Management's Discussion and Analysis for 2021 Results
Thaicom Public Company Limited

I. Overview

The Board of Directors meeting no.2/2022, dated 4 February 2022, approved to propose to the shareholder's meeting the dividend for 2021 performance of Baht 329 million, or equivalent to Baht 0.30 per share.

Performance overview

The Company's consolidated revenue from sales of goods and rendering of services for 2021 was Baht 3,303 million, decreased 7.1% from Baht 3,557 million for 2020, due to the decrease of revenue from satellite and related services from broadcast customers as a result of utilization ramp-down from domestic clients, along with the Thaicom 5 satellite deorbit in February 2020 leaded to service termination of foreign customers that were not able to migrate to Thaicom's other satellites. The decrease of revenue was also a result of a decline of broadband services to foreign customers.

The consolidated net profit for 2021 was Baht 144 million, representing the earning per share of Baht 0.13. Excluding the revenue and cost from extra items, the Company incurred normalized net profit (loss) of Baht (225) million, declining from the normalized net profit (loss) of Baht (135) million in 2020.This was from recognized loss of Baht (267) million from joint ventures.

The normalized profit (loss) from operation excluding share of profit (loss) of investment in joint ventures was Baht 41 million for 2021, increased from Baht (139) million in 2020. This was resulted from the decrease of cost of satellite depreciation and concession fee to the Ministry of Digital Economy and Society (MDE) after the expiry of the Concession.

II. Business Summary

Satellite and related Services

The Company obtained an agreement from the Ministry of Transport and Communication for a period of 30 years to operate and administer satellite projects and to render transponder services for domestic and international communications as well as the right to collect, for a 30-year period, service charges from users of the transponders. Subsequently, such agreement was transferred to the Ministry of Digital Economy and Society (MDE). Under the aforementioned agreement, the Company must transfer its ownership of all satellites, and monitoring stations and other operating equipment to MDE on the date of completion of construction and installation. Currently, the agreement has expired and the Company completely handed over possession of the satellites and other assets under the agreement to MDE on 10 September 2021.

After the end of satellite operation agreement for domestic, a Company's subsidiary has entered into the memorandum of agreement to purchase some bandwidth capacity on Thaicom 4 and Thaicom 6 Satellites from National Telecom Public Company Limited which has been assigned by the Ministry of Digital Economy and Society to operate Thaicom 4 and Thaicom 6 Satellites after the expiry of the

Concession. Therefore, the group of Company are able to continue providing transponder services on Thaicom 4 and Thaicom 6 Satellites to some of the existing customers from 11 September 2021 onwards.

As at the end of 2021, the Company's conventional satellites providing services under telecommunication licenses were Thaicom 7 and Thaicom 8. The overall utilization rate was 57%.

On 8 June 2021, THCOM established TC Space Connect Company Limited (TCSC), providing services for communication, satellite and related business, with registered capital of Baht 100 million, at par value of Baht 10 per share and paid-up capital of Baht 25 million. THCOM holds 99.99% stake of its share capital.

Internet and media Services

The revenue from internet and media services mainly comes from 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 and LOOX TV.

Telephone business abroad

As of the end of 2021, Lao Telecommunications Public Company (LTC) reported total mobile subscribers of 2.01 million, increased in comparison with the subscribers as at the end of 2020 of 1.72 million.

III. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount		Changes
	2021	2020	YoY (%)
Revenue from sales of goods and rendering of services	3,303	3,557	-7.1%
Cost of sales of goods and rendering of services	(2,350)	(2,578)	-8.9%
Normal SG&A expenses[(1)]	(884)	(927)	-4.7%
EBIT from normal operations	69	51	35.9%
Other income[(2)]	74	671	-89.0%
Gain (loss) from foreign exchange	369	(59)	n.a.
EBIT from operations	512	663	-22.8%
EBITDA from operations[(3)]	1,203	1,387	-13.3 %
Finance income	129	141	-8.1%
Financial costs	(155)	(188)	-17.5%
Bad debt and doubtful accounts and Reversal of loss on impairment (loss on impairment) based on Thai Financial Reporting Standard No.9	13	9	51.0%
Share of profit of investment in joint venture	(267)	4	n.a.
Profit (loss) before income tax expense	232	628	-63.1%
Income tax expense	(88)	(114)	-22.7%

