projects.

The Company's shareholders' equity as at the end of Q1/2023 was Baht 10,642 million, increased by 0.8% from Baht 10,553 million as at the end of 2022 at Baht 10,553 million, reflecting from consolidated net profit offsetting with the annual dividend payment.

The company's ratio of net borrowings to equity was 0.4x, stabled from that of the end of 2022.

### Cash Flows

The Company had a net cash inflow from operating activities of Baht 686 million as at the end of Q1/2023, a decrease of 30.5% compared to Baht 987 million as at the end of Q1/2022. The decrease in net cash from operating activities was due to a significant amount of foreign trade receivables collected in Q1/2022, as customers began to have the capacity to repay debts after the Covid-19 situation.

Net cash provided (used) in investing activities as at the end of Q1/2023 was Baht (280) million, a decrease compared to Baht 867 million as at the end of Q1/2022. The main reason was the prepayment for equipment for a new satellite.

Net cash provided (used) in financing activities as at the end of Q1/2023 was Baht (321) million. The majority of this consisted of loan repayments and interest payments.

The Company had cash and cash equivalents, along with short-term investments, totaling Baht 5,962 million as at the end of Q1/2023.

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.