

(Translation)

Ref.: TRUE-SEC 017/2565

15th August 2022

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

Subject: Submission of the Interim Financial Information for Q2/2022

- Enclosure:
1. A Set of the Reviewed Interim Financial Information for Q2/2022
(Thai / English)
 2. A Set of the Management's Discussion and Analysis for Q2/2022
(Thai / English)

True Corporation Public Company Limited (the "Company") would like to submit a reviewed interim consolidated and separate financial information for the second quarter ending 30th June 2022 to the Stock Exchange of Thailand.

The Company reported a consolidated net loss to equity holders of the Company of Baht 761.29 million for the second 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 Q2/2022 as attached herewith.

Please be informed accordingly.

Respectfully yours,

- Signature -

Ms. Yupa Leewongcharoen
Group Chief Financial Officer

Management's Discussion and Analysis

Overview

The gradual economic recovery and the country's reopening showed positive sign in the second quarter of 2022 although rising inflation still put a pressure on consumers' spending. True Group reported total revenue of Baht 34,055 million in 2Q22 with service revenue rebounding QoQ to Baht 25,991 million, mainly driven by the mobile business with solid subscriber growth particularly 5G. EBITDA was Baht 13,921 million with stabilized margin on service revenue of 54% as cost efficiency programs offset costs related to network expansion and content to induce quality acquisition across various segments. The bottomline improved QoQ but declined YoY on higher depreciation and amortization expenses along with extending 5G and digital infrastructures, laying a crucial foundation for the future customer base expansion and opportunities to build new form of growth into various industries.

True Group is progressing toward a tech company that brings advanced technologies and innovation to create superior experiences and serve the needs of both consumers and enterprises. True Digital Group consistently grew in double-digit rate and its potential growth is tremendous to be unleashed in the future. Digitalization and efficient cost management will continue to be one of the Group's top priorities to bolster higher productivity, profitability and return on investments while swiftly responding to the dynamic change and demands of consumers and enterprises.

TrueMove H's service revenue picked up 1.3% QoQ to Baht 19,927 million in 2Q22 driven by its network strength, value-driven device campaigns and returning tourists while YoY was still pressured by macroeconomic factors and the prolonged COVID-19 impact on consumers' spending. ARPU remained on a downward trend as the mobile industry continued to experience intense competition with low-tier unlimited data plans being offered. 5G acquisition, however, remained robust, increasing to 3.4 million subscribers, and drove TrueMove H's total subscriber base to 33.3 million by the end of the second quarter. The 5G exclusive program with inter-brand devices received strong market responses, attracting new subscribers while facilitating migration from 3G/4G, in addition to continued growth momentum from the high-tier device with campaign boosting longer contract. At the same time, the 5G enterprise ecosystem kept on expanding. True Group acquired the new project to modernize the Bangsue Railway station with 5G Multi-access Edge Computing (MEC), AI advance CCTV analytics, service robotics, and automation wheelchair. This is another step to support and digitalize Thailand to become a technology-driven hub.

TrueOnline's broadband internet revenue was Baht 7,254 in 2Q22 supported by healthy subscriber growth, adding 95k net adds to 4.8 million, while ARPU declined along with the industry's as low-tier price plans were deployed to attract new subscribers. TrueOnline reinforced its marketing leading position with ongoing determination to build the best standard for home internet experience and fulfill everyone's lifestyles at home. In 2Q22, True Gigatex PRO Life campaign was launched, aiming to alter normal home into smart home through fiber broadband speed of up to 2 Gbps and bundled with innovative, IoT and smart devices including CCTV and CCTV cloud services, with positive market responses. In addition, more high quality contents were added in early Q3 to enhance the bundling proposition apart from the new package launch, called True Unlock TV. These are expected to boost TrueOnline's growth in the second half of this year in addition to the broadband organic growth.

TrueVisions reported service revenue of Baht 2,231 million in 2Q22 with key revenue stream from subscription, accounting for 58% of its service revenue while advertising revenue decreased along with sports seasonality of which new season will resume in Q3. TrueVisions ended the second quarter with total customer base of 3.3 million and ARPU trending up to Baht 271. TrueVisions determines to seek for quality and variety contents to meet customers' demands and lifestyles while uplifting value proposition to True Group's customers on multiple platforms including TV, TrueVisions Now, content streaming platform, and TrueID via application, website and TrueID TV box. The new package "EPL SEASON PASS" was recently introduced to monetize and secure recurring revenue while viewers could watch the live broadcast for the whole season and join the online football competition.

