
Management's Discussion and Analysis for Q3/2023 Results
Thaicom Public Company Limited

1. Overview

Performance Overview

Thaicom Public Company Limited (the "Company" or "THCOM") reported a revenue from sales of goods and rendering of services of Baht 623 million in Q3/2023, along with a net profit attributable to the owner of the Company of Baht 114 million. When compared to the same period of the previous year (YoY), the revenue from sales of goods and rendering of services decreased by 18.9% from Baht 767 million. This was primarily attributed to the ramp-down of revenue from broadband services provided by Thaicom 4 satellite in areas that were out of the planned coverage of follow-on satellites. Despite the decrease of revenue, the Company's net profit showed a relatively modest decrease of 6.1% from Baht 121 million in Q3/2022 due to efficient cost and expense management.

In comparison to the previous quarter (QoQ), the revenue from sales of goods and rendering of services was not of significant difference. The decrease of the net profit by 75.1% from Baht 457 million was from the recognition of the compensation income from a business partner during Q2/2023 of Baht 301 million.

The Company generated a core profit¹ of Baht 18 million in Q3/2023, decreased 86.8% from Q3/2022 (YoY) of Baht 133 million following the decrease of revenue, and decreased 70.3% from Q2/2023 (QoQ) of Baht 60 million, due to the realized gain/loss on foreign exchange, both for the Company and its joint ventures.

2. Business Summary

Satellite and related Services

[THCOM announced the selection of Airbus to build a new satellite with advanced technology" Software Defined High Throughput Satellite \(SD-HTS\)"](#)

The Company announced the selection of Airbus, a world's leader in space businesses, to build a new satellite with advanced technology "Software Defined High Throughput Satellite or SD-HTS technology" at 119.5 Degrees East, which is THCOM's main strategic orbital slot.

Space Tech Innovation Company Limited, THCOM's subsidiary, signed a contract with Airbus Space Systems to design and build a new satellite, as well as provide ground control segment components. Airbus will build the satellite applying the newest design technology, and propose to deliver the satellite in 2027. This is the ninth order of Airbus' OneSat line of satellites, which is capable of adjusting the coverage area, capacity, and frequency "on the fly" to respond to future communications by enabling the adoption of new technologies while the satellite is in orbit. This satellite will be able to extend connectivity in Ku-band enhanced service and

¹ 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.

customers' relationship across Asia Pacific, strengthen the potential of providing integrated services and build confidence in providing stable services to customers.

THCOM's success on broadband services expansion in the Philippines

The Company was successful on securing the service expansion agreement with We Are IT Philippines Inc., the leading broadband services provider in the Philippines, for the government broadband connectivity throughout the country.

THCOM's CEO, Patompob Suwansiri, received 'Asia-Pacific Satellite Executive of the Year' Award

On October 10, 2023 - Mr. Patompob Suwansiri, Chief Executive Officer of Thaicom Public Company Limited, has been named the Asia-Pacific Satellite Executive of the Year by the Asia-Pacific Satellite Communications Council (APSCC) in 2023 (2023 Asia-Pacific Satellite Executive of the Year Award) from Asia-Pacific Satellite Communications Council (APSCC) to award honored an industry executive's excellent leadership achievements and the long-term impact of those efforts in the satellite and space industry.

Utilization of THCOM's satellites

At the end of the Q3/2023, THCOM's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate for both satellites was 56.0%, which was not significantly different from that of Q2/2023 (QoQ).

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, LOOX TV and New Space Technology business.

Revenue relating to the internet and media services for Q3/2023 was Baht 17 million, a substantial 70.0% increase when compared to Baht 10 million in Q2/2023 (QoQ), and 88.6% increase compared to Baht 9 million in Q3/2022 (YoY). The main contribution was the income from the Thai General Insurance Association (TGIA), which Thai AI provided satellite technology to help Thai farmers reduce the risk of natural disasters. The service mentioned is a part of THCOM's Group New Space Technology business.

