THAICOM

MANAGEMENT'S DISCUSSION AND ANALYSIS



Thaicom Public Company Limited

Management's Discussion and Analysis for 2024

Thaicom Public Company Limited

1. Economic Overview

In 2024, the Thai economy faced significant volatility driven by both domestic and international factors, profoundly influencing the movement of the Thai Baht. During the first half of the year, the Baht notably depreciated due to the U.S. Federal Reserve's tightening monetary policies, which indicated a delay in policy rate reductions, coupled with Thailand's sluggish economic recovery. These factors placed downward pressure on the Baht against the U.S. dollar. However, in the second half of 2024, the Thai Baht began to recover and appreciated sharply, reaching its strongest level in 26 years since the Asian financial crisis. This appreciation was primarily driven by the weakening of the US dollar amid expectations that the US Federal Reserve (Fed) would slow down interest rate hikes or potentially even cut rates in the future. Additionally, the rise in global gold prices, a safe-haven asset during times of economic uncertainty, further contributed to the Baht's strength. This appreciation of the Baht directly impacted Thailand's export and industrial sectors. Toward the end of 2024, the Baht adjusted to a depreciation trend, in line with Thailand's policy rate cuts and U.S. trade policies under the administration of the President of the United States.

2. Company's Performance Overview

In 2024, despite a challenging macroeconomic environment, the Company generated a core profit[1] of Baht 109 million. Nevertheless, the Company's satellite business generated Baht 175 million in core profit excluding non-satellite business and share of loss from the telecommunications business, surpassing normal core profit by Baht 66 million, which underscores the core business's robust profitability.

However, in 2024, the Company recorded a net loss of Baht 23 million, primarily due to temporary foreign exchange fluctuations caused by the significant appreciation of the Thai Baht in 2024. 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. Additionally, in 2023, the Company recognized other income of Baht 310 million, which was the compensation with a business partner arising from a dispute settlement.

The Company reported revenue from sales and services of Baht 2,413 million for 2024, which decreased from Baht 2,627 million in 2023. This was mainly attributed to reduced usage in areas not covered by the follow-on

satellites, particularly in Malaysia and Indonesia. Nevertheless, the Company remains committed to expanding its services in other high-potential regions. In addition, revenue from sales and services decreased due to the transitional period of the Universal Service Obligation ("USO") contracts with the National Broadcasting and Telecommunications Commission ("NBTC"). This transition marks the shift from USO Phase 2 to USO Phase 3, which is set to operate under an expanded budget framework of THB 5.8 billion. USO Phase 2 is expected to resume operations in Q1/2025, while the bidding process for USO Phase 3 is scheduled to take place within the same quarter. The upcoming phase will also include satellite services as part of the project scope. In anticipation of this transition, the Company has proactively strategized and implemented measures to accommodate the expected increase in demand from 2025 onward, ensuring seamless service delivery and operational readiness.

In 2024, the Company successfully obtained authorization to provide satellite services in India from IN-SPACe, an autonomous nodal agency under the Department of Space. This milestone marks a significant step in the Company's strategic expansion into one of the world's most high-potential satellite markets, addressing the surging demand for broadband connectivity in a country with a population of 1.4 billion. The Company remains steadfast in executing its long-term strategic roadmap and delivering results in line with its commitments. Furthermore, the Company has optimized its long-term satellite utilization through a strategic partnership with Hughes Communications India, India's leading satellite service provider with an approximate 70% market share. Under this collaboration, the Company will commence satellite capacity services on THAICOM 8 in Q1/2025, with plans to expand operations to its upcoming satellite, which is scheduled for future deployment.

Additionally, Thaicom has strengthened its engagement with government agencies by collaborating with the Royal Thai Air Force and the Geo-Informatics and Space Technology Development Agency ("GISTDA"). These partnerships aim to enhance national satellite technology capabilities and reinforce Thailand's telecommunications infrastructure, underscoring the Company's commitment to driving innovation and sustainable growth in the space and satellite communications industry.

