

Executive summary

The Thai economy in the second quarter of 2023 showed improvement compared to the previous quarter. It is expected to continue recovering throughout the year due to the positive impact of increased consumer spending and the expansion of the tourism sector. However, there are uncertainties in both domestic and global politics and economies. Market fluctuations in the global financial sector and geopolitical risks in various regions remain significant factors that could affect the Thai economy.

AIS is the major investment for INTOUCH, and in the first half of the year 2023, AIS's profits grew by 10% compared to the same period in the previous year. This increase in AIS's profits has led to a rise in the dividend payout to INTOUCH by 16%. In the second quarter of 2023, the mobile and fixed broadband industries demonstrated signs of a recovery. AIS focuses on profitability through quality backed by superior network quality, product bundling, and service excellence. AIS has committed to bringing more value to customers with various partnership offerings in content, products, and service privileges. This leads to higher average revenue per user ("ARPU") for mobile and fixed broadband businesses.

INTOUCH continues its policy of distributing 100% of the dividends received after deducting operating expenses to its shareholders. For the first half of 2023, INTOUCH has announced a dividend payout of 1.47 Baht per share, scheduled to be paid on 8 September 2023.

Overview of Consolidated Operational Results

Share of profit (loss) by business segment (in million baht)	2Q22				1Q23				2Q23				For the six-month period ended 30 June		
	2Q22	%YoY	1Q23	%YoY	2Q23	%YoY	%QoQ		2022	%YoY	2023	%YoY			
Continuing operations															
The Company	(42)	-2%	(40)	-1%	(23)	-1%	-45%	-43%	(67)	-1%	(63)	-1%	-6%		
AIS	2,550	97%	2,732	102%	2,904	101%	14%	6%	5,102	98%	5,636	101%	10%		
Other Businesses	1	0%	(2)	0%	1	0%	0%	150%	5	0%	(1)	0%	-120%		
Net Profit from continuing operations	2,509	95%	2,690	100%	2,882	100%	15%	7%	5,040	97%	5,572	100%	11%		
Discontinued operations															
THAICOM (Satellite & International Businesses)	127	5%	-	0%	-	0%	-100%	n/a	148	3%	-	0%	-100%		
Net Profit	2,636	100%	2,690	100%	2,882	100%	9%	7%	5,188	100%	5,572	100%	7%		
Normalized Net Profit¹⁾	2,554	97%	2,675	99%	2,860	99%	12%	7%	5,113	99%	5,548	100%	9%		

1) Excluding the net gain/loss from extra items:- fair value measurement and foreign exchange.

Operational results of INTOUCH Group for 2Q23 and 1H23 showed net profits of 2,882 million baht and 5,572 million baht, respectively. The increase in QoQ net profit was mainly due to a higher contribution from AIS as a result of a rise in services revenue combined with cost optimization, especially in the marketing expenses.

In 2023, INTOUCH Group has no operational results contribution from THAICOM after INTOUCH disposed of all stakes in the company at the end of 2022. Excluding the reduction in the share of net profit from discontinued operations (THAICOM), 2Q23 and 1H23 operational results rose from the same periods in the previous year. This was mainly due to a higher contribution from AIS as a result of a rise in services revenue combined with tight marketing expenses control. Also, AIS had foreign exchange gains, while losses occurred in the last year.

Operational results of INTOUCH for 2Q23 and 1H23 had a share of the net results of 2,902 million baht and 5,636 million baht, respectively, which increased QoQ and YoY, mainly due to the contribution from AIS. 2Q23 and 1H23 operational expenses were 37 million baht and 79 million baht, respectively.

Dividend payout INTOUCH has a dividend policy based on separate financial statements. These are mainly 100% 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 a dividend payment 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 with investments in other companies. Therefore, these companies' financial position or operational results 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).

Key Operational Results

Company business

The Company (in million baht)						For the six-month period ended 30 June		
	2Q22	1Q23	2Q23	%YoY	%QoQ	2022	2023	%YoY
Expenses	(45)	(42)	(32)	-29%	-24%	(72)	(74)	3%
Others ¹⁾	3	2	9	200%	350%	5	11	120%
Net Loss	(42)	(40)	(23)	-45%	-43%	(67)	(63)	-6%

1) Excluding the 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 losses in 2Q23 and 1H23 were 23 million baht and 63 million baht, respectively. The net loss decreased QoQ due to staff costs, while the declines from 2Q22 and 1H22 were mainly due to the losses of investment in private funds.