Telephone business abroad

As at the end of Q3/2023, Lao Telecommunications Public Company (LTC) and TPLUS Digital Company Limited (TPLUS) reported the consolidated mobile subscribers of 2.52 million, increasing in comparison to 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		Amount		Change	
	Q3 2023	Q2 2023	Q3 2022	%QoQ	%YoY	9 Month 2023	9 Month 2022	%YoY
Revenue from sales of goods and rendering of services	623	636	767	-2.2%	-18.9%	1,997	2,199	-9.2%
Other income	10	304	3	-96.7%	233.3%	317	13	2,336.8%
Net gain (loss) from foreign exchange	112	184	314	-39.1%	-64.3%	242	520	-53.5%
Total Revenue	745	1,124	1,084	-33.8%	-31.3%	2,555	2,731	-6.4%
Cost of sales of goods and rendering of services	(344)	(388)	(366)	-11.3%	-5.9%	(1,123)	(1,093)	2.8%
SG&A expenses ⁽¹⁾	(194)	(216)	(226)	-10.2%	-14.1%	(624)	(616)	1.4%
Cost of sales of goods and rendering of services	-	-	(259)	n/a	n/a	-	(259)	n/a
Profit from operating activities	206	519	232	-60.4%	-11.5%	808	764	5.8%
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA)⁽²⁾	243	192	326	26.6%	-25.4%	746	1,019	-26.8%
Financial income	68	63	51	7.3%	33.1%	207	112	85.0%
Financial costs	(34)	(30)	(31)	13.2%	11.5%	(99)	(87)	13.8%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	(10)	(4)	(7)	175.4%	37.2%	13	72	-81.5%
Share of profit (loss) of investment in subsidiaries and joint ventures	(76)	(59)	(73)	29.6%	3.5%	(153)	(252)	-39.2%
Profit before income tax expense	153	490	172	-68.7%	-10.8%	776	609	27.6%
Income tax expense	(40)	(33)	(51)	19.1%	-22.0%	(116)	(127)	-8.8%
Profit attributable to the owner of the Company (Net Profit)	114	457	121	-75.1%	-6.1%	660	481	37.1%
Less: Unrealized gain (loss) on exchange rate of the Company	120	152	290	-21.1%	-58.6%	226	483	-53.2%
Less: Unrealized gain (loss) on exchange rate of joint ventures	(24)	(43)	(44)	-44.2%	-45.5%	(62)	(249)	-75.1%
Less: Extra items ⁽³⁾	-	288	(258)	n/a	n/a	288	(187)	-253.8%
Core Profit	18	60	133	-70.3%	-86.8%	208	435	-52.2%
Basic earnings per share (Baht)	0.10	0.42	0.11	-75.1%	-6.1%	0.60	0.44	37.2%

(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) Extra items are one-time items contributed to the Company's financial results during the respective period. In Q2/2023, the amount was primarily from the compensation from disputes with a business partner, deduct with other one-time expenses. In Q3/2022, there was the recognition of satellite impairment.

Revenue from sales of goods and rendering of services

The consolidated revenue from sales of goods and rendering of services for Q3/2023 was Baht 623 million, decreased by 2.2% from Baht 636 million and 18.9% from Baht 767 million in Q2/2023 (QoQ) and Q3/2022 (YoY), respectively. The decrease was primarily due to the ramp down of broadband services revenue.

For the first 9 months of 2023, the Company had revenue from sales of goods and rendering of services of Baht 1,997 million, decreased by 9.2% compared to that of the first 9 months of 2022 (YoY) of Baht 2,199 million, mainly due to the ramp-down of satellite and related services.

Revenue from sales of goods and rendering of services	Q3	Q2	Q3	%QoQ	%YoY	9 Month	9 Month	%YoY
Unit: Baht million	2023	2023	2023			2023	2022	
Satellite and related services	611	633	765	-3.5%	-20.1%	1,979	2,195	-9.8%
Internet and media services	17	10	9	70.0%	88.6%	36	24	50.0%
Consolidation eliminations	(5)	(7)	(7)	-28.6%	-28.6%	(18)	(20)	-10.0%
Total	623	636	767	-2.2%	-18.9%	1,997	2,199	-9.2%

After the contract for operating domestic communications satellites was terminated, revenue from satellite and related services comprised of (1) revenue from sales of goods and rendering of services from Thaicom 7 and Thaicom 8, which are operated under licenses to provide telecommunication services, and (2) 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 Q3/2023 was Baht 611 million, reflecting a decrease of 3.5% from Baht 633 million in Q2/2023 (QoQ), and a decrease of 20.1% from Baht 765 million in Q3/2022 (YoY), primarily due to the ramp-down of revenue from broadband services provided by the Thaicom 4 customers in such areas that were out of the planned coverage of follow-on satellites. In addition, prices were discounted to existing customers following the industry trend.

During the first 9 months of 2023, the Company generated revenue from satellite and related services amounting to Baht 1,979 million, a decrease of 9.8% when compared to the revenue of Baht 2,195 million during the first 9 months of 2022 (YoY). The primary reason for this decline was attributed to a reduction in revenue from broadband customers.

