
Management's Discussion and Analysis for 2023 Results

Thaicom Public Company Limited

1. Overview

Performance Overview

Thaicom Public Company Limited (the "Company" or "THCOM") reported a net profit of Baht 354 million for the fiscal year 2023, equivalent to earnings per share of Baht 0.32. The Board of Directors' meeting No. 2/2024, held on 8 February 2024, approved to propose to the shareholders' meeting the consideration and approval of dividend payment for the fiscal year 2023 at the rate of Baht 0.13 per share. The amount of dividend payable is approximately in total of Baht 142 million, equivalent to 40% payout ratio.

During 2023, since the Thaicom 4 satellite was approaching its end of useful life, the Company adjusted its satellite broadband customer portfolio to be in line with the future satellite fleet at 119.5 degrees East. The portfolio was shifted to focus on high growth markets, i.e., India, the Philippines, Indonesia, while capturing Thai demand as the homebase. This resulted in the expected short-term decline of the Company's sales and service income in 2023. With the revenue recognition of Baht 2,627 million, it decreased 10.7% YoY due to the Thaicom 4's portfolio adjustment.

On the other hand, the revenue from conventional satellite services, the Thaicom 6, Thaicom 7, Thaicom 8 satellites, including leased foreign satellites, remained relatively stable compared with the previous year.

THCOM has managed to maintain profitability for 2023 with a net profit of Baht 354 million, marking a substantial increase of 737.8% compared to the net profit in 2022 of Baht 42 million. This increase was primarily driven by:

- (1) Recognition of other income, stemming from compensation income of Baht 301 million resulting from a dispute with a business partner over certain contractual terms. The Supreme Court's ruling in June 2023 favored the Company's interpretation of the agreement, leading to the recognition of this compensation as other income.
- (2) Decrease in share of losses from investments in joint ventures, particularly in the telephone business in Laos, namely Shenington Investments Pte Limited and Lao Telecommunications Public Company (LTC). THCOM's share of losses was Baht 184 million in 2023, showing an improvement of 39.9% from 2022 of Baht 306 million loss, primarily due to LTC's improved operating results compared to the previous year, together with a decrease in foreign exchange losses due to the KIP currency's depreciation relative to the US Dollar being less pronounced compared to that of 2022.

THCOM's core profit¹ for 2023, including other income from the compensation mentioned earlier was Baht 505 million, not significantly different from that of 2022 of Baht 527 million.

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.

2. Business Summary

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. The license for Telecommunication Service Type III, for network providers and service providers for such slots was granted for 20 years, starting from 16 May 2023

On 7 April 2023, the meeting of shareholders 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 3 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 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 satellite production will be determined once frequency coordination has been concluded and presented to the NBTC.

Business Cooperation

Partnership with Eutelsat for its new Software Defined HTS satellite at 119.5 Degrees East, 16-year contract period

On 7 August 2023, the Company announced the signing of a partnership agreement between STI and Eutelsat Asia PTE. LTD. (Eutelsat Asia), a subsidiary of Eutelsat SA, one of the world's leading satellite operators. This partnership pertains to the new satellite to be launched at the orbital slot of 119.5 degrees East. Under the terms of the agreement, Eutelsat commits to lease and operate services for 50% of the satellite capacity throughout its anticipated lifetime of 16 years.

Selection of Airbus to build a new satellite with advanced technology "Software Defined High Throughput Satellite (SD-HTS)"

On 11 September 2023, THCOM announced the selection of Airbus, leader of world's leading space businesses to build a new satellite with advanced technology "Software Defined High Throughput Satellite or SD-HTS technology" throughput satellite at 119.5 Degrees East, which is THCOM's main strategic.

STI 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, propose to deliver the satellite in 2027, this is the ninth order in the OneSat line of satellites

which is capable of adjusting the coverage area, capacity, and frequency “on the fly” to respond to future challenges by enabling the adoption of new technologies while the satellite is in orbit. This satellite will be able to extended connectivity in Ku-band enhanced service and customers relationship across Asia Pacific. Strengthen the potential of providing integrated services and build confidence in providing stable services to customers

Expansion of satellite broadband services in the Philippines

THCOM has successfully reached an agreement to expand satellite broadband services with We are IT Philippines, Inc., a prominent provider of broadband services in the Philippines. This expansion entails leasing channel services on satellites covering the Philippines to facilitate broadband connectivity for government projects.

