THAICOM

MANAGEMENT'S DISCUSSION AND ANALYSIS



Thaicom Public Company Limited

Management's Discussion and Analysis for Q3/2024

Thaicom Public Company Limited

1. Economic Overview

In the third quarter of 2024, the Thai economy faced significant pressure from a substantial appreciation of the baht, which reached its strongest level in 26 years. 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. However, at the beginning of the fourth quarter of 2024, the baht weakened slightly. Key factors contributing to this weakening included signals from the Fed regarding potential interest rate increases and uncertainties surrounding the US presidential election.

2. Company's Performance Overview

Thaicom Public Company Limited reported a revenue from sales and services of Baht 614 million for Q3/2024, which decreased from Baht 638 million in Q2/2024 (QoQ) and Baht 623 million in Q3/2023 (YoY). This was mainly attributed to the revenue from satellite and related services that slightly decreased due to domestic clients, reflecting the transitional period of the Universal Service Obligation (USO) contracts with the National Broadcasting and Telecommunications Commission (NBTC) as this transition follows the completion of USO Phase 2 leading into USO Phase 3. However, in this quarter, the Company was able to secure a long-term contract, solidifying its strong position in the rapidly growing Indian market.

Regarding telephone business abroad, share of loss of investment in joint venture has significantly improved. However, despite a slight strengthening of the Kip against the US dollar, a foreign exchange loss was still incurred as the Kip remained weaker in Q3/2024. Nevertheless, Lao Telecommunications Public Company (LTC) has shown continued improvement in performance. Net profit in Q3/2024 increased significantly both QoQ and YoY, reaped significant benefits from the tariff restructuring for telecom services implemented by The Ministry of Telecommunication and Communication of the Lao PDR.

The Company reported a net loss of Baht 562 million in Q3/2024, primarily attributed to temporary foreign exchange fluctuations, stemming from the strengthening of the Thai baht. 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. These initiatives are designed to bolster the Company's long-term resilience. Despite the challenging environment, the Company generated a core profit[1] of Baht 29 million, which experienced a substantial 53% YoY increase compared to Q3/2023.

In Q3/2024, the Company's satellite business generated Baht 68 million in core profit excluding share of loss from telecommunications business, exceeding normal core profit by Baht 39 million. This underscores 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.*

3. Business Overview

Satellite and related Services

Thaicom, NT and HPG Partner to Enhance Maritime Safety Standards through Smart Pier Project and Satellite-Based Maritime Tourist Tracking System

22 August 2024 – Thaicom has partnered with National Telecom Public Company Limited (NT) and HPG Technology Company Limited to enhance maritime safety standards. This collaboration focuses on developing a Smart Pier project and a satellite-based maritime tourist tracking and emergency response system. By integrating telecommunications, digital technology, satellite-based SOS services, and customized platforms, the project aims to create a prototype smart pier in NT's designated areas. This initiative will improve maritime safety, offering a model for tourist assistance and enhancing maritime business operations to meet international standards. The resulting smart pier will be equipped with advanced systems, devices, and technology, ensuring complete functionality, improved safety, convenience, and efficiency for all stakeholders.

Thaicom signed an agreement with Hughes Communication India to provide satellite capacity over India

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, for satellite capacity over India on Thaicom's satellite fleet.

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 meet the growing and varied demand for satellite services in India. The agreement will initially utilize THAICOM 8's satellite capacity with dedicated Indian coverage. Furthermore, Thaicom remains committed to continuously serve the Indian market into the future with new investments in the state-of-the-art next generation satellites. Thaicom has been providing the Indian market with satellite capacity since 1997 and combined with extensive experience and know-how of Hughes managed services platform, the Company has full confidence in its ability to serve the insatiable demand for broadband services throughout India.

Thaicom, in collaboration with INVIDI Technologies and PSI, will launch cutting-edge Addressable Advertising technology to reinvent Thailand's media industry.

2 October 2024 – The Company announces an industry-transforming partnership with INVIDI Technologies (INVIDI) (USA), 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.

According to Media Partners Asia, the addressable opportunity in Thailand alone represents a 19% CAGR over the next five years, and a 24% CAGR across Southeast Asia and India. The emergence of Addressable TV is poised to significantly impact the Thai advertising landscape, offering benefits to all stakeholders. By enabling targeted advertising, this technology presents opportunities for content producers and advertising service providers to increase revenue streams. Brand owners can utilize this platform to deliver content to specific audiences with enhanced cost-effectiveness and efficiency. Simultaneously, viewers will experience more relevant advertising tailored to their individual preferences, enhancing overall viewer satisfaction.

