

Executive summary

The Thai economy continues to receive support from the recovery of private consumption and the tourism sector, even though the overall economy has not fully recovered due to the global economic slowdown and fluctuations in the global financial markets. In the third quarter of 2023, the performance of INTOUCH Group, particularly AIS, has continued to grow steadily, with AIS's profits increasing by 35% from the same quarter of the previous year. This growth is attributed to increased revenue from mobile, fixed broadband, and enterprise businesses, as well as process improvements that have made cost management more efficient.

AIS remains focused on quality customers and offers diverse and superior services that cater to customer needs, thus enhancing user experiences. Additionally, the expansion of 5G coverage has reached 87% of the population, resulting in an increase in the average revenue per user (ARPU).

As of the end of the third quarter of 2023, AIS had a total of 44.45 million mobile subscribers, with 8.5 million using 5G services, accounting for approximately 19% of total mobile subscribers and 2.38 million fixed broadband users. The ARPU for mobile and fixed broadband services has increased compared to the previous quarter.

Significant events

- Advanced Wireless Network Company Limited (“AWN”), a subsidiary of AIS, agreed to accept a transfer of the license of 700 MHz spectrum for 5MHz for telecommunications service from National Telecom Public Company Limited (“NT”). The total spectrum value is 14,866 million baht, whereby AWN shall make a spectrum transfer payment to the NT and the remaining annual spectrum instalments to the NBTC. The transfer of license was completed on 24 October 2023.
- In September 2023, AWN entered into a 13-year agreement with the NT to provide telecommunication equipment rental of 13,500 sites for services of 5G mobile and national roaming on the NT’s 700 MHz spectrum. AWN will recognize rental income when the service is delivered in phases within two years.
- Financial impacts of both events have not yet occurred in 3Q23.

Overview of Consolidated Operational Results

Share of profit (loss) by business segment (in million baht)	3Q22		2Q23		3Q23		%YoY		%QoQ		For the nine-month period ended 30 September			
									2022	2023	%YoY			
Continuing operations														
The Company	(27)	-1%	(23)	-1%	(31)	-1%	15%	35%	(95)	-1%	(95)	-1%	0%	
AIS	2,439	99%	2,904	101%	3,294	101%	35%	13%	7,541	99%	8,930	101%	18%	
Other Businesses	1	0%	1	0%	1	0%	0%	0%	7	0%	1	0%	-86%	
Net Profit from continuing operations	2,413	98%	2,882	100%	3,264	100%	35%	13%	7,453	97%	8,836	100%	19%	
Discontinued operations														
THAICOM (Satellite & International Businesses)	51	2%	-	0%	-	0%	-100%	n/a	198	3%	-	0%	-100%	
Net Profit	2,464	100%	2,882	100%	3,264	100%	32%	13%	7,651	100%	8,836	100%	15%	
Normalized Net Profit ¹⁾	2,418	98%	2,873	100%	3,049	93%	26%	6%	7,605	99%	8,596	97%	13%	

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

Operational results of INTOUCH Group for 3Q23 and 9M23 showed net profits of 3,264 million baht and 8,836 million baht, respectively, mainly due to a higher contribution from AIS, driven by a rise in service revenue, lower D&A, and tight marketing expense control with a gain from the sale of investment in Rabbit LINE Pay. Also, in 3Q23, AIS had foreign exchange gains, while losses occurred in the last year. 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.

Operational results of INTOUCH for 3Q23 and 9M23 had a share of the net results of 3,294 million baht and 8,930 million baht, respectively, which increased QoQ and YoY, mainly due to the contribution from AIS. 3Q23 and 9M23 operational expenses were 34 million baht and 112 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 nine-month period ended 30 September		
	3Q22	2Q23	3Q23	%YoY	%QoQ	2022	2023	%YoY
Expenses	(54)	(32)	(34)	-37%	6%	(126)	(109)	-13%
Others ¹⁾	27	9	3	-89%	-67%	31	14	-55%
Net Loss	(27)	(23)	(31)	15%	35%	(95)	(95)	0%

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 loss in 3Q23 was 31 million baht, which rose slightly QoQ due to the decline in interest income. This net loss increased YoY mainly due to a gain from the sales of investments in venture capital project during 3Q22. However, the expenses were lower than last year's period due to the losses of investment in private funds and the office moving costs.

The 9M23 net loss was relatively the same as the 9M22. The 9M23 expenses decreased from fewer legal & business consulting fees, and neither loss was contributed from private funds nor office moving costs, offset by the decrease in gain from the sales of investments in venture capital project.