Unit: Baht million	Amount		Changes
	2021	2020	YoY (%)
Profit (loss) attributable to owner of the Company	**144**	**514**	**-72.0%**
Earnings (loss) per share (Baht)	**0.13**	**0.47**	**-72.0%**
Extra items[4]	369	649	-43.1%
Normalized profit	(225)	(135)	-67.1%

(1) Normal SG&A expenses: Selling and administrative expenses, including directors and management benefit expenses.

(2) Other income for 2020 was mainly from compensation income.

(3) Excluding gain (loss) from foreign exchange and loss from assets impairment.

(4) Extra items were gain (loss) from foreign exchange, compensation income, contract restructuring transactions, sale of investment, assets impairment and other one-time items.

Revenue from sales of goods and rendering of services

Consolidated revenue from sales of goods and rendering of services for 2021 was Baht 3,303 million, a decrease of 7.1% from Baht 3,557 million for 2020, caused by a decrease of revenue from satellite and internet and media services.

Revenue from sales of goods and rendering of services Unit: Baht million	**2021**	**2020**	**% YoY**
Satellite and related services	3.297	3,548	-7.1%
Internet and media services	30	32	-6.8%
Consolidation eliminations	(24)	(24)	-0.7%
Total	**3,303**	**3,557**	**-7.1%**

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 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.

Revenue from satellite and related services for 2021 was Baht 3,297 million, a decrease of 7.1 % from Baht 3,548 million for 2020. This was resulted from the following causes:

- A decrease of broadcast revenue from declining in number of domestic clients, together with customer churn upon Thaicom 5 deorbiting due to incapable of migration to Thaicom's other satellites.
- A decline of broadband revenue from international customers due to the Thaicom 4 satellite approaching its end of life with uncertainty of a replacement satellite.

Internet and media services

For 2021, the revenue was Baht 30 million, decreased by 6.8% compared to Baht 32 million for 2020, resulting from a decline of revenue from broadband and television network and system integration both consultant and installation services.

Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for 2021 of Baht 2,350 million, decreased by 8.9% compared to Baht 2,578 million for 2020, as a result of the drop of revenue and satellite depreciation.

Cost of sales of goods and rendering of services Unit: Baht million	2021	2020	% YoY
Satellite and related services	2,355	2,587	-9.0%
Internet and media services	17	15	13.3%
Consolidation eliminations	(23)	(24)	-4.2%
Total	**2,350**	**2,578**	**-8.9%**

Cost relating to satellite and related services for 2021 was Baht 2,355 million, a drop of 9% from Baht 2,587 million for 2020, contributed by a decrease of depreciation of Thaicom 4 and Thaicom 6 satellites, and concession fee regarding the Company completely handed over possession of the satellites and other assets under the agreement to MDE on 10 September 2021.

Cost of internet and media services

Cost relating to the internet and media services for 2021 were Baht 17 million, an increase of 13.3% from Baht 15 million for 2020 owing to the cost of outsource services to provide the internet, video online, and live streaming services for customers, resulting to the increase of cost of internet and media services.

Selling and administrative expenses

The SG&A expenses, including directors and management benefit expenses, were Baht 884 million for 2021. A decrease of 4.7% from Baht 927 million for 2020 was due mainly to the decrease of marketing and general administrative expenses corresponding with a decline in revenue from sale of goods and rendering service.

Finance costs

Finance costs for 2021 was Baht 155 million, a decrease of 17.5% from Baht 188 million for 2020, mainly due to the repayment of debenture in Q4/2020 of Baht 2,275 million, together with the repayment of other long-term loans according to schedule.