AIS businesses

Local wireless telecommunications (in million baht)						For the six-month period ended 30 June		
	2Q22	1Q23	2Q23	%YoY	%QoQ	2022	2023	%YoY
Share of net result from investment in AIS Group using equity method	2,550	2,732	2,904	14%	6%	5,102	5,636	10%
Normalized share of net result *	2,564	2,712	2,884	12%	6%	5,116	5,609	10%

* Excluding the share of net foreign exchange gain/loss.

The share of the net results from AIS Group rose QoQ, YoY and from 1H22, mainly due to revenue growth from mobile and fixed-broadband businesses and ongoing efforts to control marketing and administrative expenditure.

Sales and service revenue increased QoQ, YoY, and from 1H22, mainly due to mobile businesses supported by a recovery of tourism and ongoing efforts to offer better-value packages to customers, which uplifted ARPU. The revenue from fixed-broadband businesses continued to grow following the content bundling strategy and upselling value packages, which resulted in the ARPU recovery. However, the revenue from SIM and device sales decreased because no flagship devices were released during this quarter.

Sales and service costs increased from 2Q22 and 1H22 due to higher network OPEX costs from the utility price (FT rate). The slight increase from 1Q23 was due to NT's partnership and maintenance costs, but these were offset by the decrease in utilities resulting from the lower FT rate. SIM and device sales dropped following its revenues.

Distribution costs & administrative expenses decreased QoQ, YoY and from 1H22 due to cost control measures in advertising and campaigns together with the efficiency of administrative expenses.

Foreign exchange gain/loss of 1Q23, 2Q23 and 1H23, AIS Group had gains, while in 2Q22 and 1H22, there were losses.

Summary of Financial Position

Key financial position data

Consolidated Financial Position	As at 30 June 2023		As at 31 December 2022		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	1,623	4%	5,562	13%	(3,939)	-71%
Other current financial assets	830	2%	1,383	3%	(553)	-40%
Other current assets	48	0%	36	0%	12	33%
Investment in an associate	35,938	92%	35,366	82%	572	2%
Investment in venture capital	646	2%	640	1%	6	1%
Property and equipment	15	0%	18	0%	(3)	-17%
Right-of-use asset	27	0%	29	0%	(2)	-7%
Deferred tax assets	2	0%	1	0%	1	100%
Other non-current assets	4	0%	6	0%	(2)	-33%
Total Assets	39,133	100%	43,041	100%	(3,908)	-9%
Liabilities and Equity						
Dividends payable	-	0%	4,489	10%	(4,489)	-100%
Current portion of long-term lease liabilities	5	0%	5	0%	-	0%
Provision for unpaid operating fees and interest	2,890	7%	2,890	7%	-	0%
Other current liabilities	18	0%	40	0%	(22)	-55%
Long-term lease liability	22	0%	25	0%	(3)	-12%
Other non-current liabilities	41	0%	39	0%	2	5%
Total Liabilities	2,976	8%	7,488	17%	(4,512)	-60%
Total Equity	36,157	92%	35,553	83%	604	2%
Total Liabilities and Equity	39,133	100%	43,041	100%	(3,908)	-9%

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

Total consolidated assets dropped 9% from the end of 2022, mainly from cash & cash equivalents after the payment of the YE22 dividend payable, which was paid to shareholders in January 2023.

Total consolidated liabilities decreased by 60% from the end of 2022, mainly due to the dividend payable, which was paid in January 2023.

Total consolidated equity decreased 9% from the end of 2022 due to the dividend payment from 2H22 operational results, but the 1H23 profit in the group partially offset this.

Liquidity and cash flow: At the end of 2Q23, the current ratio was 0.9, which decreased from 2.7 at the end of 2Q22, mainly due to the deconsolidation of THAICOM as of 31 December 2022, after INTOUCH disposed of all the investments. INTOUCH Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and secure short-term credit facilities from various banks as a financial backup.

The consolidated cash of 1H23 dropped by 3,939 million baht from the end of 2022, mainly due to the dividend payment paid to shareholders in January 2023.

The profitability ratio and return on equity: INTOUCH Group's net profit margin at the end of 1H23 was 98.5%, slightly decreased from 1H22. The return on equity was 15.2%, which rose from 12.7% in 1H22 due to the decline of retained earnings of INTOUCH.

Debt-to-equity ratio: At the end of 2Q23, the group had a debt-to-equity ratio of 0.1 times, which decreased from 0.2 times in 2Q22 due to lower current liabilities. INTOUCH Group can repay short- and long-term loans without violating the conditions of its loan agreements concerning maintaining stipulated financial ratios.