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, the Company continued to incur foreign exchange losses due to the depreciation of the Lao Kip (LAK) against the US Dollar in 2024, resulting in the recognition of a share of losses from 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.*

3. Business Overview

Satellite and related Services

Strengthen the Company's fleet at 119.5 degrees East with THAICOM 9, provided by Astranis (USA)

On 6 March 2024 – The Company has announced the selection of Astranis, a leading U.S.-based satellite manufacturer and operator, to provide the newest addition THAICOM 9 scheduled for launch in 2025. THAICOM 9 will ensure seamless continuity of service for existing THAICOM 4 customers and support the growth of new customer segments. This cutting-edge satellite will leverage High Throughput Satellite ("HTS") with high-performance software-defined radio, that can change coverage and bandwidth allocation on orbit to serve multiple geographies while also allowing it to dynamically change frequencies, power levels, and other operational variables on the fly.

The Royal Thai Air Force collaborates with the Company to advance aerospace technology and promote sustainable self-reliance in the defense industry

On 7 June 2024 – The Company partnered with the Royal Thai Air Force ("RTAF") in signing the memorandum of understanding ("MoU") on the development of aerospace technology. This collaboration aims to study, research, and develop aerospace and related technologies to enhance the RTAF's operational capabilities in carrying out critical missions and safeguarding Thailand's airspace and outer space. Furthermore, the initiative seeks to promote and drive the growth of the defense industry towards achieving sustainable self-reliance.

Thaicom unveils 'CarbonWatch', Thailand's first Carbon Credit Platform

On 11 July 2024 – The Company launched the "CarbonWatch" platform, a tool for assessing carbon sequestration in forests, which has been certified by the Thailand Greenhouse Gas Management Organization ("TGO"), a pioneer in Thailand and ASEAN. This achievement reinforces our success in leveraging satellite expertise into the space technology sector by utilizing Earth observation satellite data, such as satellite imagery, in conjunction with Artificial Intelligence (AI) and Machine Learning (ML) technologies.

Thaicom and Hughes Communications India sign an agreement for satellite capacity

On 28 August 2024 – The Company's subsidiary, IPSTAR (India) Private Limited (IPSTAR), has signed an agreement for satellite capacity with Hughes Communications India Private Limited ("HCI"), a leading provider of broadband satellite and managed network services. Under the agreement, IPSTAR India will provide satellite capacity services to HCI in India via Thaicom's satellite network. This will enable HCI to enhance its satellite broadband, mobile backhaul, maritime and satellite IoT services to effectively meet the growing demand for satellite services in India.

Thaicom partners with INVIDI Technologies and PSI to Reinvent Thailand's Media Industry

On 2 October 2024 – The Company announces an industry-transforming partnership with INVIDI Technologies, the global leader in targeted, addressable advertising and innovation and PSI, Thailand's largest satellite network and set-top box provider, to launch addressable advertising, an innovative technology that enable advertisers to deliver personalized ads to specific individuals or households in Thailand. Having developed the first widely deployed addressable advertising system in the world, INVIDI has made the commitment to support Thai broadcasters in boosting ad revenue and fund new premium content.

THAICOM 10, will launch on SpaceX's Falcon 9 rocket

On 4 October 2024 – The Company's subsidiary, Space Tech Innovation Co., Ltd. ("STI"), entered into an agreement with SpaceX, the renowned U.S.-based aerospace technology company specializing in the design, development, and deployment of the world's most advanced rockets. SpaceX has been appointed as the launch service provider for THAICOM 10, the company's new Software-defined High Throughput Satellite ("SD-HTS"). The satellite will be launched into orbit at the 119.5° East orbital slot using the Falcon 9 rocket, the world's first reusable rocket, from Florida, USA.

Thaicom announces that THAICOM 9A satellite has secured the 50.5 Degrees East Orbital Slot for Thailand

On 22 November 2024 – The Company successfully positioned Thaicom 9A at 50.5 degrees East orbital position, fulfilling a mission to secure Thailand's orbital rights. TC Space Connect Company Limited ("TCSC"), Company's subsidiary, was granted a 20-year license to utilize these rights by the National Broadcasting and Telecommunications Commission ("NBTC"). This achievement strengthens Thailand's competitive advantage, expands Thaicom's market reach, and supports the development of the nation's space industry.

