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*Management's Discussion and Analysis for Q2/2021 Results*  
*Thaicom Public Company Limited*

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## **I. Overview**

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### **Performance overview**

Thaicom Plc (the Company or THCOM)'s consolidated revenue from sales of goods and rendering of services for Q2/2021 was Baht 796 million, dropped by 8.9% from Baht 873 million for Q2/2020, regarding the lower revenue from satellite and related services from both conventional and broadband satellites. Compared with Q1/2021, the consolidated revenue from sales of goods and rendering of services slightly increased 1.0% from Baht 788 million, due to increased utilization rate of satellite and related services from conventional satellite from foreign customer.

The Company's consolidated net loss for Q2/2021 was Baht 41 million, declining from the net profit for Q2/2020 of Baht 498 million, resulted from lower revenue, higher selling and administrative expense regarding legal fee, shared loss of investment in joint venture, together with the recognition of the compensation income in Q2/2020. The consolidated net profit dropped compared with that of Q1/2021 of Baht 111 million due to an increase of selling and administrative expense and lower gain from foreign exchange.

The normalized loss from operation was at Baht 112 million for Q2/2021, lower in comparison with Q2/2021 normalized profit of Baht 2 million and Q1/2021 normalized loss of Baht 40 million.

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## **II. Business Summary**

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### **Satellite and related Services**

The overall utilization rate for Thaicom 6, Thaicom 7, and Thaicom 8, as at the end of Q2/2021 was 63.7%, gradually rose from 63.6% as at the end of Q1/2021. For broadband satellite, the Thaicom 4, the utilization rate was at 18.1%, slightly increased from 18.0% as at the end Q1/2020.

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 100% stake of its share capital.

### **Internet and media Services**

The revenue from internet and media services solely comes from Thai Advance Innovation Co., Ltd (Thai AI), comprise of 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 Q2/2021, Lao Telecommunications Public Company (LTC), reported total mobile subscribers of 1.76 million, increased in comparison with the subscribers as at the end of Q2/2020 of 1.51 million.

## III. Consolidated Operating Results

### Summary of key financial information of THCOM

Unit: Baht million	Amount			Changes		Amount		Change YoY (%)
	Q2/ 2021	Q1/ 2021	Q2/ 2020	QoQ (%)	YoY (%)	1H/21	1H/20	
Revenue from sales of goods and rendering of services	796	788	873	1.0%	-8.9%	1,584	1,838	-13.8%
Cost of sales of goods and rendering of services	(650)	(649)	(662)	0.1%	-1.9%	(1,299)	(1,334)	-2.6%
Normal SG&A expenses <sup>(1)</sup>	(222)	(205)	(197)	8.0%	12.6%	(427)	(408)	4.5%
EBIT from normal operations	(76)	(66)	14	14.4%	n/a	(142)	96	n/a
Other incomes	5	56	727	-91.2%	-99.3%	61	652	-90.6%
Gain (loss) from foreign exchange	71	151	(223)	-53.1%	n/a	222	15	1400.8%
EBIT from operations	(0.2)	141	517	n/a	n/a	141	762	-81.5%
EBITDA from operations <sup>(3)</sup>	252	272	348	-7.4%	-27.6%	523	660	-20.7%
Finance income	36	30	42	19.5%	-13.0%	66	85	-21.8%
Financial costs	(40)	(41)	(47)	-2.2%	-15.2%	(80)	(100)	-19.3%
Bad debt and doubtful accounts and Reversal of loss on impairment (loss on impairment) based on Thai Financial Reporting Standard No.9	(12)	1	(7)	n/a	78.6%	(11)	(1)	1428.2%
Share of profit of investment in joint venture	(4)	(16)	17	-72.6%	n/a	(20)	21	-197.3%
Profit (loss) before income tax expense	(20)	116	523	n/a	n/a	96	767	-87.5%
Profit (loss) attributable to owner of the Company	(41)	111	498	n/a	n/a	70	695	-89.9%
Earnings (loss) per share (Baht)	(0.04)	0.10	0.45	n/a	n/a	0.06	0.63	-89.9%
Extra items <sup>(4)</sup>	71	151	496	-53.1%	-85.7%	222	636	-65.1%
Normalized profit	(112)	(40)	2	182.7%	n/a	(152)	60	n/a

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

(2) Total other incomes for Q2/2020 included the compensation income.