Revenue from internet and media services

In Q3/2023, revenue related to internet and media services was Baht 17 million. This represented a significant increase of 70.0% when compared to the revenue of Baht 10 million in Q2/2023 (QoQ), and an increase of 88.6% when compared to the revenue of Baht 9 million in Q3/2022 (YoY). The primary reason for this remarkable growth was attributed to income generated from the Thai General Insurance Association (TGIA) for utilizing satellite technology to assist Thai farmers in mitigating the risks associated with natural disasters. This initiative is a part of THCOM's Group New Space Technology business.

Other income

Other income for Q3/2023 was Baht 10 million, a decreased of 96.7% from Baht 304 million in Q2/2023 (QoQ). This was mainly due to the recognition of other income in Q2/2023 from compensation for disputes with a business partner. The Company and the business partner had different interpretations of certain clauses of the cooperation agreement between the two parties. As a result, the Company and the business partner have submitted the case to arbitration overseas to consider and find a solution for such different views. In June 2023, the highest court unanimously dismissed the appeal of the said partner. As a result, the dispute regarding the compensation of USD 8.5 million, equivalent to Baht 301 million, was final and could no longer be challenged. The Company thus recognized the mentioned compensation as other income in its statements of profit or loss for the period ended 30 June 2023. (Details in note 14.2).

Cost of sales of goods and rendering of services

The Company reported a consolidated cost of sales of goods and rendering of services for Q3/2023 amounting to Baht 344 million. This marked a decrease of 11.3% when compared to the cost of Baht 388 million in Q2/2023 (QoQ) and a decrease of 5.9% when compared to the cost of Baht 366 million in Q3/2022 (YoY). The primary reason for this decrease was a reduction in the cost of satellite and related services.

During the first 9 months of 2023, the Company incurred a cost of sales of goods and rendering of services amounting to Baht 1,123 million. This represented an increase of 2.8% when compared to the cost of Baht 1,093 million during the first 9 months of 2022 (YoY). The primary reason for this increase was the rise in costs associated with satellites, including internet and media services.

Cost of sales of goods and rendering of services Unit: Baht million	Q3 2023	Q2 2023	Q3 2023	%QoQ	%YoY	9 Month 2023	9 Month 2022	%YoY
Satellite and related services	340	390	369	-12.8%	-7.7%	1,121	1,100	1.9%
Internet and media services	10	5	4	100.0%	130.9%	20	12	66.7%
Consolidation eliminations	(6)	(6)	(7)	0.0%	-9.1%	(18)	(19)	-5.3%
Total	344	388	366	-11.3%	-5.9%	1,123	1,093	2.8%

The cost of satellite and related services in Q3/2023 was Baht 340 million, decreased by 12.8% from Baht 390 million for Q2/2023 (QoQ), and decreased by 7.7% from Baht 369 million for Q3/2022 (YoY) following the decline of revenue, together with the effective cost management.

During the first 9 months of 2023, the cost of satellite and related services was at Baht 1,121 million, increased by 1.9% compared with the same period of the previous year (YoY) of Baht 1,100 million, mainly due to the increase of equipment maintenance.

Cost of internet and media services

The cost related to internet and media services for Q3/2023 amounted to Baht 10 million, marking a significant increase of 100% and 130.9% when compared to that of Q2/2023 (QoQ) of Baht 5 million and Q3/2022 (YoY) of Baht 4 million, respectively, following the increase of revenue.

Selling and administrative expenses

In Q3/2023, the Company's sales and administrative expenses, which included directors and executives' remuneration, was Baht 194 million. This figure marked a 10.2% decrease from Baht 216 million in Q2/2023 (QoQ), primarily due to a reduction of legal advisory fees and staff expenses. Additionally, there was a 14.1% decrease from Baht 226 million in Q3/2022 (YoY), attributable to a decrease in office expenses as well as legal advisory fees.

Finance costs

In Q3/2023, the Company incurred financial costs totaling Baht 34 million. This marked an increase of 13.2% from that of Q2/2023 (QoQ) of Baht 30 million and 11.5% increase from that of Q3/2022 (YoY) of Baht 31 million. The increase in financial costs was primarily due to rising interest expenses during this period.