Partnership with Mae Fah Luang Foundation under Royal Patronage to bring space technology to enhance a carbon credit scheme for forests in Thailand

On 18 December 2023, THCOM disclosed a partnership with the Mae Fah Luang Foundation under royal patronage. This collaboration aims to utilize a carbon credit platform developed with space technology to estimate biomass levels in forested areas, enabling swift and precise carbon credit assessments. The initiative is geared towards fostering an ecosystem for implementing greenhouse gas reduction projects, thereby enhancing community well-being and forest conservation efforts. Additionally, it aligns with Thailand's aspirations to achieve carbon neutrality by 2050 and net zero greenhouse gas emissions by 2065.

Unveil the first Low Earth Orbit (LEO) Satellite Constellation gateway in Thailand with Globalstar

21 December 2023, THCOM inaugurated the Thaicom-Globalstar Satellite Gateway, marking the first ground station in Thailand to provide services for Low Earth Orbit (LEO) Satellite Constellation. This gateway is located at the Company's ground service station in Lat Lum Kaeo District, Pathum Thani Province, and is established through collaboration with Globalstar, Inc., a renowned provider of satellite communications and IoT solutions based in the United States. The partnership aims to expand Globalstar's satellite communications network to cover more areas, focusing particularly on delivering commercial services from the LEO satellite system within Thailand and the broader regional context.

Utilization of THCOM's satellites

As of the conclusion of 2023, THCOM provided services under a telecommunications license via Thaicom 7 and Thaicom 8 satellites. The comprehensive utilization rate for both satellites by the end of 2023 was assessed against the satellite service capacity, revealing an increase to 59% 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), consisting of 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 from internet and media services was Baht 53 million in 2023, representing a significant increase of 65.6% compared to the revenue of Baht 32 million in 2022. This growth was primarily driven by revenue generated from the Thai General Insurance Association (TGIA), which utilized satellite technology to assist Thai farmers in mitigating the risks of natural disasters. The increased revenue was also derived from the utilization of drones for surveying the telecommunication towers for mobile phone operators. These services are categorized under the Group's New Space Technology business.

Telephone business abroad

As of the conclusion of 2023, Lao Telecommunications Public Company (LTC) and TPLUS Digital Company Limited (TPLUS) collectively had a total of 2.53 million mobile phone subscribers. This figure indicates an increase from the 2.33 million subscribers recorded at the end of 2022.

3. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount		Change %YoY
	2023	2022	
Revenue from sales of goods and rendering of services	2,627	2,940	-10.7%
Other income	320	36	778.9%
Net gain (loss) from foreign exchange	(57)	120	n/a
Total Revenue	2,889	3,096	-6.7%
Cost of sales of goods and rendering of services	(1,524)	(1,500)	1.6%
SG&A expenses ⁽¹⁾	(854)	(940)	-9.2%
Loss on impairment of equipment	-	(259)	n/a
Profit from operating activities	512	396	29.2%
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) ⁽²⁾	918	1,181	-22.2%
Financial income	274	166	64.7%
Financial costs	(127)	(122)	4.7%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	17	64	-72.5%
Share of profit (loss) of investment in subsidiaries and joint ventures	(184)	(306)	-39.9%
Profit before income tax expense	492	199	147.6%
Income tax expense	(138)	(156)	-11.7%
Profit attributable to the owner of the Company (Net Profit)	354	42	737.8%
Less: Unrealized gain (loss) on exchange rate of the Company	(75)	35	n/a
Less: Unrealized gain (loss) on exchange rate of joint ventures	(76)	(278)	-72.7%
Less: Extra items ⁽³⁾	288	(242)	n/a
Core Profit	217	527	-58.9%

Unit: Baht million	Amount		Change
	2023	2022	%YoY
Basic earnings per share (Baht)	0.32	0.04	737.8%

(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 2023, the amount was primarily from the compensation from disputes with a business partner, deduct with other one-time expenses. In 2022, the amount was primarily from the impairment of the satellite.

Revenue from sales of goods and rendering of services

In 2023, the consolidated sales and service income was Baht 2,627 million, reflecting a decrease of 10.7% compared to the income of Baht 2,940 million in 2022. This decline was primarily driven by a decrease in income from the satellite service business and related services, offsetting with an increase of income from the internet and media business.

Revenue from sales of goods and rendering of services	2023	2022	%YoY
Unit: Baht million			
Satellite and related services	2,597	2,934	-11.5%
Internet and media services	53	32	65.6%
Consolidation eliminations	(23)	(26)	-11.5%
Total	2,627	2,940	-10.7%

Following the expiration of the Concession Agreement for operating domestic communications satellites, the Company's revenue from satellite and related services comprises two main sources. Firstly, it derives income from operating Thaicom 7 and Thaicom 8 satellites, for which THCOM holds licenses to provide the telecommunication services. Secondly, revenue is generated through the procurement of satellite services from external providers. These include the leasing of satellite transponders from National Telecommunications Public Company Limited on the Thaicom 4 and Thaicom 6 satellites, as well as from foreign satellite service providers. Despite changes in contractual arrangements, the Company remains dedicated to serving its customer base through a comprehensive range of broadcast and broadband services.

