THAICOM

MANAGEMENT'S DISCUSSION AND ANALYSIS



Thaicom Public Company Limited

Management's Discussion and Analysis for Q1/2025

Thaicom Public Company Limited

1. Economic Overview

In the first quarter of 2025, the Thai economy continued to face pressure from global economic volatility, particularly the U.S. trade policies. These policies involved the imposition of stringent trade barriers and import tariffs on goods from various countries, causing the U.S. dollar to strengthen in the early part of the quarter before weakening amid concerns about a U.S. economic recession. Consequently, the Thai Baht experienced high volatility during the first quarter of 2025. It initially continued its weakening trend from the end of 2024, influenced by Thailand's accommodative monetary policy and the incomplete recovery of exports. However, during the mid to late quarter, the Baht began to recover and appreciate. This was partly driven by the surge in gold prices, which acted as a safe-haven asset amid global political and economic uncertainties. This situation also contributed to capital inflows into emerging markets, including Thailand. Nevertheless, the persistent pressure from the U.S. trade policies under the current administration remains a factor that could potentially lead to a depreciation of the Baht in the longer term, which is anticipated to have a positive impact on the Company's financial performance.

2. Company's Performance Overview

In Q1/2025, the Company generated a core profit[1] of Baht 144 million, representing a significant increase of Baht 124 million (QoQ) from Q4/2024 and an increase of Baht 132 million (YoY) from Q1/2024. Focusing solely on the satellite business, the Company's satellite business generated Baht 180 million in core profit, excluding non-satellite business and the share of loss from the telecommunications business, surpassing normal core profit by Baht 36 million. This also represents an increase of Baht 111 million when compared to the corresponding period of the previous year. These results underscore the core business's robust profitability.

The Company recorded a net profit attributable to the owner of the Company of Baht 119 million, representing a decrease from both Q4/2024 (QoQ) and Q1/2024 (YoY). This decline was primarily due to foreign exchange fluctuations caused by the appreciation of the Thai Baht in Q1/2025. This surge in the Baht's value has adversely impacted Thailand's exports, including the Company, which derives a significant portion of its revenues internationally. Recognizing the inherent volatility of exchange rates, the Company has proactively implemented various mitigation measures, including foreign exchange risk management, business diversification, and the exploration of new business opportunities. However, the Company recognized other income totaling Baht 240 million, a significant increase compared to Q4/2024 (QoQ) and Q1/2024 (YoY), which recorded other income of Baht (36) million and Baht 2 million, respectively. This increase was primarily

attributable to the Company's effective management of historical obligations related to property and equipment, which resulted in the elimination of future payment obligations under the associated contracts.

The Company reported revenue from sales and services of Baht 500 million in Q1/2025, representing a decrease of 9.4% from Baht 552 million in Q4/2024 (QoQ) and a decrease of 17.9% from Baht 609 million in Q1/2024 (YoY). The primary reason for this decrease was the gradual recognition of revenue from the Universal Service Obligation ("USO") Phase 2 project, operated under the National Broadcasting and Telecommunications Commission ("NBTC"), which has yet to return to normal levels following a contractual transition period. Revenue from this project is expected to gradually increase in Q2/2025. Notably, this year will include the USO Phase 3 project, with a substantial budget of Baht 5.8 billion, which will encompass satellite services. The Company has proactively prepared and implemented measures to accommodate the anticipated increase in demand.

In Q1/2025, the Company successfully secured a contract valued at approximately Baht 234 million with the Geo-Informatics and Space Technology Development Agency (Public Organization) or ("GISTDA"). This contract designates the Company as the provider of antenna systems for receiving signals and controlling the THEOS satellite constellation, under the project for the procurement of antenna systems for satellite signal reception and control. Furthermore, in early April 2025, the Company was awarded a bid for the professional services for THAICOM 4 and THAICOM 6 satellites from National Telecom Public Company Limited ("NT"), valued at over Baht 118 million. These achievements underscore the Company's position as Thailand's leading company with over 30 years of expertise in advanced satellite and space technology.