Thaicom partnered with SpaceX, renowned for launching the world's most advanced rockets and spacecraft, to secure a dual-launch agreement for THAICOM 10.

4 October 2024 – The Company's subsidiary, Space Tech Innovation Limited (STI), has signed an agreement with SpaceX, a US company that designs, manufactures and launches the world's most advanced rockets, for the launch of THAICOM 10, Thaicom's upcoming, next generation software-defined, high throughput satellite (SD-HTS).

THAICOM 10 satellite, built by Airbus Defence and Space SAS (France), will provide over 120 gigabits per second (Gbps) of capacity. This state-of-the-art technology will allow flexibility and instant configuration to adapt dynamically to the customers' needs. The satellite will provide extended connectivity over the region for Thaicom's customers and partners across the Asia Pacific. THAICOM 10 will be launched on SpaceX's Falcon 9 rocket, the world's first and only orbital class rocket capable of reuse, from Florida, USA. The satellite will operate at the 119.5 degrees East orbital slot.

Utilization of THCOM's satellites

As of the end of Q3/2024, 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 62.0% in the second quarter of 2024, primarily attributed to overseas 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 21 million in Q3/2024, an increase of Baht 3 million compared to Q3/2023. This rise is primarily attributed to revenue generated 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) has demonstrated consistent improvement in its operational performance from the first to the third quarter of 2024. LTC experienced a significant increase in net profit in Q3/2024, compared to both the previous quarter (QoQ) and the same period last year (YoY). This positive trajectory is attributed to 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 Q3/2024, Lao Telecommunications Public Company (LTC) and TPLUS Digital Company Limited (TPLUS) collectively had a total of 2.49 million mobile phone subscribers, a figure comparable to the end of 2023.

4. Consolidated Operating Results

Summary of key financial information

Unit: Baht million	Amount			Change		Amount		Change
	Q3 2024	Q2 2024	Q3 2023	%QoQ	%YoY	9M 2024	9M 2023	%YoY
Revenue from sales of goods and rendering of services	614	638	623	-4%	-1%	1,861	1,997	-7%
Other income	1	41	10	-98%	-90%	44	317	-86%
Total Revenue	**615**	**679**	**633**	**-9%**	**-3%**	**1,905**	**2,314**	**-18%**
Cost of sales of goods and rendering of services	(404)	(376)	(344)	7%	17%	(1,137)	(1,123)	1%
SG&A expenses [1]	(191)	(255)	(194)	-25%	-2%	(671)	(624)	8%
Profit from operating activities	**20**	**48**	**95**	**-58%**	**-79%**	**97**	**567**	**-83%**
Profit from operating activities before interest, tax, and depreciation and amortization (EBITDA) [2]	**169**	**194**	**264**	**-13%**	**-36%**	**540**	**733**	**-26%**
Financial income	61	91	68	-33%	-10%	224	207	8%
Financial costs	(21)	(23)	(34)	-9%	-38%	(73)	(99)	-26%
Reversal of loss on impairment based on Thai Financial Reporting Standard No.9	2	2	(10)	0%	N/A	6	13	-54%
Net gain (loss) from foreign exchange	(564)	29	112	N/A	N/A	(236)	242	N/A
Share of profit (loss) of investment in subsidiaries and joint ventures	(33)	(41)	(76)	-20%	-57%	(124)	(153)	-19%
Profit before income tax expense	**(535)**	**106**	**155**	**N/A**	**N/A**	**(106)**	**777**	**N/A**
Income tax expense	(27)	(43)	(40)	-37%	-33%	(106)	(116)	-9%
Profit attributable to the owner of the Company (Net Profit)	**(562)**	**63**	**115**	**N/A**	**N/A**	**(212)**	**661**	**N/A**
Less: Unrealized gain (loss) on exchange rate of the Company	(597)	33	120	N/A	N/A	(280)	227	N/A
Less: Unrealized gain (loss) on exchange rate of joint ventures	6	(19)	(24)	N/A	N/A	(21)	(63)	-67%
Less: Extra items [3]	-	-	-	N/A	N/A	-	288	-100%

Unit: Baht million	Amount			Change		Amount		Change
	Q3 2024	Q2 2024	Q3 2023	%QoQ	%YoY	9M 2024	9M 2023	%YoY
Core Profit	29	49	19	-41%	53%	89	209	-57%
Core profit excluding share of profit/(loss) from telecommunications business	68	69	68	-1%	0%	190	294	-35%
Basic earnings per share (Baht)	(0.51)	0.06	0.10	N/A	N/A	(0.19)	0.60	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.

