

(Translation)

Ref.: TRUE-SEC 026/2565

14th November 2022

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

Subject: Submission of the Interim Financial Information for Q3/2022

- Enclosure:
1. A Set of the Reviewed Interim Financial Information for Q3/2022
(Thai / English)
 2. A Set of the Management's Discussion and Analysis for Q3/2022
(Thai / English)

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

The Company reported a consolidated net loss to equity holders of the Company of Baht 2,757.06 million for the third 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 Q3/2022 as attached herewith.

Please be informed accordingly.

Respectfully yours,

- Signature -

Ms. Yupa Leewongcharoen
Group Chief Financial Officer

Management's Discussion and Analysis

Overview

In the third quarter of 2022, the Thai economy and consumers' spending capability continued to be affected by various challenges including rising inflation, energy and utility costs. Despite such challenges, True Group recorded an upward trend on revenues from service and sales to Baht 26,199 million and Baht 5,236 million, respectively, representing combined growth of 2.8% QoQ and 6.9% YoY. Ongoing cost measures gained traction and contributed to EBITDA growth of 3.2% QoQ, flat YoY to Baht 14,368 million with EBITDA margin on service revenue reaching approximately 55%. 5G expansion along with higher depreciation and amortization, interest as well as foreign exchange loss, however, put a pressure on bottomline performance during the quarter.

True Group's relentless determination to uplift customers' experiences and respond to their lifestyles had shown positive progression with strong subscriber growth across core segments, particularly 5G and TrueID. Personalization and segmentation propositions will be deployed further while the Group's increasing scale and ecosystem widen the opportunity to offer smart bundled products and solutions across various groups of customers and enterprises. These, combined with True Group's ongoing efforts on digital transformation and cost restructuring reaffirm its strong growth potential and monetization opportunities.

TrueMove H's service revenue showed positive trend picking up both QoQ and YoY to Baht 20,009 million in 3Q22. This was achieved although industry's ARPU remained under pressure as competition prevailed with key offerings on the unlimited data plans. Consumers, particularly in the low to mid income, continued to endure the cost of living difficulties exacerbated by surge in inflation and rising interest rate. However, 5G subscribers expanded to 4.5 million, driving the total subscriber base to 33.6 million. The 5G device bundling campaigns were well received both in the high-tier and mid-tier segments with more variety of affordable devices. TrueMove H also extended its ecosystem into esports and game segments with packages allowing special data usage solely for playing games. In addition, TrueMove H's collaboration with Zepeto, the leading metaverse platform on social media from South Korea, facilitating Thais to experience the world-class O2O metaverse, connecting various aspects of new generation lifestyle. These emphasize TrueMove H's determination on uplifting the users experience while creating growth along the way.

TrueOnline's broadband acquisition remained strong, driving its broadband subscriber base up to 4.9 million and revenue to Baht 7,276 million despite ARPU decline throughout the industry where discount was still one of the tools to expand and retain customer base and therefore, low-tier price plans had been used by operators to gain market share especially in the newly extended service areas. To mitigate such impact, TrueOnline consistently enhances quality of services and customer's experiences while adding values through content bundled. The True Unlock TV packages received favorable market responses from both new and existing customers as they provide extra privileges as well as entertainments ranging from sport, movies, series, animation, and documentaries, serving the needs of all family members. Moreover, the broadband propositions bundling with IoT and advanced-technology devices such as cloud CCTV, router and wifi signal booster solidified TrueOnline's leading position and induced additional subscriptions.

TrueVisions service revenue was Baht 2,028 million, softening at a slower pace amid rising trend of content viewership via digital and OTT platform, while total customer base was relatively flat at 3.3 million. The resumption of the English premier league's new season induced subscription and re-subscription through the "EPL SEASON PASS" campaign. Positive momentum from the hotel and restaurant sector was also seen to accommodate those sport lovers to enjoy the tournaments with friends. Moreover, TrueVisions NOW and TrueID propositions, facilitating the viewers to watch all entertainments anywhere any time as they wish, received favorable market responses. TrueVisions aims to capture growth while further improving customer viewing experience through high-quality contents, shared across True Group's multiple platforms, and innovative box with interactive functions that match customers' preferences and lifestyles.

True Digital Group continued to accelerate its digital platforms and solution businesses in both B2C and B2B, resulting in another quarter of solid double-digit revenue growth for both businesses. The digital platform business, **TrueID**, ramped up its scale with the new high MAU of 36 million, increasing by 47% from Q3 of last year, riding on the average video views of 445 million per month or 7% YoY growth and the content sales of 969,000 transactions or 87% YoY growth. TrueID TV box also exhibited the same upward trend reaching 3.5 million boxes by the end of Q3. For the enterprise sector, key growth drivers for the **Digital Solution** businesses were smart living and residence, connectivity and Smart CCTV units. Aiming to be a leading home digital eco-system, secure "Home Services", capitalizing on the start-up Seekster, was added in the True LivingTECH application for more convenience in the digital lifestyles.

