

## Business Overview

In the second quarter of this year, the Thai economy slightly expanded from the same period of last year and the previous quarter. Trade and service sectors recovered thanks to improving foreign tourist figures after the relaxation of the COVID-19 containment measures and international travel restrictions. However, the economy is facing risks from inflationary pressure and the rising cost of living due to the global surge in food and fuel costs caused by the Russia-Ukraine war.

Comparing with last year, overall business and financial performance continue to increase with double-digit growth on both revenue and net profit, in line with higher demand on connectivity usage, growing customers base, digital adoption by enterprises, despite with concern over slower economy growth and rising cost on both public and private sectors. International market softened during the second quarter amidst increasing prices of equipment and exchange rate rising impacting to higher technology cost, which may put pressure on higher cost pass on to end users.

The company also continuously improving the network stability and diversified backbone expansion to deliver lowest possible latency connection and scalable network experience with invested new technology network intelligence capabilities together with IT automation, which expected to be completed within first quarter of next year, as part of roadmap to improve and deliver excellent quality services to our customers.

## Quarter Performance

The Company reported its strong Q2 performance with 16.2% YoY increase in Total Revenue and 78.5% YoY increase in Net Profit, reflecting its continued solid business growth despite challenges market outlook in first half 2022.

For QoQ comparison, the Company also performed higher with 5.2% in Total Revenue and 70.8% in Net Profit due to strong contribution growth of 4.2% in services revenue, higher gain on FX, lower financial cost and lower income tax expenses.

## Year-to-Date (6months) Performance

The Company recorded Total Revenue of Baht 832.1 million and Core Net Profit of Baht 85.4 million respectively, increased by 16.7% and 31.5% compared with YoY due to strong growth of connectivity services revenue, lower depreciation expense and lower financial cost. Included share of loss of associate of Baht 6.3 million in Q1,2022, the Reported Net Profit was Baht 79.1 million, also higher by 63.9% YoY.

## 2Q2022 Performance Overview

### Revenue

In 2Q2022, service revenue was Baht 419.6 million, increased by 15.8% YoY and 4.2% QoQ, due to higher revenue from domestic and international service segments resulted from growing demand for data connectivity, cloud and security services and ICT solutions to support digitalisation for many Enterprises.

Other income was Baht 6.9 million, increased >100% QoQ and 54.5% YoY, due to higher gain on FX.

For 2Q2022, total revenue was Baht 426.5 million, increased by 5.2% QoQ and 16.2% YoY, due to mainly driven by overall growth from service revenue.

For 6M2022, total revenue was Baht 832.1 million, increased by 16.7% YoY, mainly from the growth of service revenue of 17.2% to Baht 822.2 million in both domestic and international connectivity services. Other income was Baht 9.9 million, decreased by 15.2% YoY, due to lower gain on FX.

Unit : Million Baht	Amount			Change		Amount		Change
	Q2/21	Q1/22	Q2/22	(%) QoQ	(%) YoY	6M21	6M22	(%) YoY
<b>Revenue</b>								
Service revenue	362.4	402.6	419.6	4.2%	15.8%	701.5	822.2	17.2%
Other income	4.5	3.0	6.9	132.9%	54.5%	11.7	9.9	-15.2%
<b>Total Revenue</b>	<b>366.9</b>	<b>405.6</b>	<b>426.5</b>	<b>5.2%</b>	<b>16.2%</b>	<b>713.2</b>	<b>832.1</b>	<b>16.7%</b>
Costs of Services and Sales (excl. D&A)	(138.5)	(168.9)	(174.7)	3.4%	26.1%	(267.0)	(343.6)	28.7%
Depreciation & Amortization (D&A)	(96.9)	(94.5)	(91.5)	-3.2%	-5.7%	(191.7)	(185.9)	-3.0%
<b>Total Cost of Services and Sales</b>	<b>(235.4)</b>	<b>(263.4)</b>	<b>(266.2)</b>	<b>1.0%</b>	<b>13.0%</b>	<b>(458.7)</b>	<b>(529.5)</b>	<b>15.4%</b>
Service & Administrative Expenses (excl. D&A)	(64.0)	(74.7)	(80.6)	7.9%	26.0%	(124.1)	(155.2)	25.1%
Depreciation & Amortization (D&A)	(12.5)	(13.1)	(13.3)	1.5%	6.1%	(24.8)	(26.4)	6.3%
<b>Total Service &amp; Administrative Expenses</b>	<b>(76.5)</b>	<b>(87.8)</b>	<b>(93.9)</b>	<b>7.0%</b>	<b>22.7%</b>	<b>(148.9)</b>	<b>(181.6)</b>	<b>22.0%</b>
<b>Operating Profit/(Loss)</b>	<b>55.0</b>	<b>54.4</b>	<b>66.5</b>	<b>22.2%</b>	<b>20.9%</b>	<b>105.5</b>	<b>120.9</b>	<b>14.5%</b>
Financial Cost	(12.3)	(8.7)	(8.2)	-5.7%	-33.4%	(25.7)	(16.9)	-34.4%
Income Tax Expenses	(6.2)	(10.2)	(8.4)	-18.0%	35.5%	(14.9)	(18.6)	25.3%
<b>Core Net Profit/(Loss) for the period</b>	<b>36.5</b>	<b>35.5</b>	<b>49.9</b>	<b>40.5%</b>	<b>36.7%</b>	<b>65.0</b>	<b>85.4</b>	<b>31.5%</b>
Share of loss of associate accounted for using equity method	(8.6)	(6.3)	0.0	-100.0%	-100.0%	(16.7)	(6.3)	-62.3%
<b>Net Profit/(Loss) for the period</b>	<b>28.0</b>	<b>29.2</b>	<b>49.9</b>	<b>70.8%</b>	<b>78.5%</b>	<b>48.3</b>	<b>79.1</b>	<b>63.9%</b>
<i>Core Net Profit/(Loss) Margin</i>	<i>9.9%</i>	<i>8.8%</i>	<i>11.7%</i>			<i>9.1%</i>	<i>10.3%</i>	
<i>Net Profit/(Loss) Margin</i>	<i>7.6%</i>	<i>7.2%</i>	<i>11.7%</i>			<i>6.8%</i>	<i>9.5%</i>	