Share of profit of investment in joint venture

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

In Q3/2023, the share of profit (loss) from investments in joint ventures was Baht (76) million. This loss increased by 29.6% compared with Baht (59) million in Q2/2023 (QoQ) and increased by 3.5% compared with Baht (73) million in Q3/2022 (YoY). The primary reason for this loss was the loss incurred from the investment in the joint venture related to The Laotian telephone business (LTC), mainly due to the depreciation of the Laotian Kip currency against the US dollar, caused loss on exchange rate. In addition, the financial costs at Sherington Investments Pte. Ltd. increased significantly due to increased interest rates. As a result, the Company realized a share of loss in the joint venture.

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

The Company reported the net profit for Q3/2023 of Baht 114 million, marking a 6.1% decrease from Q3/2022 (YoY) net profit of Baht 121 million due to lower revenue. When compared with Q2/2023 (QoQ), the net profit decreased by 75.1% from Baht 457 million, mainly due to the recognition of the compensation income from a business partner of Baht 301 million.

During the first 9 months of 2023, the Company generated net profit of Baht 660 million, increased by 37.1% compared to that of the first 9 months of 2022 (YoY) of Baht 481 million, due to the recognition of the mentioned compensation income.

The Company generated a core profit¹ of Baht 18 million in Q3/2023, decreased 86.8% from Q3/2022 (YoY) of Baht 133 million following the decrease of revenue, and decreased 70.3% from Q2/2023 (QoQ) of Baht 60 million, due to the realized gain/loss on foreign exchange, both for the Company and its joint ventures.

¹ 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.

During the first 9 months of 2023, the Company has core profit of Baht 208 million, decreased by 52.2% compared to the first 9 months of 2022 (YoY) of Baht 435 million, due to the ramp-down of the revenue of broadband services.

4. Financial Position

At the end of Q3/2023, the Company's total assets was Baht 14,476 million. This figure represented a decrease of 2.6% from Baht 14,850 million at the end of 2022. The primary reason for this decrease was the reduction in trade and other receivables.

Asset components

Assets	30 September 2023		31 December 2022	
	Amount	% of	Amount	% of
Unit: Baht million	(Baht million)	Total Assets	(Baht million)	Total Assets
Current assets	5,794	40.1%	7,474	50.3%
Property, plant and equipment	2,118	14.6%	2,276	15.3%
Right-of-use assets*	1,376	9.5%	1,589	10.7%
Intangible assets	856	5.9%	53	0.4%

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

Trade and other receivables

At the end of Q3/2023, the Company's trade and other current receivables were recorded at Baht 985 million. This amount accounted for 6.8% of the total assets, representing a significant decrease of 33.6% from Baht 1,483 million at the end of 2022. The primary reason for this decrease was the collection of outstanding debts from foreign customers.

Liquidity

As at the end of Q3/2023, the Company had a current ratio of 4.2x, increased from that of the end of 2022 of 4.0x. There was from the decrease of both current assets, which included trade receivables, short-term deposits, and investments in debt instruments, as well as the decrease in current liabilities from advance receipts.

Right-of-use assets

As at the end of Q3/2023, the Company had right-of-use assets of Baht 1,376 million or 9.5% 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 13.4% from Baht 1,589 million as at the end of 2022 due to the amortization of right-of-use satellite assets.

Intangible assets

At the end of Q3/2023, the Company held intangible assets amounting to Baht 856 million. These intangible assets accounted for 5.9% of the total assets, representing a significant increase of 15.0% compared to Baht 53 million

at the end of 2022. The increase of intangible assets was mainly due to the rights to utilize the satellite orbital slots at 119.5 and 78.5 Degrees East.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q3/2023 were Baht 460 million, a decrease of 47.3% 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 Q3/2023 was Baht 10,519 million, decreased by 0.3% from that of the end of 2022 of Baht 10,554 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's net cash from operating activities for the first 9 months of 2023 was Baht 897 million, a decrease of 52.5% compared to that of the first 9 months of 2022 of Baht 1,889 million, primarily due to the significant receivables collection from foreign customers during the first 9 months of 2022.

Net cash provided (used) in investing activities for the first 9 months of 2023 was Baht (280) million, decreased from Baht 1,167 million for the first 9 months of 2022. The main reason was the payment for new satellites' equipment and the payment for the rights to utilize the satellite orbital slots at 119.5 and 78.5 Degrees East. In addition, during the first 9 months of 2022, the Company received cash from the sale of other current financial assets.

Net cash provided (used) in financing activities as at the first 9 months of 2023 was Baht (1,286) million. The majority of which consisted of long-term loans repayments and interest payments.

The Company had cash and cash equivalents, along with short-term investments, totaling Baht 4,668 million as at the end of Q3/2023.

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