IPSTAR India, a subsidiary of Thaicom, obtains an authorization to provide satellite services in India from IN-SPACe

On 6 December 2024 – The Company has successfully obtained a license to provide satellite services in India from the IN-SPACe, an autonomous nodal agency under Department of Space. This marks a significant step in expanding into the high-potential Indian market, where the company has already been operating for over 27 years. The company is committed to providing broadband satellite solutions to enhance India's digital infrastructure, targeting not only rural markets but also underserved areas with connectivity challenges. This initiative aims to contribute to bridging the digital divide in the region while meet the growing and diverse demand for satellite services in India.

Utilization of THCOM's satellites

As of the end of 2024, the utilization rate for the Company's conventional satellites providing services under telecommunication licenses via THAICOM 7 and THAICOM 8, reached 56.3%, represents a decrease from 59.3% in 2023, primarily attributed to domestic 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 was Baht 46 million in 2024, representing a 13.2% decline compared to Baht 53 million in 2023. This decrease was primarily driven by reduced marketing subsidies and customer churn in certain channels. However, in 2024, the Company successfully recognized revenue from the digital platform development project for the Department of Learning Promotion ("DLP"), and revenue from the installation of in-house hotel television channel systems.

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 2024 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 on March 1st, 2024. As of the conclusion of 2024, LTC and TPLUS Digital Company Limited ("TPLUS") collectively had a total of 2.48 million mobile phone subscribers, a figure comparable to the end of 2023.

4. Consolidated Operating Results

Summary of key financial information of THCOM

Unit: Baht million	Amount		Change
	2024	2023	%YoY
Revenue from sales of goods and rendering of services	2,413	2,627	-8.1%
Other income	8	320	-97.6%
Total Revenue	2,420	2,946	-17.8%
Cost of sales of goods and rendering of services	(1,543)	(1,524)	1.3%
SG&A expenses [1]	(891)	(854)	4.3%
Profit from operating activities	(13)	569	N/A
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) [2]	591	901	-34.5%
Financial income	282	274	3.1%
Financial costs	(91)	(127)	-28.8%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	44	17	153.4%
Net gain (loss) from foreign exchange	(70)	(57)	22.5%
Share of profit (loss) of investment in subsidiaries and joint ventures	(37)	(184)	-79.7%
Profit before income tax expense	115	492	-76.6%
Income tax expense	(138)	(138)	-0.1%
Profit attributable to the owner of the Company (Net Profit)	(23)	354	N/A
Less: Unrealized gain (loss) on exchange rate of the Company	(117)	(75)	56.7%
Less: Unrealized gain (loss) on exchange rate of joint ventures	(15)	(76)	-80.8%
Less: Extra items [3]	-	288	-100.0%
Core Profit	109	217	-49.6%
Core Profit from the satellite business [4]	175	350	-50.0%
Basic earnings per share (Baht)	(0.02)	0.32	N/A

(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 2024 was Baht 2,413 million, decreased by 8.1% from Baht 2,627 million in 2023 due to decreased revenue from satellite and related services from international customers.

Revenue from sales of goods and rendering of services Unit: Baht million	2024	2023	%YoY
Satellite and related services	2,380	2,597	-8.4%
Internet and media services	46	53	-13.2%
Consolidation eliminations	(13)	(23)	-43.5%
Total	2,413	2,627	-8.1%

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 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 2,380 million for 2024, which decreased by 8.4% from Baht 2,597 million in 2023. This was mainly attributed to reduced usage in areas not covered by the follow-on satellites, particularly in Malaysia and Indonesia. Nevertheless, the Company remains committed to expanding its services in other high-potential regions. In addition, revenue from sales and services decreased due to the transitional period of the Universal Service Obligation ("USO") contracts with the National Broadcasting and Telecommunications Commission ("NBTC"). This transition marks the shift from USO Phase 2 to USO Phase 3, which is set to operate under an expanded budget framework of THB 5.8 billion. USO Phase 2 is expected to resume operations in Q1/2025, while the bidding process for USO Phase 3 is scheduled to take place within the same quarter. The upcoming phase will also include satellite services as part of the project scope. In anticipation of this transition, the Company has proactively strategized and implemented measures to accommodate the expected increase in demand from 2025 onward, ensuring seamless service delivery and operational readiness. This decline was also attributed to the absence of revenue streams in 2023, which included ground station management fees for Globalstar and additional consulting services. However, in 2024, the Company successfully optimized its long-term satellite resource utilization through a strategic partnership with Hughes Communications India. Under this collaboration, the Company will commence satellite capacity services on THAICOM 8 in Q1/2025, with plans to expand operations to its upcoming satellite, which is scheduled for future deployment.