EBITDA (Unit : Million Baht)	Amount			Change		Amount		Change
	Q2/21	Q1/22	Q2/22	(%) QoQ	(%) YoY	6M21	6M22	(%) YoY
<b>EBITDA</b>								
Operating Profit / ( Loss)	55.0	54.4	66.5	22.2%	20.9%	105.5	120.9	14.5%
Depreciation & Amortization (D&A)	109.5	107.6	104.7	-2.6%	-4.3%	216.5	212.3	-1.9%
<b>EBITDA</b>	<b>164.5</b>	<b>162.0</b>	<b>171.2</b>	<b>5.7%</b>	<b>4.1%</b>	<b>322.1</b>	<b>333.2</b>	<b>3.5%</b>
<i>EBITDA Margin</i>	<i>44.8%</i>	<i>39.9%</i>	<i>40.1%</i>			<i>45.2%</i>	<i>40.0%</i>	

### Costs of Services and Sales (COSS)

In 2Q2022, Costs of Services and Sales were Baht 266.2 million, increased by 13% YoY and 1% QoQ mainly due to higher network connection expenses from lease line rental on domestic and international services to support higher data connectivity usage, ICT solutions for enterprises segment and increasing international traffic demand between regional borders, higher employee expense but set-off with lower depreciation and amortization of network equipment.

For 6M2022, Costs of Services and Sales were Baht 529.5 million, increased by 15.4% YoY, mainly due higher network connection expenses, higher employee expenses and higher site expenses, both coming from higher electricity expenses and cable organize maintenance (initiated by telecom regulator together with MEA/PEA).

### Service & Administrative (S&A) Expenses

In 2Q2022, Service & Administrative expenses were Baht 93.9 million, increased by 22.7% YoY and 7% QoQ mainly due to higher employee expense and higher maintenance on office equipment.

For 6M2022, Service & Administrative expenses were Baht 181.6 million, also increased by 22% YoY, mainly due to overall higher employee expenses, and higher maintenance on office equipment.

### EBITDA and Net Profit

In 2Q2022, EBITDA closed at Baht 171.2 million, increased by 4.1% YoY and 5.7% (QoQ) due to higher services revenue growth from Domestic and International segments together with increasing operation cost.

Core Net Profit closed at Baht 49.9 million, increased by 36.7% YoY and 40.5%QoQ due to higher service revenue and lower finance cost. Included the share of loss of associate up to Q1,2002 (as the Company has fully equity-accounted the loss against the Investment in Associate), the Reported Net Profit was Baht 49.9 million, increased by 78.5% YoY and 70.8% QoQ.

For 6M2022, both EBITDA and Core Net Profit were higher at Baht 333.2 million and Baht 85.4 million, resulted from growth in total revenue and better cost management. Included the share of loss of associate up to Q1,2022, the Reported Net Profit was Baht 79.1 million, still higher by 63.9% YoY.