In 2023, the revenue from satellite and related services was Baht 2,597 million, indicating a decline of 11.5% compared to the previous year's revenue of Baht 2,934 million. This decline primarily stemmed from a decline in revenue from broadband services for the Thaicom 4 customers, attributed to reduced usage in areas not covered by the follow-on satellites, particularly in Malaysia. Additionally, the selling price experienced a decline in response to competitive market conditions.

On the other hand, the revenue from conventional satellite services, the Thaicom 6, Thaicom 7, Thaicom 8 satellites, including leased foreign satellites, remained relatively stable compared to that of 2022. This stability was driven by increased utilization of the Thaicom 7 and Thaicom 8 satellites, although it was offset by declined selling prices pressured by competitive market conditions.

Revenue from internet and media services

As of the conclusion of 2023, revenue from internet and media services was Baht 53 million, representing a significant increase of 65.6% compared to the revenue of Baht 32 million in 2022. This notable growth was primarily attributed to revenue generated from the Thai General Insurance Association (TGIA), which utilized satellite technology to assist Thai farmers in mitigating the risks associated with natural disasters. The increased revenue was also derived from the utilization of drones for surveying the telecommunication towers for mobile phone operators. These services are categorized under the Group's New Space Technology business.

Other income

Other income for 2023 was Baht 320 million, indicating a substantial increase of 778.9% from Baht 36 million in 2022. 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 (further details can be found in the notes to the financial statements under section 29.2).

Cost of sales of goods and rendering of services

THCOM reported a consolidated cost of sales of goods and rendering of services in 2023 of Baht 1,524 million, not significantly different from that of 2022.

Cost of sales of goods and rendering of services	2023	2022	%YoY
Unit: Baht million			
Satellite and related services	1,514	1,509	0.3%
Internet and media services	33	17	94.1%
Consolidation eliminations	(23)	(26)	-11.5%
Total	1,524	1,500	1.6%

As of the conclusion of 2023, THCOM incurred a cost of sales of goods and rendering of services totaling Baht 1,514 million, reflecting a slight increase of 0.3% compared to Baht 1,509 million recorded in 2022. Compared with the previous year, the cost was rather stable while the revenue decreased, attributable to higher expenses related to satellite equipment maintenance. Additionally, in 2023, there was more sales income, which contributed lower gross profit margin than service income, compared to that of 2022.

Cost of internet and media services

Internet and media service costs for 2023 was Baht 33 million, representing a significant increase of 94.1% compared to Baht 17 million incurred in internet and media service costs in 2022. This increase was consistent with the growth in sales during the same period.

Selling and administrative expenses

THCOM's sales and administrative expenses, including total compensation for directors and executives, was at Baht 854 million in 2023. This figure reflected a decrease of 9.2% compared to Baht 940 million recorded in 2022. The decrease was mainly due to the reduction in building and construction rental fees following the cancellation of rental for the Khaerai satellite station, together with the decrease of staff expenses and legal consulting fees.

Finance costs

As of the conclusion of 2023, THCOM incurred total financial costs of Baht 127 million, reflecting a 4.7% increase from that of 2022 of Baht 122 million. This rise was attributed to higher interest expense, along with the costs of bank fees related to bank guarantees and other collateral provided to NBTC for the satellite projects at 119.5 and 78.5 degrees East orbital slots.

Share of profit of investment in joint venture

The share of profit (loss) from investments in joint ventures consists of profits (losses) from investments in various ventures, including the telephone business in Laos through Shenington Investments Pte Limited, which holds investments in Lao Telecommunications Public Company Limited (LTC). Additionally, it includes profits (losses) from investments in joint ventures from Nation Space and Technology Company Limited and ATI Technologies Company Limited.

As of the conclusion of 2023, the share of profit (loss) from investments in joint ventures was Baht (184) million, representing 39.9% improvement from Baht (306) million loss in 2022. This was primarily due to the improvement of revenue and net profit generation from the telephone business in Laos, LTC. The loss on foreign exchange was also decreased since the depreciation of the KIP currency relative to the US Dollar was less pronounced compared to 2022. Despite these positive factors, financial costs at Shenington Investments Pte. Ltd. surged due to rising interest rates resulting in the loss in the joint venture investment.