The digital platform business, **TrueID**, continued to enhance customer engagement and experience through various sports content and video on demand (VOD), surrounded with other activities such as privileges to enable digital lifestyles for users. TrueID maintained double-digit revenue growth of 49% YoY in 2Q22 capitalizing on its accelerating MAU to a new high of 32 million or 26% YoY growth, average video views of 481 million per month or 81% YoY growth, and content sales of 893,000 transactions or 140% YoY growth. TrueID TV box also consistently grew to 3.3 million boxes, increasing by 29% from the same period last year. Concurrently, True Unlock and True Unlock TV campaigns were recently launched to add more benefits for TrueMove H and TrueOnline customers, enabling them to watch sports and entertainment contents on the TrueID platform while strengthening True Group's ecosystem further. As for the **Digital Solution businesses**, revenue continued to grow at a double-digit rate YoY in 2Q22, mainly driven by smart living and residential as well as connectivity. To capture higher growth, True Digital Group further builds on the success of True Living TECH in the B2C market by expanding into B2B and B2B2C segments with smart residential solutions.

2Q22 Financial Summary

True Group reported a consolidated net loss to shareholders of the parent company of Baht 761.3 million in 2Q22, representing a change of greater than 20% YoY, which is summarized as below:

True Group reported total revenue of Baht 34,054.8 million in the second quarter of 2022, grew 0.8% from the same period last year driven by higher sales of handsets while service revenue was stabilized QoQ but softened YoY given the prolonged macroeconomic and COVID-19 pressure. EBITDA was Baht 13,920.5 million, declining YoY following lower service revenue.

Net loss to shareholders of the parent company narrowed QoQ to Baht 761.3 million in 2Q22 but increased YoY driven by higher depreciation and amortization expenses to support 5G network and service expansion.

Consolidated Results of Operations - Normalized Basis

(Baht in millions unless otherwise indicated)	2Q22	1Q22	2Q21	% Change		1H22	1H21	% Change
				Y-o-Y	Q-o-Q			
Revenues from providing services	29,461	29,366	30,170	(2.3)	0.3	58,827	60,545	(2.8)
Interconnection revenue	326	321	381	(14.4)	1.6	647	746	(13.3)
Network rental revenue	3,143	3,142	3,141	0.1	0.0	6,285	6,283	0.0
Service revenue	25,991	25,903	26,648	(2.5)	0.3	51,894	53,516	(3.0)
Revenues from product sales	4,594	5,772	3,627	26.6	(20.4)	10,366	8,677	19.5
Total revenues	34,055	35,138	33,797	0.8	(3.1)	69,193	69,223	(0.0)
Total cost of providing services	21,172	21,175	19,851	6.7	(0.0)	42,347	39,985	5.9
Regulatory costs	659	625	250	NM	5.5	1,284	791	62.4
Interconnection cost	340	332	440	(22.8)	2.4	671	864	(22.3)
Cost of providing services exclude IC	9,831	9,919	9,621	2.2	(0.9)	19,751	19,715	0.2
Depreciation and amortization	10,342	10,299	9,540	8.4	0.4	20,641	18,616	10.9
Cost of sales	4,583	5,714	3,805	20.4	(19.8)	10,297	9,122	12.9
Total Selling and administrative expenses	6,876	6,293	6,520	5.5	9.3	13,168	13,207	(0.3)
Selling and administrative expenses	4,722	4,474	4,994	(5.5)	5.5	9,196	9,992	(8.0)
Depreciation and amortization	2,154	1,818	1,526	41.1	18.5	3,972	3,215	23.5
EBITDA	13,921	14,074	14,687	(5.2)	(1.1)	27,994	28,740	(2.6)
Depreciation and amortization	(12,496)	(12,117)	(11,066)	12.9	3.1	(24,613)	(21,831)	12.7
Operating profit	1,424	1,957	3,620	(60.7)	(27.2)	3,381	6,909	(51.1)
Interest expense (net)	(2,692)	(2,575)	(2,499)	7.7	4.6	(5,267)	(4,810)	9.5
Interest income	27	37	42	(36.7)	(29.2)	64	85	(24.6)
Interest expense	(2,719)	(2,613)	(2,541)	7.0	4.1	(5,331)	(4,895)	8.9
Interest expense related to lease liabilities	(1,396)	(1,390)	(1,525)	(8.5)	0.5	(2,787)	(3,081)	(9.6)
Other financial fees	(178)	(200)	(205)	(12.9)	(10.8)	(378)	(433)	(12.8)
Financial cost related to license	(515)	(574)	(587)	(12.3)	(10.3)	(1,090)	(1,226)	(11.1)
Income tax (expense) revenue	(50)	(225)	(19)	NM	(78.0)	(275)	(64)	NM
Share of results in subsidiaries and associates	1,140	818	873	30.5	39.4	1,958	1,747	12.0
Foreign exchange gain (loss)	75	(452)	(205)	NM	NM	(376)	(342)	(10.2)
Other (expense) income	1,415	995	195	NM	42.2	2,410	361	NM
Non-controlling interests	16	30	53	(69.4)	(45.7)	46	59	(22.3)
Net profit (loss) to equity holders of the Company	(761)	(1,617)	(299)	NM	52.9	(2,378)	(880)	NM