AIS businesses

Local wireless telecommunications (in million baht)						For the nine-month period ended 30 September		
	3Q22	2Q23	3Q23	%YoY	%QoQ	2022	2023	%YoY
Share of net result from investment in AIS Group using equity method	2,439	2,904	3,294	35%	13%	7,541	8,930	18%
Normalized share of net result *	2,547	2,897	3,079	21%	6%	7,738	8,687	12%

* Excluding the share of net foreign exchange gain/loss and gain on sale of investment.

The share of the net results from AIS Group rose from last quarter and the same periods last year, mainly due to revenue growth from mobile and fixed-broadband businesses and ongoing efforts to control marketing and administrative expenditures, including gains from the foreign exchange rate and the sale of investment in Rabbit LINE Pay.

Sales and service revenue increased by 2.9% QoQ, driven mainly by device and SIM sales, which rose 16% from the launch of the iPhone 15 at the end of September 2023, while service revenues increased slightly.

Compared to 3Q22 and 9M22, the service revenue rose primarily due to the continued growth of income from fixed-broadband services resulting from the uplift of ARPU following the value-enhancing products through content bundling and convergence strategy. The mobile business revenue grew from the expansions of the private consumption and tourism sectors. The revenue from non-mobile enterprise businesses increased, mainly from a sizable project closed in the quarter and resumed spending on ICT solutions. SIM and device sales revenue dropped because the iPhone 15 launched one week later compared to the period the iPhone 14 was released in the previous year.

Sales and service costs increased by 2.0% from 2Q23, mainly from the cost of SIM and device sales following its revenues. However, decreased service costs partially offset this, primarily due to fully amortized 3G equipment. Also, the network OPEX dropped from a full quarter benefit of a lower FT rate, which applied in May 2023, and lower NT roaming costs.

Compared to 3Q22 and 9M22, the sales and service costs declined, mainly from the cost of sales following SIM & devices revenue, while 3Q23 service costs were flat YoY. However, the 9M23 service costs rose from 9M22 mainly due to higher network utility costs from electricity and the NT roaming costs, even though D&A declined due to fully depreciated 3G equipment.

Distribution costs and administrative expenses of 3Q23 and 9M23 decreased from 2Q23, 3Q22 and 9M22 due to the efficient cost management in marketing expenses.

Summary of Financial Position

Key financial position data

Consolidated Financial Position	As at 30 September 2023		As at 31 December 2022		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	2,122	6%	5,562	13%	(3,440)	-62%
Other current financial assets	626	2%	1,383	3%	(757)	-55%
Other current assets	12	0%	36	0%	(24)	-67%
Investment in an associate	34,443	91%	35,366	82%	(923)	-3%
Investment in venture capital	650	2%	640	1%	10	2%
Property and equipment	14	0%	18	0%	(4)	-22%
Right-of-use asset	25	0%	29	0%	(4)	-14%
Deferred tax assets	2	0%	1	0%	1	100%
Other non-current assets	4	0%	6	0%	(2)	-33%
Total Assets	37,898	100%	43,041	100%	(5,143)	-12%
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	8%	2,890	7%	-	0%
Other current liabilities	211	1%	40	0%	171	428%
Long-term lease liability	21	0%	25	0%	(4)	-16%
Other non-current liabilities	42	0%	39	0%	3	8%
Total Liabilities	3,169	8%	7,488	17%	(4,319)	-58%
Total Equity	34,729	92%	35,553	83%	(824)	-2%
Total Liabilities and Equity	37,898	100%	43,041	100%	(5,143)	-12%

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

Total consolidated assets dropped 12% 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. The value of the investment in an associate dropped due to a dividend payment, although this was partially offset by their operational results in 9M23.

Total consolidated liabilities decreased by 58% from the end of 2022, mainly due to the dividend payable, which was paid in January 2023.

Total consolidated equity decreased 2% from the end of 2022 due to the dividend payment from 1H23 operational results, but the 9M23 profit in the group partially offset this.

Liquidity and cash flow: At the end of 3Q23, the current ratio was 0.9, which decreased from 2.0 at the end of 3Q22, 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 9M23 dropped by 3,440 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 9M23 was 98.6%, slightly decreasing from 9M22. The return on equity was 24.6%, which rose from 19.5% in 9M22 due to the decline of retained earnings of INTOUCH.