Internet and media Services

Revenue from internet and media services was Baht 46 million in 2024, representing a 13.2% decline compared to Baht 53 million in 2023. This decrease was primarily driven by reduced marketing subsidies and customer churn in certain channels. However, in 2024, the Company successfully recognized revenue from the digital platform development project for the Department of Learning Promotion ("DLP"), and revenue from the installation of in-house hotel television channel systems.

Other Income

In 2024, other income amounted to Baht 8 million, a decrease of 97.6% compared to Baht 320 million in 2023. This decline was due to the Company recognizing compensation income of Baht 310 million from a business partner in 2023 arising from a dispute settlement (for further details, please refer to Note 21 to the financial statements).

Cost of sales of goods and rendering of services

In 2024, the Company incurred a total cost of sales and rendering of services of Baht 1,543 million, a slight 1.3% increase compared to Baht 1,524 million in 2023. This rise was primarily attributed to higher costs associated with satellite and related services.

Cost of sales of goods and rendering of services Unit: Baht million	2024	2023	%YoY
Satellite and related services	1,524	1,514	0.7%
Internet and media services	29	33	-12.1%
Consolidation eliminations	(10)	(23)	-56.5%
Total	1,543	1,524	1.3%

In 2024, the cost of satellite and related services totaled Baht 1,524 million, remaining relatively stable with a slight increase of 0.7% compared to Baht 1,514 million in 2023. This marginal increase in costs occurred alongside a decline in revenue, primarily driven by higher expenses related to domestic equipment sales, pre-installation site surveys for international projects, and new project costs undertaken by the Company during the year.

Cost of internet and media services

In 2024, the cost relating to the internet and media services decreased by 12.1% to Baht 29 million from Baht 33 million in 2023. This is consistent with a corresponding decrease in revenue.

Selling and administrative expenses

The SG&A expenses, including directors and management benefits, were Baht 891 million 2024, increased significantly by 4.3% from Baht 854 million in 2023. The decrease is primarily attributable to lower consulting fees associated with the procurement and construction of the new satellite.

Finance costs

Finance costs for 2024 amounted to Baht 91 million, decreased by 28.8% from Baht 127 million in 2023, 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 2024, the share of loss from investments in joint ventures amounted to Baht 37 million, mainly due to losses from investments in the Laotian telephone business (LTC). However, the share of loss has decreased substantially, with a 79.7% reduction compared to 2023 of Baht 184 million. This improvement is attributed to LTC's revenue and net profit growth compared to 2023. However, the Company continued to incur foreign exchange losses due to the depreciation of the Lao Kip (LAK) against the US Dollar in 2024, resulting in the recognition of a share of losses from joint ventures. Nevertheless, in 2024, the Company benefited from long-term 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)

In 2024, the Company recorded a net loss of Baht 23 million, primarily due to temporary foreign exchange fluctuations caused by the significant appreciation of the Thai Baht in 2024. 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. Additionally, in 2023, the Company recognized other income of Baht 310 million, which was the compensation with a business partner arising from a dispute settlement.