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

As of the conclusion of 2023, THCOM reported a net profit of Baht 354 million, equivalent to earnings per share of 0.32 baht. This represents a significant increase of 737.8% compared to the net profit of Baht 42 million in 2022.

The substantial growth in net profit was primarily driven by two factors. Firstly, the decrease in share of loss from investments in joint ventures. Secondly, the recognition of other income of Baht 301 million. This other income stemmed from a dispute with a business partner over certain contractual terms. The Supreme Court's ruling in June 2023 favored the Company's interpretation of the agreement, leading to the recognition of this compensation as other income.

THCOM's core profit¹ for 2023 was Baht 217 million, reflecting a decrease of 58.9% compared to that of 2022 of Baht 527 million. This decline was primarily attributed to a decrease of income and the realized gain/loss on foreign exchange. However, if included with other income from the compensation mentioned earlier, THCOM's operating profit would be Baht 505 million.

4. Financial Position

As of the conclusion of 2023, THCOM's total assets was Baht 14,162 million, signifying a decrease of 4.6% compared to the total assets of Baht 14,850 million recorded at the end of 2022. This decline was primarily from decreases in accounts receivables and other current receivables, together with the decrease in other current financial assets as a result of divesting the investments in funds as a source of fund for the construction of the satellite project positioned at 119.5 degrees East.

Asset components

Assets Unit: Baht million	31 December 2023		31 December 2022	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	5,551	39.2%	7,474	50.3%
Property, plant and equipment	2,079	14.7%	2,276	15.3%
Right-of-use assets*	1,271	9.0%	1,589	10.7%
Intangible assets	845	6.0%	53	0.4%

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

Trade and other receivables

As of the conclusion of 2023, THCOM held accounts receivables and other current receivables in total of Baht 1,016 million, representing 7.2% of total assets, equivalent to a decrease of 31.5% from Baht 1,483 million recorded at the end of 2022. The primary reason for this decline was attributed to the successful collection of outstanding debts from foreign customers.

Liquidity

As of the conclusion of 2023, THCOM maintains a current ratio of 0.4x, which remains stable compared to the ratio observed at the end of 2022.

Right-of-use assets

As of the conclusion of 2023, THCOM held rights-of-use assets of Baht 1,271 million, which accounts for 9.0% of total assets. The majority of these assets are the rights-of-use agreement for bandwidth on the Thaicom 4 and Thaicom 6 satellites, following the expiration of the contract to operate domestic

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.

communications satellites. Additionally, these assets encompass the right to use foreign satellites to provide services to the THCOM's customers. The value of rights-of-use assets decreased by 20.0% from Baht 1,589 million at the end of 2022, primarily due to the amortization.

Intangible assets

As of the conclusion of 2023, THCOM possessed intangible assets totaling Baht 845 million, representing 6.0% of total assets. This marked a significant increase of 1,494.3% from Baht 53 million at the end of 2022. The majority of these intangible assets consisted of rights to utilize satellite orbits located at positions 119.5 and 78.5 degrees East.

Borrowings and shareholders' equity

As of the conclusion of 2023, THCOM's net borrowings was Baht 431 million, indicating a decrease of 50.6% from Baht 872 million recorded at the end of 2022. This reduction was primarily attributed to the scheduled repayment of long-term loans associated with the satellite project.

THCOM's shareholders' equity at the conclusion of 2023 was Baht 10,231 million, reflecting a decrease of 3.1% from Baht 10,554 million reported at the end of 2022. This decline was due to the company's net profit, adjusted for the annual dividend payment.

THCOM maintains a stable net borrowing to equity ratio of 0.4x, consistent with the ratio observed at the end of 2022

Cash Flows

As of the conclusion of 2023, THCOM recorded net cash received from operating activities of Baht 1,007 million, marking a decrease of 49.7% compared to Baht 2,003 million reported in 2022. This decline was primarily due to the Company's successful collection of debts from long-outstanding foreign account receivables in 2022.

Net cash received (used) from investment activities in 2023 was Baht (366) million, representing a decrease of 133.1% from Baht 1,104 million recorded in 2022. This decrease was primarily attributed to payments made for equipment for new satellites and the right to utilize satellite orbits at positions 119.5 and 78.5 degrees East. Additionally, in 2022, THCOM generated cash from divestment of financial assets.

Net cash received (used) in financing activities in 2023 was Baht (1,366) million, primarily consisting of repayments of long-term loans, repayment of loan interest, and dividend payment.

At the end of 2023, THCOM held cash and cash equivalents, including current investments, in total of Baht 4,364 million.

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