CONSOLIDATED RESULTS OF OPERATIONS IN 2Q22

- True Group's **total revenue** was Baht 34,055 million in 2Q22, flat YoY and declined QoQ due to seasonality of handset sales. **Consolidated service revenue** was Baht 25,991 million, stabilized QoQ while softening YoY along with continued pressure from the slow economic recovery and inflation on both price-sensitive mobile and pay TV segments.

- **TrueMove H's mobile service revenue** was Baht 19,927 million, softening 1.2% YoY but improving 1.3% QoQ driven by solid growth momentum of 5G subscribers while the country's re-opening showed promising positive trend.

TrueMove H 5G continued to progress with 5G subscription surging to 3.4 million supported by 5G network strength, enabling 4K/8K seamless video viewing experience with more than 10 times and 3 times better download and upload speeds, respectively compared to 4G, as well as higher 5G adoption from attractive campaigns with 5G compatible devices. TrueMove H ended Q2 with the total subscriber base increasing to 33.3 million, comprising 21.9 million prepaid and 11.4 million postpaid users.

- **TrueOnline's broadband internet revenue** was Baht 7,254 million, flat QoQ and YoY as healthy subscriber growth offset industry's ARPU contraction resulting from discounts and low-entry price plan. Its broadband subscriber base expanded to 4.8 million with 95k net adds and ARPU of Baht 469 in 2Q22.

TrueOnline will continue to focus on adding value offerings to customers with service quality improvement as well as bundle with innovative devices and contents, latest via the "True Unlock TV" campaign, for better monetization and growing revenue while mitigating industry-wide discount impact on ARPU.

TrueOnline's **other service revenue** decreased from the previous year to Baht 1,406 million on intercompany revenues related to O&M services with no effect to consolidated service revenue. Excluding intercompany transactions, TrueOnline's **service revenue** grew 2% YoY.

- **TrueVisions' service revenue** was Baht 2,231 million, declining at a slower pace of 6.3% YoY as **subscription and installation revenue** softened to Baht 1,295 million along with consumers' increasing behavior toward home entertainment via OTT and online viewing. TrueID, TrueID TV box and TrueVisions NOW serve well to such trend allowing consumers to view quality and exclusive contents across various platforms of True Group via multiple devices.

TrueVisions' **other service revenues** (comprising entertainment, sponsorship, advertising and other revenues) increased YoY but decreased QoQ to Baht 936 million on sports seasonality with the new season resuming in Q3.

- **Product sales revenue** was Baht 4,594 million, increasing from the 2Q21 low base with the lockdown effect but decreasing QoQ on seasonality, the same trend as the industry. Margin remained positive compared to a loss in prior year.
- **Net IC expense** decreased from the previous year to Baht 13 million following IC rate reduction.
- **Core operating expense** (comprising cost of providing services excluding IC and other S&A) was flat (-0.4%) YoY to Baht 14,553 million with continued cost optimization efforts resulting in 5.5% decline of SG&A, excluding depreciation and amortization, amid higher expenses related to network expansion and content utilization across True Group's multiple platforms.
- **EBITDA** was Baht 13,921 million, softening YoY following lower service revenue. EBITDA

margin on service revenue was flat at 54%.