### Statement of Financial Position and Cashflows

Unit : Million Baht	31-Dec-21		30-Jun-22		Change	
	Amount	%	Amount	%	Amount	(%) YoY
<b>Assets</b>						
Cash and cash equivalents	350.4	8.6%	234.3	5.7%	-116.1	-33.1%
Trade and other account receivables	303.7	7.5%	295.5	7.1%	-8.2	-2.7%
Other current assets	101.1	2.5%	103.7	2.5%	2.6	2.6%
<b>Total current assets</b>	<b>755.3</b>	<b>18.6%</b>	<b>633.5</b>	<b>15.3%</b>	<b>-121.8</b>	<b>-16.1%</b>
Investment in associate	6.3	0.2%	0.0	0.0%	-6.3	-100.0%
Long-term loans to related party	107.6	2.6%	104.8	2.5%	-2.8	-2.6%
Network equipment and PPE	3,027.8	74.5%	3,186.1	77.0%	158.3	5.2%
Other non-current assets	165.4	4.1%	213.2	5.2%	47.8	28.9%
<b>Total non-current assets</b>	<b>3,307.1</b>	<b>81.4%</b>	<b>3,504.0</b>	<b>84.7%</b>	<b>197.0</b>	<b>6.0%</b>
<b>Total assets</b>	<b>4,062.3</b>	<b>100.0%</b>	<b>4,137.5</b>	<b>100.0%</b>	<b>75.2</b>	<b>1.9%</b>
<b>Liabilities and shareholders' equity</b>						
Trade payables	395.6	9.7%	360.5	8.7%	-35.1	-8.9%
Current portion of long-term/ short-term loans	416.8	10.3%	396.3	9.6%	-20.5	-4.9%
Other current liabilities	78.8	1.9%	77.8	1.9%	-1.0	-1.2%
<b>Total current liabilities</b>	<b>891.1</b>	<b>21.9%</b>	<b>834.6</b>	<b>20.2%</b>	<b>-56.6</b>	<b>-6.3%</b>
Long-term loans	544.5	13.4%	584.2	14.1%	39.7	7.3%
Other non-current liabilities	82.5	2.0%	126.0	3.0%	43.5	52.8%
<b>Total non-current liabilities</b>	<b>627.0</b>	<b>15.4%</b>	<b>710.1</b>	<b>17.2%</b>	<b>83.2</b>	<b>13.3%</b>
<b>Total liabilities</b>	<b>1,518.1</b>	<b>37.4%</b>	<b>1,544.7</b>	<b>37.3%</b>	<b>26.6</b>	<b>1.8%</b>
<b>Shareholders' Equities</b>	<b>2,544.2</b>	<b>62.6%</b>	<b>2,592.8</b>	<b>62.7%</b>	<b>48.6</b>	<b>1.9%</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,062.3</b>	<b>100.0%</b>	<b>4,137.5</b>	<b>100.0%</b>	<b>75.2</b>	<b>1.9%</b>

Unit : Million Baht	As of 30-Jun-21	As of 30-Jun-22
Cash flows from operating activities	325.1	301.0
Cash flows used in investing activities	(206.9)	(352.5)
<b>Free cash flows</b>	<b>118.3</b>	<b>(51.5)</b>
Cash flows used in financial activities	(265.4)	(64.6)
Net change in cash	(147.2)	(116.1)
<b>Beginning Cash and Cash Equivalents</b>	<b>695.8</b>	<b>350.4</b>
<b>Ending Cash and Cash Equivalents</b>	<b>548.6</b>	<b>234.3</b>

As of 30 June 2022, total assets were Baht 4,137.5 million, increased by 1.9% from 31 December 2021, mainly due to invest in new network systems/equipment to amount Baht 158.3 million.

Cash and cash equivalents were Baht 234.3 million, decreased by 33.1% from 31 December 2021 due to working capital and operational capex, including partial payments for new network backbone system.

Network equipment and PPE assets were Baht 3,186.1 million, increased by 5.2% from 31 December 2021 mainly due to invest in new network systems/equipment to support the increased customer service.

Total liabilities were Baht 1,544.7 million, increased by 1.8% from 31 December 2021 mainly due to loan drawdown during the period.

Total shareholders' equity was Baht 2,592.8 million, increased by 1.9% from 31 December 2021 due to the positive net operating result during the period and paid dividend to shareholder.

As of 30 June 2022, Debt to Equity (D/E) ratio was at 0.60x (*as of 31 December 2021: 0.60x*) and Debt to EBITDA ratio was at 2.32x (*as of 31 December 2021: 2.18x*).

## 2022 Outlook

For the second half of the year, Thailand economy outlook remain fragile as a result of signs of inflation, rising material costs and continuous hike in energy price and effect of potential global economy recession in coming months. The company believes the business sentiment and digital transformation amongst all enterprises will continue upward trend, but over gradual mode, to transform their business and operation workloads using cloud computing, infrastructure technologies and ICT solutions. The Company also expects future opportunities to serve more infrastructure and connectivity for hyperscalers/cloud providers as part of their future technology infrastructure expansion into Thailand.

The company still strives for enlarged business opportunity and keeps customers grow together sustainably with focus to delivering the best network stability/quality and also to explore more services with comprehensive solutions to domestic enterprises and also regional providers.

The Company is committed to achieving sustainable growth for the rest of the year and delivering consistent return to shareholders.