- (3) Exclude other incomes, gain (loss) from foreign exchange, asset impairment and write-off.
- (4) Extra items were gain (loss) from foreign exchange, compensation income 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 Q2/2021 was Baht 796 million, a decrease of 8.9% from Baht 873 million for Q2/2020 mainly from a drop of revenue from satellite and related services. Compared to Q1/2021, the revenue slightly increased 1.0% from Baht 788 million, resulting from revenue from satellite and related services.

For 1H/2021, the consolidated revenue from sales of goods and rendering of services was Baht 1,580 million, decreased by 14% from Baht 1,838 million for 1H/2020, mainly due to a decrease of satellite and related services.

Revenue from sales of goods and rendering of services Unit: Baht million	Q2/2021	Q1/2021	Q2/2020	QoQ (%)	YoY (%)	1H/21	1H/20	YoY (%)
Satellite and related services	795	786	872	1.1%	-8.8%	1,581	1,835	-13.8%
Internet and media services	7	8	7	-14.0%	-5.4%	15	14	3.5%
Consolidation eliminations	(6)	(6)	(6)	-2.3%	4.0%	(12)	(11)	4.5%
<b>Total</b>	<b>796</b>	<b>788</b>	<b>873</b>	<b>1.0%</b>	<b>-8.9%</b>	<b>1,580</b>	<b>1,838</b>	<b>-13.8%</b>

### Satellite and related services

Revenue from satellite and related services for Q2/2021 was Baht 795 million, a drop of 8.8% from Baht 872 million for Q2/2020, contributed by a decrease of customer demand for both conventional and broadband satellite services. While comparing with Q1/2021, the revenue rose 1.1% from Baht 786 million, which was mainly due to an increase of revenue from related services of conventional satellite of foreign customers.

For 1H/2021, the revenue from satellite and related services was Baht 1,581 million, decreased by 13.8% from Baht 1,835 million for 1H/2020, contributed by a decline of revenue in both conventional and broadband satellite services.

Satellite and related services Unit: Baht million	Q2/2021	Q1/2021	Q2/2020	QoQ (%)	YoY (%)	1H/21	1H/20	YoY (%)
Conventional*	473	463	533	2.2%	-11.3%	936	1,075	-13.0%
Thaicom 4 Broadband	322	323	339	-0.5%	-4.9%	645	760	-15.1%
Services	315	315	336	0.2%	-6.2%	630	731	-13.8%
Sales	6	9	2	-24.9%	166.0%	15	29	-48.8%

Satellite and related services Unit: Baht million	Q2/2021	Q1/2021	Q2/2020	QoQ (%)	YoY (%)	1H/21	1H/20	YoY (%)
Total	795	786	872	1.1%	-8.8%	1,581	1,835	-13.8%

\* Includes the Thaicom 5, 6, 7, and 8 satellites and rental satellites. The Thaicom 5 satellite was de-orbited on 26 February 2020.

- Revenue from the conventional satellites and related services for Q2/2021 was Baht 473 million, decreased by 11.3% from Baht 533 million for Q2/2020. This was mainly caused by the loss of customer from the Thaicom 5 satellite de-orbit, together with lower usages of broadcast customers. Compared to Q1/2021, the revenue from conventional satellites and related services rose by 2.2% from Baht 463 million, corresponding to higher usages from foreign customer.

The revenue from conventional satellites and related services for 1H/2021 was Baht 936 million, dropped by 13.0% from Baht 1,075 million for 1H/2020, resulting from the Thaicom 5 satellite de-orbit in February 2020 and a drop of conventional revenue from domestic customers.

- Revenue from the Thaicom 4 broadband satellite and related services for Q2/2021 was Baht 322 million, declined by 4.9% from Baht 339 million for Q2/2020 mainly due to a decrease of usages from foreign customers. Comparing with Q1/2021, the revenue from Thaicom 4 and related services remained constant.

Subsequently, the revenue from Thaicom 4 Broadband and related services for 1H/2021 was Baht 645 million, dropped by 15.1% from Baht 760 million for 1H/2020 owing to a ramp down of utilization from foreign customers.

