

(Translation)

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17<sup>th</sup> May 2022

The President of the Stock Exchange of Thailand  
The Stock Exchange of Thailand

**Subject: Submission of the Interim Financial Information for Q1/2022**

- Enclosure:
1. A Set of the Reviewed Interim Financial Information for Q1/2022  
(Thai / English)
  2. A Set of the Management's Discussion and Analysis for Q1/2022  
(Thai / English)

True Corporation Public Company Limited (the "Company") would like to submit a reviewed interim consolidated and separate financial information for the first quarter ending 31<sup>st</sup> March 2022 to the Stock Exchange of Thailand.

The Company reported a consolidated net loss to equity holders of the Company of Baht 1,617.08 million for the first quarter of the Year 2022, representing a change of greater than 20 percent compared with the net results of the same period in the last year. Please see further details in the Management's Discussion and Analysis for Q1/2022 as attached herewith.

Please be informed accordingly.

Respectfully yours,

- Signature -

Ms. Yupa Leewongcharoen  
Group Chief Financial Officer

## Management's Discussion and Analysis

### Overview

True Group reported total revenue of Baht 35,138 million and service revenue of Baht 25,903 million amid higher Omicron cases and concern over the Russian-Ukraine war and inflation which suppressed the economic recovery and consumer purchasing power in the first quarter of 2022. True Group's cost optimization and restructuring efforts resulted in consecutive decline of net expenses above EBITDA (-8% YoY, -1%QoQ). As a result, EBITDA was 14,074 million, stabilizing compared to the same period last year, with margin on service revenue of 54% in 1Q22 despite such challenges. Higher depreciation and amortization given True Group's extending 5G and fiber footprint to elevate customers' usage experience and satisfaction as well as unrealized foreign exchange loss, however, pressured bottom line performance in the first quarter of this year.

In addition to strengthening network and service quality as well as continuous proactive customer care, True Group's analytic capability has been deployed to add more value and convenience to customers for all generations through personalized and segmented offerings via both online and offline channels. Financing services are also available to facilitate the purchase of products. Additionally, it has continued to pioneer and build deep competences in cutting-edge technologies such as artificial intelligence, big data, blockchain, cloud, Internet of Things (IoT), and robotics. These, combined with consistency in scaling businesses with partnerships and innovation empowerment are keys to further expedite growth potential.

Macroeconomic pressure inevitably continued to affect consumers' purchasing power and spending. This, combined with competitive intensity where low-priced unlimited packages remained prevalent, pressured service revenue and ARPU for the mobile industry in the first quarter of 2022. **TrueMove H's** service revenue was Baht 19,676 million in 1Q22 supported by the growing 5G users to 2.6 million. The solid acquisition was owing to TrueMove H's relentless efforts on improving 5G network and customer's experiences. Subscribers can enjoy various benefits including an immersive experience of XR/VR 360° view and exclusive contents via True 5G Xclusive package, privileges from True You and financial services via True Pay Next in collaboration with Ascend Nano. Additionally, the Group's 5G ecosystem has extended into the energy sector through the MOU with BGRIM. This collaboration is a starting point to explore potential of the smart digital infrastructure in the energy industry aiming to create cutting-edge innovations that pave the way for accelerating smart building, smart grid and smart city in the future. TrueMove H ended Q1 with the total subscriber base increasing to 32.6 million, comprising 11.2 million postpaid subscribers and 21.4 million prepaid subscribers.

**TrueOnline** continued to record solid subscriber growth, expanding its broadband subscriber base to 4.7 million with 90k net adds and broadband revenue of Baht 7,318 million in 1Q22. The market competition remained high and compressed ARPU with discounts to attract customers. Increasing fiber network efficiency and convergence propositions were key focuses for TrueOnline to match customers' rising demand for home internet. Its guaranteed quality installation and 24-hour maintenance services from qualified technicians further cement TrueOnline's position as the genuine broadband internet leader. Continuous product innovation has also been emphasized to offer the best value propositions in the market, especially the smart living bundled with IoT devices and home

entertainment, aiming to drive TrueOnline's higher growth and average revenue per household (ARPH).

**TrueVisions'** service revenue was Baht 2,378 million amid rising trend of content streaming via OTT platform consumption. The business was still affected by the pandemic during the quarter with lower arrangement of entertainment events but saw a pickup of re-subscription from the hotel and restaurant sector. Efforts were put toward TrueID and TrueVisions NOW, a quality content streaming the customers can view anytime and anywhere, to boost higher subscription with exclusive contents such as live broadcasting sport events, popular Asian series, and other world-class entertainment programs. TrueVisions NOW application will be further enhanced to facilitate better viewer experiences and support the new consumer behavior paradigm.