- **Depreciation and amortization expenses** increased 12.9% YoY to Baht 12,496 million driven by the Group's relentless efforts to enhance customer experience through network and service expansion. **Operating profit** declined to Baht 1,424 million as a result.
- **Interest expense** (net) was Baht 2,692 million, excluding the TFRS16 impact, increasing due to higher long-term borrowings with lower weighted average interest rate to support business expansion and license fee payments.
- Expenses related to network and service expansion, spectrum licenses and interest pressured 2Q22 bottom line to a loss of Baht 761 million.

Segment Revenue Profile

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	2Q22	1Q22	2Q21	% Change	
				Y-o-Y	Q-o-Q
TrueMove H					
Mobile Service revenue	19,927	19,676	20,171	(1.2)	1.3
Interconnection revenue	333	328	382	(12.9)	1.7
Network rental revenue	3,024	3,024	3,023	0.0	0.0
Product sales	4,530	5,727	3,772	20.1	(20.9)
TrueOnline					
Broadband Internet revenue	7,254	7,318	7,317	(0.9)	(0.9)
Others service revenue	1,406	1,238	2,271	(38.1)	13.6
Network rental revenue (FOC)	119	118	118	1.2	1.2
Product sales	120	64	62	93.0	88.1
TrueVisions					
Subscription and installation revenue	1,295	1,325	1,463	(11.5)	(2.3)
Others service revenue	936	1,052	918	2.0	(11.0)
Intersegment elimination	(4,890)	(4,732)	(5,700)	14.2	(3.3)
Consolidated total revenues	34,055	35,138	33,797	0.8	(3.1)

Remark: TrueOnline's other revenues such as revenues related to network O&M.

Consolidated Balance Sheet and Cash Flows

	30 Jun 22	31 Dec 21	% Change
(Baht in millions unless otherwise indicated)			
Balance Sheet			
Cash and cash equivalents	20,675	21,963	(5.9)
Trade accounts receivable, net	49,825	48,737	2.2
Other receivables	3,136	3,060	2.5
Other current assets	23,550	26,370	(10.7)
<i>Total current assets</i>	<i>97,186</i>	<i>100,130</i>	<i>(2.9)</i>
Property, plant and equipment, net	244,854	245,337	(0.2)
Goodwill, net	10,160	10,160	0.0
Intangible assets, net	123,121	128,325	(4.1)
Deferred income tax assets	5,927	5,862	1.1
Right-of-use assets	93,601	94,223	(0.7)
Other non-current assets	40,788	40,877	(0.2)
<i>Total non-current assets</i>	<i>518,451</i>	<i>524,784</i>	<i>(1.2)</i>
Total assets	615,638	624,915	(1.5)
Short-term borrowings	3,486	5,999	(41.9)
Trade accounts payable	55,242	61,904	(10.8)
Other payables	30,062	30,761	(2.3)
Current portion of long-term borrowings	52,942	59,313	(10.7)
Current portion of lease liabilities	12,434	9,020	37.8
Other current liabilities	4,902	6,950	(29.5)
<i>Total current liabilities</i>	<i>159,067</i>	<i>173,948</i>	<i>(8.6)</i>
Long-term borrowings	215,607	192,196	12.2
Deferred income tax liabilities	5,545	5,498	0.9
Liabilities under agreements and licenses for operations	38,384	47,298	(18.8)
Employee benefit obligations	3,634	3,495	4.0
Lease liabilities	100,828	105,149	(4.1)
Other non-current liabilities	15,397	15,513	(0.7)
<i>Total non-current liabilities</i>	<i>379,395</i>	<i>369,149</i>	<i>2.8</i>
Total liabilities	538,462	543,097	(0.9)
Total shareholder's equity	77,175	81,818	(5.7)
Total liabilities and shareholder's equity	615,638	624,915	(1.5)