Revenue from sales of goods and rendering of services

The consolidated revenue from sales of goods and rendering of services for Q3/2024 was Baht 614 million, decreased by 3.8% from Baht 638 million in Q2/2024 (QoQ) due to decreased revenue from satellite and related services from domestic customers. When compared with Q3/2023 (YoY) revenue from sales of goods and rendering of services decreased slightly by 1.4%.

During the first 9 months of 2024, the company generated total revenue from sales and rendering of services of Baht 1,861 million, a 6.8% decrease compared to the same period in 2023 (YoY), which totaled Baht 1,997 million. This was primarily attributable to both domestic and international revenue.

Revenue from sales of goods and rendering of services Unit: Baht million	Q3 2024	Q2 2024	Q3 2023	%QoQ	%YoY	9M 2024	9M 2023	%YoY
Satellite and related services	595	640	611	-7.0%	-2.6%	1,842	1,979	-6.9%
Internet and media services	21	3	17	600.0%	23.5%	27	36	-25.0%
Consolidation eliminations	(2)	(5)	(5)	-60.0%	-60.0%	(8)	(18)	-55.6%
Total	614	638	623	-3.8%	-1.4%	1,861	1,997	-6.8%

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.

Revenue from satellite services and related offerings in Q3/2024 reached Baht 595 million, representing a 7.0% QoQ decrease from Baht 640 million in Q2/2024 and a 2.6% YoY decrease from Q3/2023. This was mainly attributed to the transitional period of the Universal Service Obligation (USO) contracts with the National Broadcasting and Telecommunications Commission (NBTC) as this transition follows the completion of USO Phase 2 leading into USO Phase 3.

During the first 9 months of 2024, the company generated Baht 1,842 million in revenue from satellite and related services, reflecting an 6.9% YoY decrease compared to Baht 1,979 million in the corresponding period of 2023. This decline can be attributed to the absence of revenue streams in the first 9 months of 2023, which included ground station management fees for Globalstar and additional consulting services.

Internet and media Services

Revenue from internet and media services was Baht 21 million in Q3/2024, an increase of Baht 3 million compared to Q3/2023. This rise is primarily attributed to revenue generated 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 Q3/2024, other income amounted to Baht 1 million, a decrease compared to Q2/2024, which totaled Baht 41 million. In Q2/2024, the Company recognized compensation revenue related to legal proceedings for the recovery of outstanding receivables from a defaulting customer.

However, during the first 9 months of 2024, other income decreased as the Company recognized compensation from a business partner in the first 9 months of 2023 arising from a dispute settlement (for further details, please refer to the Management's Discussion and Analysis for Q2/2023 ending June 30, 2023).

Cost of sales of goods and rendering of services

In Q3/2024, the Company incurred a total cost of sales and rendering of services of Baht 404 million, marking a 7.4% increase compared to Baht 376 million in the Q2/2024 (QoQ) and an increase of 17.4% from Baht 344 million in Q3/2023. This rise was primarily attributed to higher costs associated with satellite and related services.

During the first 9 months of 2024, the Company's total cost of sales and rendering of services amounted to Baht 1,137 million, representing a slight increase of 1.2% compared to Baht 1,123 million for the same period in 2023. This marginal increase is primarily attributed to costs associated with new projects undertaken during the current year.

Cost of sales of goods and rendering of services Unit: Baht million	Q3 2024	Q2 2024	Q3 2023	%QoQ	%YoY	9M 2024	9M 2023	%YoY
Satellite and related services	389	375	340	3.7%	14.4%	1,120	1,121	-0.1%
Internet and media services	17	3	10	466.7%	70.0%	22	20	10.0%
Consolidation eliminations	(2)	(2)	(6)	0.0%	-66.7%	(5)	(18)	-72.2%
Total	**404**	**376**	**344**	**7.4%**	**17.4%**	**1,137**	**1,123**	**1.2%**

In Q3/2024, the cost of satellite and related services amounted to Baht 389 million, a 3.7% increase compared to Q2/2024 (QoQ), which totaled Baht 375 million and increased by 14.4% (YoY) from Baht 340 million in Q3/2023, driven by revenue from pre-installation site surveys conducted for international projects.

During the first 9 months of 2024, the company incurred a total cost of Baht 1,120 million for satellite and related services, a 0.1% decrease compared to the first 9 months of 2023 (YoY), which amounted to Baht 1,121 million. This is consistent with the decrease in revenue from satellite and related services.