**True Digital Group** continued to accelerate its digital platforms and solution businesses. The digital platform business, **TrueID**, focused on enhancing the customer engagement with various sports content and strengthening video on demand (VOD) libraries. With this progress, the average video views surged to 459 million per month and content sales significantly increased to 760,000 transactions or 75% YoY growth. TrueID once again delivered double-digit revenue growth (86% YoY) with monthly active users or MAU reaching 30 million. In addition, TrueID TV box expanded 34% YoY to 3.2 million as the trend of home TV via OTT box kept rising. Concurrently, True Digital Group introduced the TrueID application in five additional countries, including Cambodia, Indonesia, Myanmar, Philippines, and Vietnam. **Digital Solution** businesses showed impressive double-digit revenue growth of 73% YoY, mainly driven by Smart Living, Connectivity, and Vending Machine businesses. At the same time, True Digital Group consistently expanded the Digital Guest Solution with intelligent QR codes for client in the hospitality sector while the Digital Health business rebranded "True HEALTH" application to "MorDee" application and saw its monthly active users doubled since releasing.

## **1Q22 Financial Summary**

True Group reported a consolidated net loss to shareholders of the parent company of Baht 1,617.1 million in 1Q22, representing a change of greater than 20% YoY, which is summarized as below:

True Group reported total revenue of Baht 35,138 million in the first quarter of 2022, flat (-0.8%) from the same period last year as higher sales of handsets offset softened service revenue given macroeconomic and COVID-19 pressure. EBITDA was Baht 14,074 million, stabilized (+0.1%) YoY as cost optimization continued to deliver positive results.

Net loss to shareholders of the parent company was Baht 1,617 million in 1Q22, including foreign exchange loss of 452 million, increased from a loss of 581 million in the same period last year driven by higher depreciation and amortization as well as interest to support 5G network expansion and spectrum license payments.

## Consolidated Results of Operations - Normalized Basis

(Baht in millions unless otherwise indicated)	1Q22	4Q21	1Q21	% Change	
				Y-o-Y	Q-o-Q
Revenues from providing services	29,366	30,093	30,376	(3.3)	(2.4)
Interconnection revenue	321	398	366	(12.2)	(19.3)
Network rental revenue	3,142	3,142	3,142	0.0	0.0
Service revenue	25,903	26,553	26,868	(3.6)	(2.4)
Revenues from product sales	5,772	11,374	5,050	14.3	(49.3)
<b>Total revenues</b>	<b>35,138</b>	<b>41,467</b>	<b>35,425</b>	<b>(0.8)</b>	<b>(15.3)</b>
Total cost of providing services	21,175	21,054	20,134	5.2	0.6
Regulatory costs	625	742	541	15.5	(15.7)
Interconnection cost	332	412	424	(21.7)	(19.5)
Cost of providing services exclude IC	9,919	9,573	10,094	(1.7)	3.6
Depreciation and amortization	10,299	10,328	9,076	13.5	(0.3)
Cost of sales	5,714	11,227	5,316	7.5	(49.1)
Selling and administrative expenses	6,293	6,620	6,686	(5.9)	(4.9)
Depreciation and amortization	1,818	1,760	1,689	7.7	3.3
Others	4,474	4,860	4,998	(10.5)	(7.9)
<b>Total operating expenses excl. depreciation and amortization</b>	<b>21,064</b>	<b>26,812</b>	<b>21,372</b>	<b>(1.4)</b>	<b>(21.4)</b>
<b>EBITDA</b>	<b>14,074</b>	<b>14,655</b>	<b>14,053</b>	<b>0.1</b>	<b>(4.0)</b>
Depreciation and amortization	(12,117)	(12,089)	(10,765)	12.6	0.2
<b>Operating profit</b>	<b>1,957</b>	<b>2,566</b>	<b>3,288</b>	<b>(40.5)</b>	<b>(23.7)</b>
Interest expense (net)	(2,575)	(2,599)	(2,311)	11.4	(0.9)
Interest income	37	37	43	(12.8)	2.2
Interest expense	(2,613)	(2,635)	(2,354)	11.0	(0.9)
Interest expense related to lease liabilities	(1,390)	(1,464)	(1,555)	(10.6)	(5.0)
Other financial fees	(200)	(206)	(229)	(12.6)	(2.9)
Financial cost related to license	(574)	(588)	(639)	(10.1)	(2.4)
Income tax (expense) revenue	(225)	(44)	(45)	400.2	415.6
Share of results in subsidiaries and associates	818	1,042	874	(6.4)	(21.5)
Foreign exchange gain (loss)	(452)	(101)	(137)	(229.5)	(347.9)
Other (expense) income	995	1,442	166	NM	(31.0)
Non-controlling interests	30	5	6	369.8	NM
<b>Net profit (loss) to equity holders of the Company</b>	<b>(1,617)</b>	<b>54</b>	<b>(581)</b>	<b>178.1</b>	<b>NM</b>