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

The External Auditor's Report

The auditor found nothing to come to the attention that causes them to believe that the interim financial information for the three-month and six-month periods ended 30 June 2023 is not 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 30 June 2023		As at 31 December 2022		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	1,180	3%	5,524	13%	(4,344)	-79%
Other current financial assets	21	0%	157	0%	(136)	-87%
Investment in subsidiaries and associate	35,962	95%	35,391	85%	571	2%
Investments in venture capital	646	2%	640	2%	6	1%
Other assets	52	0%	57	0%	(5)	-9%
Total Assets	37,861	100%	41,769	100%	(3,908)	-9%
Liabilities and Equity						
Dividend payable	-	0%	4,489	11%	(4,489)	-100%
Other liabilities	79	0%	102	0%	(23)	-23%
Total Equity	37,782	100%	37,178	89%	604	2%
Total Liabilities and Equity	37,861	100%	41,769	100%	(3,908)	-9%

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

Separate Statements of Profit or Loss (in million baht)	For the six-month period ended 30 June							
	2Q22	1Q23	2Q23	%YoY	%QoQ	2022	2023	%YoY
Share of net results from investments in:-								
Subsidiaries	(1)	2	(2)	100%	-200%	-	-	n/a
Associate	2,550	2,732	2,904	14%	6%	5,102	5,636	10%
Other income	5	3	17	240%	467%	9	15	67%
Total revenue	2,554	2,737	2,919	14%	7%	5,111	5,651	11%
Administrative & other expenses	(36)	(38)	(28)	-22%	-26%	(54)	(61)	13%
Director and management benefits	(9)	(9)	(9)	0%	0%	(18)	(18)	0%
Total expenses	(45)	(47)	(37)	-18%	-21%	(72)	(79)	10%
Profit before finance costs	2,509	2,690	2,882	15%	7%	5,039	5,572	11%
Finance costs	(1)	(1)	(1)	0%	0%	(1)	(2)	100%
Profit from discontinued operations	127	-	-	-100%	n/a	148	-	-100%
Net Profit	2,635	2,689	2,881	9%	7%	5,186	5,570	7%

Consolidated Statements of Profit or Loss (in million baht)						For the six-month period ended 30 June		
	2Q22	1Q23	2Q23	%YoY	%QoQ	2022	2023	%YoY
Sales and service revenue	-	-	-	n/a	n/a	12	-	-100%
Share of profit of investments in an associate	2,550	2,732	2,904	14%	6%	5,102	5,636	10%
Other income	9	8	13	44%	63%	15	21	40%
Total revenue	2,559	2,740	2,917	14%	6%	5,129	5,657	10%
Sales and service costs	-	-	-	n/a	n/a	(13)	-	-100%
Administrative expenses	(39)	(38)	(24)	-38%	-37%	(54)	(62)	15%
Director and management benefit expenses	(9)	(9)	(9)	0%	0%	(18)	(18)	0%
Total expenses	(48)	(47)	(33)	-31%	-30%	(85)	(80)	-6%
Profit before finance costs & income tax expense	2,511	2,693	2,884	15%	7%	5,044	5,577	11%
Finance costs	(1)	(1)	(1)	0%	0%	(1)	(2)	100%
Profit before income tax expense	2,510	2,692	2,883	15%	7%	5,043	5,575	11%
Income tax expense	-	(1)	-	n/a	-100%	(1)	(1)	0%
Profit for the year - continuing operations	2,510	2,691	2,883	15%	7%	5,042	5,574	11%
Profit (loss) from discontinued operations - net	309	-	-	-100%	n/a	360	-	-100%
Net profit	2,819	2,691	2,883	2%	7%	5,402	5,574	3%

Consolidated source and use of Cash Flows				
For the six-month period ended 30 June			million baht	
Source of funds			Use of funds	
Receive of dividend	5,100		Payment of dividend	9,491
Decrease in other current financial assets	551		Operating cash flows	88
Disposal of fixed assets	1		Repayment of loan and lease liabilities	3
			Net investment in venture capital	9
Decrease in cash	3,939			
Total	9,591		Total	9,591

Material financial ratios (based on consolidated financial statements)	For the six-month period ended 30 June		
	2023	2022	Change
Net profit margin (%)	98.5	101.2	(2.7)
Current ratio (times)	0.9	2.7	(1.8)
Return on equity attributed to owners of the parent (%)	15.2	12.7	2.5
Return on assets (%)	13.6	9.6	3.9
Debt to equity attributed to owners of the parent (times)	0.1	0.2	(0.1)
Interest bearing debt to equity attributed to owners of the parent (times)	0.0	0.1	(0.1)
Basic earnings per share (baht)	1.74	1.62	0.12
Book value per share (baht)	11.51	12.73	(1.22)

Disclaimer

Some statements in this material are forward-looking statements with relevant assumptions, subject to various risks and uncertainties. These include statements concerning 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 these statements' relevance, timeliness, or accuracy.