#### Internet and media services

For Q2/2021, the revenue from Internet and media services was Baht 7 million, decreased by 5.4% and 14% comparing with Q2/2020 and Q1/2021, respectively. This was mainly from a drop of rental services for eSport platform.

The revenue from internet and media services for H1/2021 was Baht 15 million decreased by 3.5% from Baht 14 million for H1/2020, mainly due to lower services from eSport platform.

#### Cost of sales of goods and rendering of services

The Company reported consolidated cost of sales of goods and rendering of services for Q2/2021 of Baht 650 million, decreased by 1.9% compared to Baht 662 million for Q2/2020, while the cost remained constant compared with Baht 649 million for Q1/2021.

For the 1H/2021, the cost was Baht 1,299 million, decreased by 2.6% from Baht 1,334 million for 1H/2020. This was corresponding to the decrease of revenue from satellite and related services.

Cost of sales of goods and rendering of services Unit: Baht million	Q2/2021	Q1/2021	Q2/2020	QoQ (%)	YoY (%)	1H/21	1H/20	YoY (%)
Satellite and related services	652	649	665	0.5%	-1.9%	1,301	1,339	-2.8%
Internet and media services	3	6	3	-39.9%	5.1%	9	6	58.8%
Consolidation eliminations	(6)	(6)	(6)	1.7%	2.2%	(11)	(12)	3.1%
<b>Total</b>	<b>650</b>	<b>649</b>	<b>662</b>	<b>0.1%</b>	<b>-1.9%</b>	<b>1,299</b>	<b>1,334</b>	<b>-2.6%</b>

#### Cost of satellite and related services

Cost relating to satellite and related services for Q2/2021 was Baht 652 million, decreased by 1.9% from Baht 665 million for Q2/2020, mainly due to the decrease of satellite revenue from both conventional and broadband services. The satellite cost remained constant compared to Q1/2021.

For 1H/2021, the cost of relating to satellite and related services was Baht 1,301 million, decreased by 2.8% from Baht 1,339 million for 1H/20 due to the decrease of cost relating to both conventional and broadband satellites.

Satellite and related services Unit: Baht million	Q2/2021	Q1/2021	Q2/2020	QoQ (%)	YoY (%)	1H/21	1H/20	YoY (%)
Conventional*	338	331	339	2.0%	-0.2%	669	686	-2.5%
Thaicom 4 Broadband	314	318	326	-1.1%	-3.6%	632	653	-3.1%
<b>Total</b>	<b>652</b>	<b>649</b>	<b>665</b>	<b>0.5%</b>	<b>-1.9%</b>	<b>1,301</b>	<b>1,339</b>	<b>-2.8%</b>

\* Includes the Thaicom 5, 6, 7, and 8 satellites and rental satellites. The Thaicom 5 satellite was de-orbited on 26 February 2020.

- Cost relating to the conventional satellites and related services was Baht 338 million for Q2/2021, insignificantly different from Baht 339 million for Q2/2020 in spite of a decrease in revenue, due to an increase of some operational expenses, such as satellite insurance. The cost relating to the conventional satellites, compared to the previous quarter, rose by 2.2% from Baht 331 million corresponding to an increase of revenue from conventional satellite.

For 1H/2021, the cost relating to the conventional satellites and related services decreased by 2.5% from Baht 686 million for 1H/2020 to Baht 669 million in 1H/2021 regarding lower revenue from rendering of services .

- Cost relating to the Thaicom 4 Broadband Satellite and related services for Q2/2021 was Baht 314 million, a drop of 3.6% from Baht 326 million for Q2/2020, mainly due to a lower income. Compared with the previous quarter, the cost remained indifferent.

For 1H/2021, the cost relating to the Thaicom 4 Broadband Satellite and related services declined by 3.1% from Baht 653 million in 1H/2020 to Baht 632 million in 1H/2021 owing to a drop of Thaicom 4 broadband satellite revenue.

#### Cost of internet and media services

Cost relating to the internet and media services for Q2/2021 was Baht 3 million, remained indifferent in comparison with Q2/2020.