3Q22 Financial Summary

True Group reported a consolidated net loss to shareholders of the parent company of Baht 2,757.1 million in 3Q22, representing a change of greater than 20% YoY, which is summarized as below:

True Group reported service revenue of Baht 26,199.4 million and product sales revenue of Baht 5,236.5 million in the third quarter of 2022, increasing on positive response to the device campaigns and higher subscriber base amid continued pressure from the macroeconomic factors. EBITDA was Baht 14,367.8 million, flat YoY while growing 3.2% QoQ as operating expenses were well controlled.

Net loss to shareholders of the parent company was Baht 2,757.1 million in 3Q22, pressured by 12.5% YoY higher depreciation and amortization expenses to support 5G network and service expansion as well as foreign exchange loss of Baht 365.6 million, compared to a gain of 218.3 million in the same period last year.

Consolidated Results of Operations

	3Q22	2Q22	3Q21	% Change	
				Q-o-Q	Y-o-Y
(Baht in millions unless otherwise indicated)					
Interconnection revenue	333	326	404	2.0	(17.6)
Network rental revenue	840	3,143	3,141	(73.3)	(73.3)
Service revenue	26,199	25,991	26,187	0.8	0.0
Revenues from product sales	5,236	4,594	3,234	14.0	61.9
Total revenues	32,608	34,055	32,966	(4.2)	(1.1)
Total revenues excl. network rental & IC	31,436	30,585	29,420	2.8	6.9
Total cost of providing services	18,254	21,172	20,594	(13.8)	(11.4)
Regulatory costs	710	659	770	7.7	(7.8)
Interconnection cost	337	340	448	(0.8)	(24.9)
Cost of providing services exclude IC	6,850	9,831	9,443	(30.3)	(27.5)
Depreciation and amortization	10,357	10,342	9,932	0.1	4.3
Cost of sales	5,219	4,583	3,491	13.9	49.5
Total Selling and administrative expenses	7,622	6,876	5,942	10.9	28.3
Selling and administrative expenses	5,124	4,722	4,446	8.5	15.3
Depreciation and amortization	2,498	2,154	1,495	16.0	67.0
Total operating expenses excl. depreciation and amortization	18,241	20,134	18,600	(9.4)	(1.9)
EBITDA	14,368	13,921	14,366	3.2	0.0
Depreciation and amortization	(12,855)	(12,496)	(11,427)	2.9	12.5
Operating profit	1,513	1,424	2,939	6.2	(48.5)
Interest expense (net)	(2,805)	(2,692)	(2,503)	4.2	12.1
Interest income	33	27	26	22.6	25.1
Interest expense	(2,838)	(2,719)	(2,529)	4.4	12.2
Interest expense related to lease liabilities	(1,387)	(1,396)	(1,496)	(0.7)	(7.3)
Other financial fees	(182)	(178)	(204)	2.0	(10.9)
Financial cost related to license	(513)	(515)	(588)	(0.3)	(12.7)
Income tax (expense) revenue	(76)	(50)	(47)	53.1	61.1
Share of results in subsidiaries and associates	747	1,140	888	(34.5)	(15.8)
Foreign exchange gain (loss)	(366)	75	218	NM	NM
Other (expense) income	286	1,415	163	(79.8)	75.6
Non-controlling interests	26	16	29	59.0	(9.7)
Net profit (loss) to equity holders of the Company	(2,757)	(761)	(603)	NM	NM

CONSOLIDATED RESULTS OF OPERATIONS IN 3Q22

- True Group's **consolidated service revenue** was Baht 26,199 million in 3Q22, stabilized (+0.8%) QoQ and YoY amid ARPU decline along with macroeconomic factors pressuring consumers' purchasing power and competition.
 - **TrueMove H's mobile service revenue** was Baht 20,009 million (+0.4% QoQ, +1.3% YoY) as strong 5G and postpaid subscriber growth outpaced ARPU contraction. At the same time, tourist-related revenues exhibited an upward trend, expecting to be boosted further in the upcoming high season.
 - **TrueOnline's broadband internet revenue** was Baht 7,276 million, flat (+0.3%) from the previous quarter, supported by subscriber expansion while competition intensified with discounts and low-tier price plan causing lower ARPU.
 - **TrueVisions' service revenue** was Baht 2,028 million with key revenue stream from **subscription and installation** which softened at a slower pace to Baht 1,273 million, representing 63% of its service revenue. TrueVisions' customer base remained relative flat while ARPU improved along with lower mix of mass customer base.