## CONSOLIDATED RESULTS OF OPERATIONS IN 1Q22

- True Group's **total revenue** was Baht 35,138 million in 1Q22, flat YoY and declined QoQ due to seasonal high of handset sales in the fourth quarter of the year. **Consolidated service revenue** was Baht 25,903 million, softening 2.4% QoQ and 3.6% YoY mainly from the mobile sector, which was in the same trend as the industry.

- **TrueMove H's mobile service revenue** was Baht 19,676 million, softening 1% while the overall industry declined 2% both QoQ and YoY, as the cautious consumer spending along with slow macroeconomic recovery and competition continued to pressure ARPU offset subscriber base expansion to 32.6 million.

TrueMove H 5G continued positive development in both consumer and enterprise markets. Its 5G users expanded to 2.6 million driven by 5G network strength and value-driven campaigns with 5G devices, enhancing monetization opportunity with 5G ARPU uplift. The 5G business partnership with industry verticals was also extended to induce higher adoption and deployment of 5G and digital infrastructure in the country.

- **TrueOnline's broadband internet revenue** was Baht 7,318 million, increasing 2% YoY as continued subscriber growth offset ARPU contraction resulting from the industry's competition with discounts and low-entry price plan to attract customers.

TrueOnline recorded 90k net adds in Q1 boosting its broadband subscriber base to 4.7 million. TrueOnline is determined to deliver an even greater internet experience, adding value through bundling with innovative devices and content, to cater to the rising demand toward smart home and smart living with higher upselling potential.

TrueOnline's **other service revenue** decreased from the previous year to Baht 1,238 million on intercompany revenues related to O&M services with no effect to consolidated service revenue.

- **TrueVisions' service revenue** was Baht 2,378 million, declining 8.1% YoY and 3.5% QoQ as **subscription and installation revenue** softened to Baht 1,325 million, representing 56% of TrueVisions' service revenue, while the re-opening country policy helped induce the subscription from restaurants and hotels.

TrueVisions' **other service revenues** (comprising entertainment, sponsorship, advertising and other revenues) grew from the same period last year to Baht 1,052 million along with higher advertising revenue.

In addition to positive response to the entertainment experience on the digital platform TrueID, whose monthly active users reached 30 million, the trend of home TV via OTT box kept rising; TrueID TV box played a crucial role in serving such need and already expanded to over 3.2 million customers' premises.

- **Product sales revenue** was Baht 5,772 million, increasing YoY but decreasing QoQ due to seasonal high in the fourth quarter with the launch of the iPhone13. Net product sales remained positive with margin of 1%, compared to a loss last year, driven by ongoing focus on quality subscriber growth and inventory management.
- **Net IC expense** was on a downward trend to Baht 11 million following IC rate reduction.
- **Core operating expense** (comprising cost of providing services excluding IC and other S&A) was flat (-0.3%) QoQ at Baht 14,394 million. The 4.6% YoY decline was owing to the cost restructuring programs which lowered both cost of providing services and SG&A

despite higher network-related expenses from expanding 5G footprint as well as content shared across True Group's multiple platforms to strengthen its value propositions.

- These resulted in **EBITDA** of Baht 14,074 million, flat (+0.1%) YoY with margin on service revenue of 54% compared to 52% in Q1 of last year.
- **Depreciation and amortization expenses** increased 12.6% YoY to Baht 12,117 million following network expansion, which continued to strengthen the Group's network quality and coverage, as well as license amortization. **Operating profit** declined to Baht 1,957 million as a result.
- **Interest expense** (net) was Baht 2,575 million, excluding the TFRS16 impact, flat (-0.9%) QoQ with lower weighted average interest rate while increasing YoY along with higher long-term borrowings to support business expansion and license fee payments.
- Expenses related to network, spectrum and service expansion as well as interest pressured 1Q22 bottom line to a loss of Baht 1,617 million, including foreign exchange loss of 452 million.