Cost of internet and media services

In Q3/2024, the cost relating to the internet and media services increased to Baht 17 million, an increase compared to both Q2/2024 and Q3/2023. This is consistent with a corresponding increase in revenue.

Selling and administrative expenses

The SG&A expenses, including directors and management benefits, were Baht 191 million for Q3/2024, decreased significantly by 25.3% QoQ to Baht 255 million in Q2/2024. This represents a slight decrease from Baht 194 million in Q3/2023. The decrease is primarily attributable to lower consulting fees associated with the procurement and construction of the new satellite.

Finance costs

Finance costs for Q3/2024 amounted to Baht 21 million, which remained relatively stable compared to Q2/2024 at Baht 23 million, but decreased from Baht 34 million in Q3/2023, 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 Q3/2024, the share of loss from investments in joint ventures amounted to Baht (33) million, mainly due to losses from investments in the Laotian telephone business (LTC). However, the share of loss has been steadily decreasing, with an 18% reduction compared to Q2/2024 (QoQ) of Baht (41) million, and a substantial 56% decrease compared to Q3/2023 (YoY) of Baht (76) million. This improvement is attributed to LTC's revenue growth compared to both Q2/2024 (QoQ) and Q3/2023 (YoY). However, despite a slight strengthening of the Kip against the US dollar, a foreign exchange loss was still incurred as the Kip remained weaker in Q3/2024, resulting in the recognition of losses from investments in joint ventures. Nevertheless, in 2024, the Company is poised to benefit 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)

The Company reported a net loss of Baht 562 million in Q3/2024, primarily attributed to temporary foreign exchange fluctuations, stemming from the strengthening of the Thai baht. 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. These initiatives are designed to bolster the company's long-term resilience.

Despite the challenging environment, the company generated a core profit[1] of Baht 29 million, which experienced a substantial 53% YoY increase compared to Baht 19 million in Q3/2023. This was primarily due to a significant decrease in the share of loss from investment in joint ventures. Excluding the impact of foreign exchange fluctuations, the core business operations remained profitable and demonstrated strong performance.

In Q3/2024, the Company's satellite business generated Baht 68 million in core profit excluding share of profit/(loss) from telecommunications business, exceeding normal core profit by Baht 39 million. This underscores the core business's robust profitability.

5. Financial Position

As at the end of Q3/2024, the Company reported total assets of Baht 13,961 million close to Baht 14,162 million at the end of 2023. This 1.4% decrease is primarily attributable to the use of cash and cash equivalents for the purchase of property, plant and equipment.

Asset components

Assets Unit: Baht million	30 September 2024		31 December 2023	
	Amount (Baht million)	% of Total Assets	Amount (Baht million)	% of Total Assets
Current assets	4,372	31.3%	5,551	39.2%
Property, plant and equipment	4,387	31.4%	2,079	14.7%
Right-of-use assets*	1,082	7.7%	1,271	9.0%
Intangible assets	801	5.7%	845	6.0%

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

Trade and other receivables

As at the end of Q3/2024, the Company had trade and other current receivables of Baht 960 million, or 6.9% of total assets, decreased by 5.4% from Baht 1,016 million at the end of 2023.The primary reason for this decline was attributed to the successful collection of outstanding debts from international customers.

Liquidity

At the end of Q3/2024, the Company's current ratio was 2.5x, down from 3.9x at the end of 2023. This decrease is primarily attributable to the full repayment of long-term loans related to the satellite project, which reduced current liabilities. The lower current ratio reflects a stronger ability to meet short-term obligations.

Right-of-use assets

As at the end of Q3/2024, the Company had right-of-use assets of Baht 1,082 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 14.9% 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 Q3/2024, 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 771 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 Q3/2024 was Baht 9,885 million, decreased by 3.4% 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

During the first 9 months of 2024, the company generated net cash from operating activities of Baht 429 million, a 52.2% decrease compared to the first 9 months of 2023, which amounted to Baht 897 million. This decrease was primarily due to lower net profit for the period. Additionally, in the first 9 months of 2023, due to the significant collection of long-outstanding receivables from overseas trade customers.

Net cash used in investing activities for the first 9 months of 2024 was Baht (1,215) million, an increase compared to the first 9 months of 2023, which totaled Baht (280) million. The main reason was the prepayment for equipment for a new satellite.

Net cash used in financing activities for the first 9 months of 2024 was Baht 9 million, primarily consisting of loan repayments and interest payments.

At the end of Q3/2024, the Company held cash and cash equivalents, including current investments, in total of Baht 3,134 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