TrueVisions' **other service revenues** (comprising entertainment, sponsorship, advertising and other revenues) decreased to Baht 755 million along with the postponement of soccer matches, which resulted in lower sponsorship revenue, in spite of rebounding advertising and entertainment revenues as business activities and concert resumed.
- **Product sales revenue** was Baht 5,236 million, increasing QoQ and YoY on higher device sales with strong response to the early launch of the new iPhone14 in 3Q22. Sales margin improved QoQ, YoY to 17 million and remained positive compared to a loss in Q3 of last year.
- **Net IC expense** was Baht 4 million, decreasing YoY following IC rate reduction and QoQ on lower net off-net traffic and price optimization effort.
- **Operating expense**, excluding depreciation and amortization, was Baht 18,241 million, dropping due to continued cost discipline and restructuring efforts despite higher utility costs.
- **EBITDA** was Baht 14,368 million, increasing 3.2% QoQ driven by both revenue growth and cost efficiency measures driving EBITDA margin on service revenue up to 54.8%, while flat YoY.
- **Depreciation and amortization expenses** increased 2.9% QoQ and 12.5% YoY to Baht 12,855 million along with ongoing focus on improving network and service quality.
- **Operating profit** was Baht 1,513 million, growing QoQ due to higher EBITDA but declining YoY driven by higher depreciation and amortization expenses.
- **Interest expense (net)** was Baht 2,805 million, excluding the TFRS16 impact, increasing mainly on higher borrowings to support continued business expansion and working capital requirements.
- Expenses related to network, spectrum and service expansion as well as interest pressured 3Q22 bottom line to a loss of Baht 2,757 million, including foreign exchange loss of 366 million.

Segment Revenue Profile

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	3Q22	2Q22	3Q21	% Change	
				QoQ	YoY
TrueMove H					
Mobile Service revenue	20,009	19,927	19,759	0.4	1.3
Interconnection revenue	340	333	407	2.2	(16.5)
Network rental revenue	718	3,024	3,024	(76.3)	(76.3)
Product sales	5,125	4,530	3,174	13.1	61.5
TrueOnline					
Broadband Internet revenue	7,276	7,254	7,479	0.3	(2.7)
Others service revenue	1,428	1,406	1,201	1.5	18.9
Network rental revenue (FOC)	122	119	118	2.4	3.7
Product sales	164	120	83	36.1	98.4
TrueVisions					
Subscription and installation revenue	1,273	1,295	1,382	(1.7)	(7.9)
Others service revenue	755	936	1,024	(19.4)	(26.3)
Intersegment elimination	(4,602)	(4,890)	(4,685)	5.9	1.8
Total revenues	32,608	34,055	32,966	(4.2)	(1.1)
Total revenues excl. network rental & IC	31,436	30,585	29,420	2.8	6.9

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

Consolidated Balance Sheet and Cash Flows

	30 Sep 22	31 Dec 21	% Change
(Baht in millions unless otherwise indicated)			
Balance Sheet			
Cash and cash equivalents	23,449	21,963	6.8
Trade accounts receivable, net	49,964	48,737	2.5
Other receivables	3,162	3,060	3.3
Other current assets	24,148	26,370	(8.4)
<i>Total current assets</i>	<i>100,724</i>	<i>100,130</i>	0.6
Property, plant and equipment, net	247,476	245,337	0.9
Goodwill, net	10,457	10,160	2.9
Intangible assets, net	122,607	128,325	(4.5)
Deferred income tax assets	5,790	5,862	(1.2)
Right-of-use assets	91,805	94,223	(2.6)
Other non-current assets	42,269	40,877	3.4
<i>Total non-current assets</i>	<i>520,403</i>	<i>524,784</i>	(0.8)
Total assets	621,127	624,915	(0.6)
Short-term borrowings	7,226	5,999	20.4
Trade accounts payable	53,781	61,904	(13.1)
Other payables	33,085	30,761	7.6
Current portion of long-term borrowings	66,411	59,313	12.0
Current portion of lease liabilities	12,547	9,020	39.1
Other current liabilities	4,043	6,950	(41.8)
<i>Total current liabilities</i>	<i>177,092</i>	<i>173,948</i>	1.8
Long-term borrowings	208,193	192,196	8.3
Deferred income tax liabilities	5,628	5,498	2.4
Liabilities under agreements and licenses for operations	38,590	47,298	(18.4)
Employee benefit obligations	3,266	3,495	(6.6)
Lease liabilities	99,026	105,149	(5.8)
Other non-current liabilities	14,486	15,513	(6.6)
<i>Total non-current liabilities</i>	<i>369,190</i>	<i>369,149</i>	0.0
Total liabilities	546,282	543,097	0.6
Total shareholder's equity	74,845	81,818	(8.5)
Total liabilities and shareholder's equity	621,127	624,915	(0.6)