## Normalized Revenue Profile (Quarterly)

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	1Q22	4Q21	1Q21	% Change	
				Y-o-Y	Q-o-Q
<b>TrueMove H</b>					
Mobile Service revenue	19,676	19,888	19,937	(1.3)	(1.1)
Interconnection revenue	328	405	366	(10.4)	(19.1)
Network rental revenue	3,024	3,024	3,024	0.0	0.0
Product sales	5,727	11,288	4,902	16.8	(49.3)
<b>TrueOnline</b>					
Broadband Internet revenue	7,318	7,517	7,191	1.8	(2.6)
Others service revenue	1,238	1,307	2,373	(47.8)	(5.3)
Network rental revenue (FOC)	118	118	118	0.0	0.0
Product sales	64	141	45	42.4	(54.6)
<b>TrueVisions</b>					
Subscription and installation revenue	1,325	1,364	1,573	(15.7)	(2.8)
Others service revenue	1,052	1,100	1,015	3.7	(4.3)
Intersegment elimination	(4,732)	(4,684)	(5,118)	7.5	(1.0)
<b>Consolidated total revenues</b>	<b>35,138</b>	<b>41,467</b>	<b>35,425</b>	<b>(0.8)</b>	<b>(15.3)</b>

Remark: TrueOnline's other service revenue includes revenue related to network O&M.

## Consolidated Balance Sheet and Cash Flows

	31 Mar 22	31 Dec 21	% Change
(Baht in millions unless otherwise indicated)			
<b>Balance Sheet</b>			
Cash and cash equivalents	25,901	21,963	17.9
Trade accounts receivable, net	49,527	48,737	1.6
Other receivables	3,028	3,060	(1.1)
Other current assets	26,483	26,370	0.4
<i>Total current assets</i>	<i>104,938</i>	<i>100,130</i>	4.8
Property, plant and equipment, net	244,462	245,337	(0.4)
Goodwill, net	10,160	10,160	0.0
Intangible assets, net	125,997	128,325	(1.8)
Deferred income tax assets	5,847	5,862	(0.3)
Right-of-use assets	93,287	94,223	(1.0)
Other non-current assets	41,116	40,877	0.6
<i>Total non-current assets</i>	<i>520,868</i>	<i>524,784</i>	(0.7)
<b>Total assets</b>	<b>625,806</b>	<b>624,915</b>	<b>0.1</b>
Short-term borrowings	3,500	5,999	(41.7)
Trade accounts payable	55,250	61,904	(10.7)
Other payables	33,049	30,761	7.4
Current portion of long-term borrowings	59,548	59,313	0.4
Current portion of lease liabilities	12,022	9,020	33.3
Other current liabilities	5,705	6,950	(17.9)
<i>Total current liabilities</i>	<i>169,075</i>	<i>173,948</i>	<i>(2.8)</i>
Long-term borrowings	212,883	192,196	10.8
Deferred income tax liabilities	5,597	5,498	1.8
Liabilities under agreements and licenses for operations	38,176	47,298	(19.3)
Employee benefit obligations	3,570	3,495	2.2
Lease liabilities	100,908	105,149	(4.0)
Other non-current liabilities	15,434	15,513	(0.5)
<i>Total non-current liabilities</i>	<i>376,568</i>	<i>369,149</i>	2.0
<b>Total liabilities</b>	<b>545,643</b>	<b>543,097</b>	<b>0.5</b>
<b>Total shareholder's equity</b>	<b>80,163</b>	<b>81,818</b>	<b>(2.0)</b>
<b>Total liabilities and shareholder's equity</b>	<b>625,806</b>	<b>624,915</b>	<b>0.1</b>

	31 Mar 22	31 Mar 21	% Change
<b>Cash Flows</b>			
Cash flows from operating activities before interest and tax	11,180	12,410	(9.9)
Net interest and tax paid	(3,377)	(4,352)	(22.4)
Cash flows from operating activities (net)	7,803	8,058	(3.2)
Cash flows (used in) from investing activities	(18,919)	(21,413)	(11.6)
Cash flows (used in) from financing activities	15,053	8,850	70.1
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>3,937</b>	<b>(4,506)</b>	<b>NM</b>
Beginning cash balance and effects of exchange rate changes	21,964	24,331	(9.7)
<b>Ending cash balance</b>	<b>25,901</b>	<b>19,826</b>	<b>30.6</b>



## FINANCIAL POSITION

### Assets

- **True Group's asset** was Baht 625,806 million, flat (+0.1%) compared to the end of 2021. Current assets increased from higher cash while non-current assets declined along with lower intangible assets.
- **Property, plant and equipment (net)** was flat at Baht 244,462 million while **Intangible assets (net)** decreased 1.8% from the end of last year to Baht 125,997 million due to the amortization of the mobile spectrum licenses.
- **Trade account receivables (net)** increased 1.6% from the end of 2021 to Baht 49,527 million on continued business expansion with average collection period of 123 days.