Debt-to-equity ratio: At the end 3Q23, the group had a debt-to-equity ratio of 0.1 times, which decreased from 0.2 times in 3Q22 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 nine-month periods ended 30 September 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 September 2023		As at 31 December 2022		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	1,458	4%	5,524	13%	(4,066)	-74%
Other current financial assets	5	0%	157	0%	(152)	-97%
Investment in subsidiaries and associate	34,468	94%	35,391	85%	(923)	-3%
Investments in venture capital	650	2%	640	2%	10	2%
Other assets	43	0%	57	0%	(14)	-25%
Total Assets	36,624	100%	41,769	100%	(5,145)	-12%
Liabilities and Equity						
Dividend payable	-	0%	4,489	11%	(4,489)	-100%
Other liabilities	273	1%	102	0%	171	168%
Total Equity	36,351	99%	37,178	89%	(827)	-2%
Total Liabilities and Equity	36,624	100%	41,769	100%	(5,145)	-12%

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

Separate Statements of Profit or Loss (in million baht)	3Q22	2Q23	3Q23	%YoY	%QoQ	For the nine-month period ended 30 September		
						2022	2023	%YoY
Share of net results from investments in:-								
Subsidiaries	(2)	(2)	0	120%	120%	(1)	-	-100%
Associate	2,439	2,904	3,294	35%	13%	7,541	8,930	18%
Other income	30	12	3	-91%	-78%	38	16	-58%
Total revenue	2,467	2,914	3,297	34%	13%	7,578	8,946	18%
Administrative & other expenses	(45)	(23)	(25)	-44%	9%	(99)	(85)	-14%
Director and management benefits	(9)	(9)	(9)	0%	0%	(27)	(27)	0%
Total expenses	(54)	(32)	(34)	-37%	6%	(126)	(112)	-11%
Profit before finance costs	2,413	2,882	3,263	35%	13%	7,452	8,834	19%
Finance costs	(1)	(1)	-	-100%	-100%	(2)	(2)	0%
Profit from discontinued operations	51	-	-	-100%	n/a	198	-	-100%
Net Profit	2,463	2,881	3,263	32%	13%	7,648	8,832	15%

Consolidated Statements of Profit or Loss (in million baht)	3Q22	2Q23	3Q23	%YoY	%QoQ	For the nine-month period ended 30 September		
						2022	2023	%YoY
Sales and service revenue	-	-	-	n/a	n/a	12	-	-100%
Share of profit of investments in an associate	2,439	2,904	3,294	35%	13%	7,541	8,930	18%
Other income	25	13	8	-68%	-38%	40	29	-28%
Total revenue	2,464	2,917	3,302	34%	13%	7,593	8,959	18%
Sales and service costs	-	-	-	n/a	n/a	(13)	-	-100%
Administrative expenses	(39)	(24)	(27)	-31%	13%	(93)	(88)	-5%
Director and management benefit expenses	(9)	(9)	(9)	0%	0%	(27)	(28)	4%
Total expenses	(48)	(33)	(36)	-25%	9%	(133)	(116)	-13%
Profit before finance costs & income tax expense	2,416	2,884	3,266	35%	13%	7,460	8,843	19%
Finance costs	(1)	(1)	-	-100%	-100%	(2)	(2)	0%
Profit before income tax expense	2,415	2,883	3,266	35%	13%	7,458	8,841	19%
Income tax expense	(1)	-	(1)	0%	100%	(2)	(2)	0%
Profit for the year - continuing operations	2,414	2,883	3,265	35%	13%	7,456	8,839	19%
Profit (loss) from discontinued operations - net	122	-	-	-100%	n/a	481	-	-100%
Net profit	2,536	2,883	3,265	29%	13%	7,937	8,839	11%

Consolidated source and use of Cash Flows		For the nine-month period ended 30 September 2023		million baht
Source of funds				
Receive of dividend		9,910		
Operating cash flows		116		
Decrease in other current financial assets		754		
Disposal of fixed assets and others		2		
Decrease in cash		3,440		
Total		14,222		14,222
Use of funds				
Payment of dividend			14,205	
Repayment of loan and lease liabilities			4	
Net investment in venture capital			13	

Material financial ratios (based on consolidated financial statements)	For the nine-month period ended 30 September		
	2023	2022	Change
Net profit margin (%)	98.6	100.8	(2.1)
Current ratio (times)	0.9	2.0	(1.1)
Return on equity attributed to owners of the parent (%)	24.6	19.5	5.1
Return on assets (%)	21.8	14.6	7.3
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)	2.75	2.39	0.36
Book value per share (baht)	11.07	11.74	(0.67)

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.