Regarding telephone business abroad, the Company's share of loss of investment in the joint venture has significantly improved, driven by the continued growth in revenue and net profit of Lao Telecommunications Public Company ("LTC"), which reaped significant benefits from the tariff restructuring for telecom services implemented by The Ministry of Telecommunication and Communication of the Lao PDR. However, despite the Lao Kip's appreciation against the U.S. dollar in Q1/2025, the Company continued to incur a share of loss from this investment, primarily due to finance costs arising from interest expenses incurred by Shenington Investments Pte. Ltd.

[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.*

3. Business Overview

Satellite and related Services

Secured Contract with GISTDA to Supply Antenna Systems for THEOS Satellite Constellation and Leverage Earth Observation Imagery for Advanced Space Technology Services

On 23 January 2025 – The Company successfully secured a contract valued at approximately Baht 234 million with GISTDA. This contract designates the Company as the provider of antenna systems for receiving signals and controlling the THEOS satellite constellation, under the project for the procurement of antenna systems for satellite signal reception and control. The antenna systems will be installed at the THEOS ground receiving and control station (Sriracha). This advanced infrastructure will provide GISTDA with a robust ground operating system capable of efficiently receiving signals from and controlling the THEOS satellite constellation, as well as other Earth observation satellites. Furthermore, the system will facilitate the transmission of imagery data from the satellites back to the ground station, enabling government and private sector entities to fully leverage this valuable information.

Lao Telecom, a subsidiary of the Company, launches comprehensive digital financial services super app "Super X" at Lao Digital Week 2025.

On 3 April 2025 – Lao Telecommunications Public Company, or Lao Telecom, a subsidiary of the Company and the leading mobile phone and telecommunications service provider with the largest market share in the Lao People's Democratic Republic ("Lao PDR"), has launched Mmoney X – Super App "Super X," a comprehensive digital financial services application. The launch took place at Lao Digital Week 2025, marking a significant advancement for the Fintech industry in the Lao PDR as the first instance of integrating various applications encompassing both financial and telecommunications services (M-Service and My TPlus). This integration aims to elevate the digital financial user experience comprehensively and reinforces the commitment to developing new technologies and innovations to propel the Lao PDR towards a stable and sustainable digital era.

Secured a significant project from NT, leveraging its advanced satellite engineering expertise to provide professional services for THAICOM 4 and THAICOM 6 satellites.

On 4 April 2025 – The Company was awarded a bid for the professional service for THAICOM 4 and THAICOM 6 satellites from National Telecom Public Company Limited ("NT"), valued at over Baht 118 million. These achievements underscore the Company's position as Thailand's leading company with over 30 years of expertise in advanced satellite and space technology.

Utilization of THCOM's satellites

As of the end of Q1/2025, the utilization rate for the Company's conventional satellites providing services under telecommunication licenses via THAICOM 7 and THAICOM 8 reached 56.8%, representing an increase from 56.3% at the end of 2024, primarily attributed to international customers.

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 in Q1/2025 totaled Baht 3 million, remaining consistent with the Baht 3 million recorded in Q1/2024 (YoY). In Q1/2025, the Company recognized increased revenue from a digital platform development project for the Department of Learning Promotion ("DLP"), while also experiencing a reduction in revenue due to customer churn in certain channels.

Telephone business abroad

Lao Telecommunications Public Company ("LTC"), the leading provider in the mobile and telecommunications market in the Lao People's Democratic Republic ("Lao PDR"), has demonstrated consistently improving performance from the first quarter to the present. LTC's revenue and net profit in Q1/2025 increased significantly compared to the same period of the previous year, driven by the tariff restructuring for telecom services implemented by The Ministry of Telecommunication and Communication of the Lao PDR, which came into effect in 2024. As of the conclusion of Q1/2025, LTC and TPLUS Digital Company Limited ("TPLUS") collectively had a total of 2.45 million mobile phone subscribers, a figure comparable to the end of 2024.

4. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount			Change	
	Q1/2025	Q4/2024	Q1/2024	%QoQ	%YoY
Revenue from sales of goods and rendering of services	500	552	609	-9.4%	-17.9%
Other income	240	(36)	2	N/A	11,900%
Total Revenue	**740**	**515**	**611**	**43.7%**	**21.1%**
Cost of sales of goods and rendering of services	(374)	(406)	(357)	-7.9%	4.8%
SG&A expenses [1]	(198)	(220)	(225)	-10.0%	-12.0%
Net gain (loss) from foreign exchange	(25)	166	300	N/A	N/A
Profit from operating activities	**143**	**56**	**329**	**155.4%**	**-56.5%**
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) [2]	**95**	**86**	**175**	**10.5%**	**-45.7%**
Financial income	49	58	72	-15.5%	-31.9%
Financial costs	(18)	(18)	(29)	0%	-37.9%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	(0)	38	2	N/A	N/A
Share of profit (loss) of investment in subsidiaries and joint ventures	(27)	87	(50)	N/A	-46.0%
Profit before income tax expense	**147**	**221**	**324**	**-33.5%**	**-54.6%**
Income tax expense	(27)	(32)	(36)	-15.6%	-25.0%
Profit attributable to the owner of the Company (Net Profit)	**119**	**189**	**288**	**-37.0%**	**-58.7%**
Less: Unrealized gain (loss) on exchange rate of the Company	(25)	163	284	N/A	N/A
Less: Unrealized gain (loss) on exchange rate of joint ventures	0	6	(8)	-100.0%	N/A
Less: Extra items [3]	-	-	-	N/A	N/A
Core Profit	**144**	**20**	**12**	**620.0%**	**1,100.0%**
Core Profit from the satellite business [4]	**180**	**(50)**	**69**	**N/A**	**160.9%**
Basic earnings per share (Baht)	**0.11**	**0.17**	**0.26**	**-37.0%**	**-58.7%**

(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.

(4) Excluding non-satellite business and share of loss from the telecommunications business

Revenue from sales of goods and rendering of services

The consolidated revenue from sales of goods and rendering of services for Q1/2025 was Baht 500 million, decreased by 9.4% from Baht 552 million in Q4/2024 (QoQ) and decreased from Q1/2024 (YoY) due to decreased revenue from satellite and related services from domestic customers.

Revenue from sales of goods and rendering of services Unit: Baht million	Q1/2025	Q4/2024	Q1/2024	%QoQ	%YoY
Satellite and related services	499	538	607	-7.2%	-17.8%
Internet and media services	3	19	3	-84.2%	0.0%
Consolidation eliminations	(2)	(5)	(1)	-60.0%	100.0%
Total	500	552	609	-9.4%	-17.9%

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 Company reported revenue from sales and services of Baht 499 million in Q1/2025, representing a decrease of 7.2% from Baht 538 million in Q4/2024 (QoQ) and a decrease of 17.8% from Baht 607 million in Q1/2024 (YoY). The primary reason for this decrease was the gradual recognition of revenue from the Universal Service Obligation ("USO") Phase 2 project, operated under the National Broadcasting and Telecommunications Commission ("NBTC"), which has yet to return to normal levels following a contractual transition period. Revenue from this project is expected to gradually increase in Q2/2025. Notably, this year will include the USO Phase 3 project, with a substantial budget of Baht 5.8 billion, which will encompass satellite services. The Company has proactively prepared and implemented measures to accommodate the anticipated increase in demand.

Internet and media Services

Revenue from internet and media services in Q1/2025 totaled Baht 3 million, remaining consistent with the Baht 3 million recorded in Q1/2024 (YoY). In Q1/2025, the Company recognized increased revenue from a digital platform development project for the Department of Learning Promotion ("DLP"), while also experiencing a reduction in revenue due to customer churn in certain channels.