	30 Sep 22	30 Sep 21	% Change
Cash Flows			
Cash flows from operating activities before interest and tax	34,302	38,234	(10.3)
Net interest and tax paid	(10,389)	(12,086)	(14.0)
Cash flows from operating activities (net)	23,913	26,148	(8.5)
Cash flows (used in) from investing activities	(35,078)	(44,218)	(20.7)
Cash flows (used in) from financing activities	12,652	9,749	29.8
Net (decrease) increase in cash and cash equivalents	1,487	(8,321)	NM
Beginning cash balance and effects of exchange rate changes	21,962	24,345	(9.8)
Ending cash balance	23,449	16,024	46.3

FINANCIAL POSITION

Assets

- **True Group's asset** was Baht 621,127 million, decreasing 0.6% from the end of 2021 mainly driven by **intangible assets (net)** which declined 4.5% to Baht 122,607 million due to the amortization of the mobile spectrum licenses during the period.
- **Property, plant and equipment (net)** grew slightly (+0.9%) to Baht 247,476 million.
- **Trade account receivables (net)** increased 2.5% from the end of 2021 to Baht 49,964 million as business continued to expand with average collection period of 124 days.

	Consolidated financial information		Separate financial information	
	30 September 2022 Baht Million	31 December 2021 Baht Million	30 September 2022 Baht Million	31 December 2021 Baht Million
Billed customers	18,523.41	25,950.33	661.93	671.24
Receivables and accrued income from related parties (Note 20)	27,367.86	18,403.36	13,889.30	21,503.27
Trade accounts receivable	45,891.27	44,353.69	14,551.23	22,174.51
Accrued income	11,243.75	11,163.32	403.95	403.60
Total trade accounts receivable	57,135.02	55,517.01	14,955.18	22,578.11
<u>Less</u> Expected credit loss	<u>(7,170.60)</u>	<u>(6,779.80)</u>	<u>(1,055.60)</u>	<u>(1,055.60)</u>
Trade accounts receivable, net	49,964.42	48,737.21	13,899.58	21,522.51

Outstanding trade accounts receivable as at 30 September 2022 and 31 December 2021 can be analyzed as follows:

	Consolidated financial information		Separate financial information	
	30 September 2022 Baht Million	31 December 2021 Baht Million	30 September 2022 Baht Million	31 December 2021 Baht Million
Current	14,540.33	15,780.76	498.10	661.32
Less than 3 months	7,835.82	10,473.44	2,210.06	2,768.39
3 - 6 months	6,883.74	2,436.08	3,131.59	3,017.81
6 - 12 months	8,191.44	4,436.79	1,253.32	5,664.39
More than 12 months	8,439.94	11,226.62	7,458.16	10,062.60
Trade accounts receivable	45,891.27	44,353.69	14,551.23	22,174.51
Accrued income	11,243.75	11,163.32	403.95	403.60
Total trade accounts receivable	57,135.02	55,517.01	14,955.18	22,578.11
<u>Less</u> Expected credit loss	<u>(7,170.60)</u>	<u>(6,779.80)</u>	<u>(1,055.60)</u>	<u>(1,055.60)</u>
Trade accounts receivable, net	49,964.42	48,737.21	13,899.58	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 7,170.60 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 Baht 546,282 million, increasing 0.6% from the end of 2021 on higher **interest bearing debt** (short-term and long-term borrowings excluding financial leases) to Baht 281,830 million in order to support continued network and service expansion.
- **Trade accounts payable** decreased 13.1% from the end of 2021 to Baht 53,781 million following vendor payments during the period with average payment period of 192 days.

Shareholders' equity

- **Shareholders' equity** was Baht 74,845 million, declining compared to the end of 2021 due to dividend payment and loss during the period.

True Group is in compliance with and meets all of its debt obligations. Its net interest-bearing debt to EBITDA ratio of 4.5 and net interest-bearing debt to equity ratio of 3.5 times, increasing from 4.4 and 3.3 times respectively in the previous quarter, driven by 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, interest as well as foreign exchange loss to negative of 6.5%.

Cash Flow

True Group's primary capital resources in 9M22 were **Cash flows from operating activities** which declined to Baht 34,302 million before interest and tax payments and to Baht 23,913 million after interest and tax payments. This increased **cash flows from financing activities** YoY to Baht 12,652 million. **Cash flows used in investing activities** decreased to Baht 35,078 million in 9M22 with lower cash CAPEX on PPE to Baht 26,507 million compared to Baht 29,795 million in the same period last year.

True Group ended the first nine months of 2022 with cash and cash equivalents of Baht 23,449 million.