	30 Jun 22	30 Jun 21	% Change
Cash Flows			
Cash flows from operating activities before interest and tax	23,777	22,655	4.9
Net interest and tax paid	(7,319)	(8,889)	(17.7)
Cash flows from operating activities (net)	16,458	13,767	19.6
Cash flows (used in) from investing activities	(23,634)	(32,502)	(27.3)
Cash flows (used in) from financing activities	5,889	20,005	(70.6)
Net (decrease) increase in cash and cash equivalents	(1,287)	1,270	NM
Beginning cash balance and effects of exchange rate changes	21,962	24,342	(9.8)
Ending cash balance	20,675	25,613	(19.3)

FINANCIAL POSITION

Assets

- **True Group's asset** was Baht 615,638 million, decreasing 1.5% from the end of 2021 mainly driven by **intangible assets (net)** which declined 4.1% to Baht 123,121 million due to the amortization of the mobile spectrum licenses during the period.
- **Property, plant and equipment (net)** was flat at Baht 244,854 million.
- **Trade account receivables (net)** increased 2.2% from the end of 2021 to Baht 49,825 million along with continued business expansion with average collection period of 124 days.

	Consolidated financial information		Separate financial information	
	30 June 2022 Baht Million	31 December 2021 Baht Million	30 June 2022 Baht Million	31 December 2021 Baht Million
Billed customers	19,124.88	25,950.33	670.73	671.24
Receivables and accrued income from related parties (Note 20)	25,892.35	18,403.36	14,895.50	21,503.27
Trade accounts receivable	45,017.23	44,353.69	15,566.23	22,174.51
Accrued income	11,023.67	11,163.32	403.66	403.60
Total trade accounts receivable	56,040.90	55,517.01	15,969.89	22,578.11
<u>Less</u> Expected credit loss	(6,215.55)	(6,779.80)	(1,055.60)	(1,055.60)
Trade accounts receivable, net	49,825.35	48,737.21	14,914.29	21,522.51

Outstanding trade accounts receivable as at 30 June can be analyzed as follows:

	Consolidated financial information		Separate financial information	
	30 June 2022 Baht Million	31 December 2021 Baht Million	30 June 2022 Baht Million	31 December 2021 Baht Million
Current	14,594.77	15,780.76	11,955.61	661.32
Less than 3 months	8,745.24	10,473.44	2,691.21	2,768.39
3 - 6 months	8,250.47	2,436.08	25.61	3,017.81
6 - 12 months	6,027.26	4,436.79	128.26	5,664.39
More than 12 months	7,399.49	11,226.62	765.54	10,062.60
Trade accounts receivable	45,017.23	44,353.69	15,566.23	22,174.51
Accrued income	11,023.67	11,163.32	403.66	403.60
Total trade accounts receivable	56,040.90	55,517.01	15,969.89	22,578.11
<u>Less</u> Expected credit loss	(6,215.55)	(6,779.80)	(1,055.60)	(1,055.60)
Trade accounts receivable, net	49,825.35	48,737.21	14,914.29	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 6,215.55 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 (-0.9%) at Baht 538,462 million compared to the end of 2021.
- **Interest bearing debt** (short-term and long-term borrowings excluding financial leases) increased 5.6% from year end to Baht 272,034 million in order to support continued business expansion and spectrum license installments.
- **Trade accounts payable** decreased 10.8% from the end of 2021 to Baht 55,242 million following vendor payments during the period with average payment period of 193 days.

Shareholders' equity

- **Shareholders' equity** was Baht 77,175 million, declining from the end of 2021 partly on dividend payment in May.

True Group is in compliance with and meets all of its debt obligations. Its net interest-bearing debt to EBITDA ratio of 4.4 and net interest-bearing debt to equity ratio of 3.3 times, increasing from 4.3 and 3.1 times respectively in prior quarter, on higher debt level to support business expansion. Current ratio was stable at 0.6 while ROE was pressured by expenses related to network and service expansion as well as mobile license amortization to negative of 3.7%.

Cash Flow

True Group's primary capital resources in 1H22 were **Cash flows from operating activities** which grew to Baht 23,777 million before interest and tax payments and to Baht 16,458 million after interest and tax payments. This lowered **cash flows from financing activities** YoY to Baht 5,889 million. **Cash flows used in investing activities** also declined to Baht 23,634 million in 1H22 as cash CAPEX on PPE reduced to Baht 16,181 million compared to Baht 19,638 million in the same period last year.

True Group ended the first half of 2022 with cash and cash equivalents of Baht 20,675 million.