	Consolidated financial information		Separate financial information	
	31 March 2022 Baht Million	31 December 2021 Baht Million	31 March 2022 Baht Million	31 December 2021 Baht Million
Billed customers	23,117.36	25,950.33	671.07	671.24
Receivables and accrued income from related parties (Note 20)	22,460.12	18,403.36	17,973.89	21,503.27
Trade accounts receivable	45,577.48	44,353.69	18,644.96	22,174.51
Accrued income	10,919.30	11,163.32	403.66	403.60
Total trade accounts receivable	56,496.78	55,517.01	19,048.62	22,578.11
<u>Less</u> Expected credit loss	(6,970.25)	(6,779.80)	(1,055.60)	(1,055.60)
Trade accounts receivable, net	49,526.53	48,737.21	17,993.02	21,522.51

Outstanding trade accounts receivable as at 31 March can be analyzed as follows:

	Consolidated financial information		Separate financial information	
	31 March 2022 Baht Million	31 December 2021 Baht Million	31 March 2022 Baht Million	31 December 2021 Baht Million
Current	20,578.68	15,780.76	5,216.57	661.32
Less than 3 months	9,000.89	10,473.44	1,259.29	2,768.39
3 - 6 months	2,262.53	2,436.08	1,031.01	3,017.81
6 - 12 months	3,789.41	4,436.79	2,539.82	5,664.39
More than 12 months	9,945.97	11,226.62	8,598.27	10,062.60
Trade accounts receivable	45,577.48	44,353.69	18,644.96	22,174.51
Accrued income	10,919.30	11,163.32	403.66	403.60
Total trade accounts receivable	56,496.78	55,517.01	19,048.62	22,578.11
<u>Less</u> Expected credit loss	(6,970.25)	(6,779.80)	(1,055.60)	(1,055.60)
Trade accounts receivable, net	49,526.53	48,737.21	17,993.02	21,522.51

Trade accounts receivable are carried at the amount of consideration that is unconditional unless they contain significant financing components, they are recognized at fair value and subsequently measured at amortized cost less allowance for expected credit loss.

The allowance for expected credit loss is determined through a combination of percentage of revenues, analysis of debt aging, collection experience, and taking into account of change in the current economic environment. Management is confident that the allowance for doubtful accounts (Baht 6,970.25 million) is sufficient given the Company's experience in collecting accounts receivables using various mechanisms.

Concentrations of credit risk with respect to trade accounts receivable are limited as the Group has a large number of customers, who are end users covering business and individuals. The Group's experience in the collection of accounts indicates that the allowance provided will be sufficient. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade accounts receivable.

## Liabilities

- **True Group's total liabilities** were flat at Baht 545,643 million compared to the end of 2021.
- **Interest bearing debt** (short-term and long-term borrowings excluding financial leases) increased to Baht 275,931 million in order to support business expansion and spectrum license installments.
- **Trade accounts payable** decreased 10.7% from the end of 2021 to Baht 55,250 million driven by vendor payments during the quarter with average payment period of 197 days.

## Shareholders' equity

- **Shareholders' equity** was Baht 80,163 million, declining from the end of 2021 along with net loss during the quarter.

True Group is in compliance with and meets all of its debt obligations. Its liquidity and capital structure remained at a comfortable level amid the prolonged impact from the economy and COVID-19. Current ratio was stable at 0.6. Net interest-bearing debt to EBITDA ratio of 4.3 and net interest-bearing debt to equity ratio of 3.1 times, increasing from 4.1 times and 2.9 times respectively in prior quarter, on higher debt level to support business expansion. ROE was pressured by costs related to network expansion, license amortization, and unrealized foreign exchange loss to negative of 3.1%.

## Cash Flow

- True Group's primary capital resources in 1Q22 were **Cash flows from financing activities** of Baht 15,053 million on additional borrowings to support the Group's continued business expansion and spectrum license payments.
- **Cash flows from operating activities** were Baht 11,180 million before interest and tax payments and Baht 7,803 million after interest and tax payments, increasing QoQ but declining YoY on higher working capital requirements.

- **Cash flows used in investing activities** decreased YoY to Baht 18,919 million in 1Q22 due to lower mobile spectrum installments compared to the same period last year as well as lower cash CAPEX on PPE to Baht 8,498 million.
- True Group ended the first quarter of 2022 with cash and cash equivalents of Baht 25,901 million.