Other Income

Other income for Q1/2025 totaled Baht 240 million, representing a significant increase from Baht (36) million in Q4/2024 (QoQ) and Baht 2 million in Q1/2024 (YoY). This increase was primarily due to the recognition of a Baht 235 million gain from the reversal of long-term accounts payable – property and equipment, as it no longer has any obligations to pay under the contract terms. (For further details, please refer to Note 7 to the financial statements).

Cost of sales of goods and rendering of services

In Q1/2025, the Company reported total cost of sales and rendering of services of Baht 374 million, representing a decrease of 7.9% compared to Baht 406 million in Q4/2024 (QoQ). The decline was primarily driven by lower costs related to satellite and related services, in line with the corresponding decrease in revenue.

Cost of sales of goods and rendering of services Unit: Baht million	Q1/2025	Q4/2024	Q1/2024	%QoQ	%YoY
Satellite and related services	374	404	356	-7.4%	5.1%
Internet and media services	2	7	2	-71.4%	0.0%
Consolidation eliminations	(2)	(5)	(1)	-60.0%	100.0%
Total	374	406	357	-7.9%	4.8%

Cost of satellite and related services in Q1/2025 totaled Baht 374 million, representing an increase of 4.8% from Baht 357 million in Q1/2024 (YoY). The increase was primarily due to higher maintenance expenses for overseas ground stations.

Cost of internet and media services

In Q1/2025, the cost relating to the internet and media services decreased by 71.4% to Baht 2 million from Baht 7 million in Q4/2024 (QoQ). This is consistent with a corresponding decrease in revenue. The cost remained consistent with Q1/2024 (YoY).

Selling and administrative expenses

In Q1/2025, the Company recorded total SG&A expenses, including directors and management benefits, of Baht 198 million, representing a significant decrease from both Q4/2024 (QoQ) and Q1/2024 (YoY). The decrease from Q4/2024 (QoQ) was primarily due to lower consulting fees associated with the procurement and construction of the new satellite. Compared to Q1/2024 (YoY), the decline in SG&A expenses was mainly driven by lower directors' benefits and improved cost management efficiency.

Finance costs

Finance costs for Q1/2025 amounted to Baht 18 million, which remained consistent with Q4/2024 (QoQ) at Baht 18 million. However, they decreased by 36.7% compared to Q1/2024 (YoY), which recorded Baht 29 million in finance costs, mainly due to repayment of loans.

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 Q1/2025, the share of loss from investments in joint ventures amounted to Baht 27 million, mainly due to losses from investments in the Laotian telephone business ("LTC"). However, the share of loss has decreased substantially, with a 46.0% reduction compared to Q1/2024 (YoY) of Baht 50 million. This improvement is attributed to LTC's revenue and net profit growth compared to Q1/2024 (YoY). However, in Q4/2024 (QoQ), the Company recognized a share of profit from investment in a joint venture totaling Baht 87 million, driven by increased revenue toward the end of 2024. Nevertheless, despite the Lao Kip's appreciation against the U.S. dollar in Q1/2025, the Company continued to incur a share of loss from this investment, primarily due to finance costs arising from interest expenses incurred by Shenington Investments Pte. Ltd. In the longer term, the Company will benefit from the positive factors arising from the Ministry of Telecommunication and Communication of the Lao PDR's policy to restructure telecommunications service prices. This is expected to lead to a continuous recovery in losses from equity investments in joint ventures.

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

The Company recorded a net profit attributable to the owner of the Company of Baht 119 million, representing a decrease from both Q4/2024 (QoQ) and Q1/2024 (YoY). This decline was primarily due to foreign exchange fluctuations caused by the appreciation of the Thai Baht in Q1/2025. This surge in the Baht's value has adversely impacted Thailand's exports, including the Company, which derives a significant portion of its revenues internationally. Recognizing the inherent volatility of exchange rates, the Company has proactively implemented various mitigation measures, including foreign exchange risk management, business diversification, and the exploration of new business opportunities. However, the Company recognized other income totaling Baht 240 million, a significant increase compared to Q4/2024 (QoQ) and Q1/2024 (YoY), which recorded other income of Baht (36) million and Baht 2 million, respectively. This increase was primarily attributable to the Company's effective management of historical obligations related to property and equipment, which resulted in the elimination of future payment obligations under the associated contracts.