#### Selling and administrative expenses

The SG&A expenses including directors and management benefit expenses were Baht 222 million for Q2/2021, increased by 12.6% from Baht 197 million for Q2/2020 and 8.0% from Baht 205 million for Q1/2021, mainly from additional legal fee.

#### Finance costs

Finance costs for Q2/2021 were Baht 40 million, decreased 15.2% from Baht 47 million as at Q2/2020 due to repayment of 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 (4) million for Q2/2021, decreased from share of profit of Baht 17 million for Q2/2020. This consisted of the share of profit (loss) from LTC, Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd of Baht 0.2 million, (0.9) million and (3.6) million, respectively. The share of profit of investment in LTC decreased due to lower usages from the Covid-19 lockdown effect. Nation Space and Technology Co.,Ltd and ATI Technologies Co.,Ltd still generated net loss for their business start-up period.

#### Net profit

The Company's consolidated net loss for Q2/2021 was Baht 41 million, declined from the net profit for Q2/2020 of Baht 498 million, resulted from the higher selling and administrative expense regarding legal fee, shared loss of investment in joint ventures, together with the recognition of the compensation income in Q2/2020. The consolidated net profit for this quarter decreased compared with that of Q1/2021 of Baht 111 million regarding an increase of administrative expense and lower gain from foreign exchange.

Considering the normalized profit from operation excluding the extra items, i.e., foreign exchange, the Company had normalized net loss from operation for Q2/2021 of Baht 112 million, decreased from normalized net profit in Q2/2020 of Baht 2 million, resulted from a decrease of revenue from sales of goods and rendering of service together with higher administrative expense from legal fee. The normalized loss from operation for Q1/2021 was higher than that of Q1/2020 of Baht 40 million due to an increase of administrative expense.

#### IV. Financial Position

As at the end of Q2/2021, the Company reported total assets of Baht 16,566 million, decreased by 0.7% from Baht 16,676 million as at the end of 2020. This was mainly caused by a decline of intangible assets under operating agreement.

##### THCOM's major asset components

Major Assets Unit: Baht million	30 June 2021		31 December 2020	
	Amount (Bt mn)	% of Total assets	Amount (Bt mn)	% of Total assets
Current assets	10,015	60.5%	9,473	56.8%
Property, plant and equipment	2,908	17.6%	3,091	18.5%
Intangible assets under operating agreement	160	1.0%	560	3.4%

##### Trade and other receivables

As at the end of Q2/2021, the Company had net trade and other current receivables of Baht 1,714 million or 10.3% of total assets, declined by 6.5% from Baht 1,832 million as at the end of 2020, mainly due to foreign receivable settlement.

##### Liquidity

As at the end of Q2/2021, the Company had a current ratio of 2.73x, increased from 2.70x as compared to the end of 2020, due to an increase of investment in current finance assets.

##### Non-current assets

Total non-current assets as at the end of Q2/2021 was Baht 6,551 million, a drop of 9.1% from Baht 7,204 million as at the end of 2020. This was a result from a decrease in intangible assets under operating agreement.

##### Borrowings and shareholders' equity

The Company's net borrowings as at the end of Q2/2021 were Baht 3,786 million, decreased 3.1% from Baht 3,908 million as at the end of 2020, due mainly to the long-term loans repayments as scheduled.

The Company's shareholders' equity as at the end of Q2/2021 was Baht 11,092 million, decreased by 1.4% from Baht 11,247 million as at the end of 2020, mainly reflected from net retained earnings, offsetting with the dividend payment.

As at the end of Q2/2021, the ratio of net borrowings to equity was 0.34x, slightly decreased from 0.35x as at the end of 2020.

### Cash flows

Net cash provided by operating activities for 1H/2021 was Baht 1,000 million, a decrease of 30.1% compared to 1H/2020, mainly due to a drop in operating profit.

Net cash provided (used) by investing activities for 1H/2021 was Baht (808) million, most of which was an increase of investment in current finance assets for cash management.

Net cash provided (used) in financing activities for 1H/2021 was Baht (547) million, mainly comprised of finance cost and long-term loan repayment.

The Company had ending cash and cash equivalents, including the current investment or current financial assets, of Baht 7,265 million as at the end of Q2/2021.

*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.*