The Company generated a core profit[1] of Baht 109 million, decreased by 49.6% compared to Baht 217 million in 2023 due to lower revenue attributed to reduced usage in areas not covered by the follow-on satellites, particularly in Malaysia and Indonesia. Nevertheless, the Company remains committed to expanding its services in other high-potential regions. In addition, revenue from sales and services decreased due to the transitional period of the Universal Service Obligation ("USO") contracts with the National Broadcasting and Telecommunications Commission ("NBTC"). This transition marks the shift from USO Phase 2 to USO Phase 3, which is set to operate under an expanded budget framework of THB 5.8 billion. USO Phase 2 is expected to resume operations in Q1/2025, while the bidding process for USO Phase 3 is scheduled to take place within the same quarter. The upcoming phase will also include satellite services as part of the project scope. In anticipation of this transition, the Company has proactively strategized and implemented measures to accommodate the expected increase in demand from 2025 onward, ensuring seamless service delivery 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.

operational readiness. In addition, the Company's share of loss of investment in the joint venture has significantly improved, reflecting increased operational efficiency. Moreover, the Company successfully optimized its long-term satellite resource utilization through a strategic partnership with Hughes Communications India. Under this collaboration, the Company will commence satellite capacity services on THAICOM 8 in Q1/2025, with plans to expand operations to its upcoming satellite, which is scheduled for future deployment. The Company remains steadfast in executing its long-term strategic roadmap and delivering results in line with its commitments.

The Company's satellite business generated Baht 175 million in core profit excluding non-satellite business and share of loss from the telecommunications business, surpassing normal core profit by Baht 66 million. This underscores the core business's robust profitability.

5. Financial Position

As at the end of 2024, the Company reported total assets of Baht 15,168 million increased by 7.1% from Baht 14,162 million at the end of 2023. The increased in total asset is attributed to the Company's subsidiary that has constructed the THAICOM 9 and THAICOM 10 satellites, which have been recorded as asset under construction totaling Baht 2,614 million. (Further details can be found in Note 10 to the financial statements.)

Asset components

Assets Unit: Baht million	31 December 2024		31 December 2023	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	4,711	31.1%	5,551	39.2%
Property, plant and equipment	4,559	30.1%	2,079	14.7%
Right-of-use assets*	1,233	8.1%	1,271	9.0%
Intangible assets	784	5.2%	845	6.0%

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

Trade and other receivables

As at the end of 2024, the Company had trade and other current receivables of Baht 1,065 million, or 7.0% of total assets, increased by 4.9% from Baht 1,016 million at the end of 2023, primarily due to an increase in refundable withholding tax. However, trade receivables, as detailed in Note 7 to the financial statements, decreased significantly by Baht 64 million, primarily due to the collection of outstanding debts from international customers.

Liquidity

At the end of 2024, the Company's current ratio was 2.3x, down from 3.9x at the end of 2023. This decline was primarily due to a decrease in current assets, specifically a reduction in cash and cash equivalents used to acquire property, plant, and equipment.

Right-of-use assets

As at the end of 2024, the Company had right-of-use assets of Baht 1,233 million or 8.1% 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 3.0% from Baht 1,271 million as at the end of 2023 due to the amortization of right-of-use satellite assets.

Borrowings and shareholders' equity

As of the end of 2024, 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 927 million, which were used to finance investments in a new satellite project. As of the end of 2023, the Company had net debt of Baht 431 million.

The Company's shareholders' equity as at the end of 2024 was Baht 10,019 million, decreased by 2.1% from Baht 10,231 million as at the end of 2023. This decline is primarily attributed to the net loss incurred during the period.

The company's ratio of net borrowings to equity was 0.4x, increased by 7.3% from that of the end of 2023. This decline is primarily attributed to the net loss incurred during the period.

Cash Flows

In 2024, the Company generated net cash from operating activities of Baht 1,102 million, a 9.5% increase compared to 2023, which amounted to Baht 1,007 million. This increase was primarily due to a refund portion of withholding tax from the Tax Authority of INR 611 million, which was recorded under other non-current liabilities in the statement of financial position as detailed in Note 29 to the financial statements.

Net cash used in investing activities for the year 2024 was Baht (1,655) million, an increase of 352.3% compared to 2023, which totaled Baht (366) million. The main reason was the prepayment for equipment for a new satellite.

Net cash used in financing activities for the year 2024 was Baht 96 million, primarily consisting of loan repayments and interest payments.

At the end of 2024, the Company held cash and cash equivalents, including current investments, in total of Baht 3,365 million.