In Q1/2025, the Company generated a core profit[1] of Baht 144 million, representing a significant increase of Baht 124 million (QoQ) from Q4/2024 and an increase of Baht 132 million (YoY) from Q1/2024. Focusing solely on the satellite business, the Company's satellite business generated Baht 180 million in core profit, excluding non-satellite business and the share of loss from the telecommunications business, surpassing normal core profit by Baht 36 million. This also represents an increase of Baht 111 million when compared to the corresponding period of the previous year. These results underscore the core business's robust profitability.

[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.*

5. Financial Position

As of the end of Q1/2025, the Company reported total assets of Baht 15,493 million, representing a 2.1% increase from Baht 15,168 million as of 2024. The increase was primarily driven by a rise in cash and cash equivalents, resulting from a partial refund of withholding tax from the Indian Revenue Department and proceeds from short-term borrowings obtained from financial institutions to support the construction of a new satellite. In addition, non-current assets increased due to the recognition of a gain from the write-off of liabilities related to property, plant, and equipment amounting to Baht 235 million, following the Company's release from contractual payment obligations. (Further details can be found in Note 7 to the financial statements.)

Asset components

Assets Unit: Baht million	31 March 2025		31 December 2023	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	4,913	31.7%	4,711	31.1%
Property, plant and equipment	4,977	32.1%	4,559	30.1%
Right-of-use assets*	1,188	7.7%	1,233	8.1%
Intangible assets	770	5.0%	784	5.2%

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

Trade and other receivables

As of the end of Q1/2025, the Company reported total trade and other current receivables of Baht 980 million, representing 6.3% of total assets, a decrease from Baht 1,065 million as of year-end 2024. The decline was primarily due to successful collection of outstanding debts from international customers.

Liquidity

As of the end of Q1/2025, the Company's current ratio stood at 2.3 times, down from 4.3 times at 2024. The decline was primarily due to an increase in current liabilities, resulting from short-term borrowings from financial institutions to fund the construction of a new satellite.

Right-of-use assets

As at the end of Q1/2025, the Company had right-of-use assets of Baht 1,188 million or 7.7% 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 3.6% from Baht 1,233 million as at the end of 2024 due to the amortization of right-of-use satellite assets.

Borrowings and shareholders' equity

As of the end of Q1/2025, the Company had no long-term loans from financial institutions maturing within one year. The Company has fully repaid the long-term loans related to the satellite project. However, the Company had outstanding short-term loans from financial institutions amounting to Baht 1,181 million, which were used to finance investments in a new satellite project. As of the end of 2024, the Company had net debt of Baht 927 million.

The Company's shareholders' equity as at the end of Q1/2025 was Baht 10,145 million, increased by 1.3% from Baht 10,019 million as at the end of 2024. This decline is primarily attributed to the net profit incurred during the period.

The company's ratio of net borrowings to equity was 0.5x, increased by 2.6% from that of the end of 2024.

Cash Flows

In Q1/2025, the Company generated net cash from operating activities of Baht 318 million, increased by Baht 362 compared to Q1/2024 (YoY), which amounted to Baht (44) million. This increase was primarily due to a refund portion of withholding tax from the Tax Authority of INR 1,334 million, which was recorded under other non-current liabilities in the statement of financial position as detailed in Note 12 to the financial statements.

Net cash used in investing activities for Q1/2025 was Baht 163 million, decreased by Baht 45 million compared to Q1/2024 (YoY), which totaled Baht 208 million. The main reason was the prepayment for equipment for a new satellite.

Net cash used in financing activities for Q1/2025 was Baht 180 million, primarily consisting of loan repayments and interest payments.

At the end of Q1/2025, the Company held cash and cash equivalents, including current investments, in total of Baht 3,599 million.