Share of profit of investment in joint venture

Share of profit (loss) of investment in joint venture was Baht (267) million for 2021, decreased from share of profit of Baht 4 million for 2020. This consisted of the share of profit (loss) from LTC, Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd of Baht (263) million, (4) million and 0.3 million,

respectively. The major loss was from share of profit of investment in LTC due to an appreciation of US dollar against Lao KIP resulting loss from mark-to-market of its accrued dividend and US dollar loan.

Net profit

The company's net profit for 2021 was Baht 144 million. Majority of which came from gain of foreign exchange regarding appreciation of US dollar against Thai Baht. The Company's normalized profit (loss) for 2021 and 2020 was Baht (225) million and Baht (135) million, respectively.

The normalized profit (loss) from operation excluding share of profit (loss) of investment in joint ventures was Baht 41 million for 2021, increased from Baht (139) million in 2020. This was resulted from the decrease of cost of satellite depreciation and concession fee to the MDE after the expiry of the Concession.

IV. Financial Position

As at the end of 2021, the Company reported total assets of Baht 15,340 million, decreased by 8% from Baht 16,676 million as at the end of 2020, mainly due to the decrease of cash and cash equivalent, including other current financial assets for the repayment of matured bond on schedule in Q4/2021.

THCOM's asset components

Major Assets Unit: Baht million	December 31, 2021		December 31, 2020	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	8,050	52.5%	9,473	56.8%
Property, plant and equipment	2,778	18.1%	3,091	18.5%
Intangible assets under operating agreement	-	-	560	3.4%
Right-of-use assets	1,434	9.4%	151	0.9%

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

Trade and other receivables

As at the end of 2021, the Company had trade and other current receivables of Baht 2,071 million, an increase of 13% from Baht 1,832 million as at the end of 2020, mainly due to mark-to-market of receivables from Thai Baht depreciation against US dollar.

Liquidity

As at the end of 2021, the Company had a current ratio of 5.66x, decreased from 2.70x as at the end of 2020, due mainly to repayment of matured bond on schedule in 2021.

Non-current assets

Total non-current assets as at the end of 2021 was Baht 7,290 million, an increase of 1.2% from Baht 7,204 million as at the end of 2020. This was due mainly to an increase in right-of-use assets from bandwidth purchase from other operators after the Concession.

Right-of-use assets

As at the end of 2021, the Company had right-of-use assets of Baht 1,434 million or 9.4% of total assets, increased from Baht 151 million compared to the end of 2020. This was mainly from the purchase of part of bandwidth capacity on Thaicom 4 and Thaicom 6 Satellites after the expiry of the Concession.

Borrowings and shareholders' equity

The Company's net borrowings as at the end of 2021 were Baht 1,266 million, a decrease of 66.3% from Baht 3,760 million as at the end of 2020, mainly attributable to the repayment of matured bond and long-term loans for the satellite projects.

The Company's shareholders' equity as at the end of 2021 was Baht 11,129 million, decreased by 1% from Baht 11,247 million as at the end of 2020, mainly reflecting from increasing consolidated net profit.

As at the end of 2021, the ratio of net borrowings to equity was 0.11x, decreased from 0.33x as at the end of 2020.

Cash flows

Net cash provided by operating activities for 2021 was Baht 1,224 million, a decrease of 30.8% from Baht 1,769 million for 2020, due mainly to an increase of profit from operations.

Net cash provided (used) by investing activities for 2021 was Baht 1,446 million, due to the sell of current financial assets to repay the matured bond on schedule in Q4/2021.

Net cash provided (used) in financing activities for 2021 was Baht (3,189) million, mainly comprising of the loans repayment, dividend payment and loan interest repayment.

The Company had ending cash and cash equivalents, including the current financial assets as at the end of 2021 of Baht 4,902 million, decreased by 25.9% from Baht 6,619 million as at the end of 2020.

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.