

(Translation)

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20th February 2023

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

Subject: Submission of the Audited Financial Statements for the Fiscal Year 2022

- Enclosure:
1. A Set of the Audited Financial Statements for the Fiscal Year 2022
(Thai / English)
 2. A Set of the Management's Discussion and Analysis for the Fiscal Year 2022
(Thai / English)

True Corporation Public Company Limited (the "Company") would like to submit the Audited Financial Statements for the Fiscal Year 2022 ending 31st December 2022 to the Stock Exchange of Thailand.

The Company reported a consolidated net loss to equity holders of the Company of Baht 18,285.20 million for the Year 2022 ending 31st December 2022, representing a change of greater than 20 percent compared with the net results of the last year. Please see further details in the Management's Discussion and Analysis for the Fiscal Year 2022 as attached herewith.

Please be informed accordingly.

Respectfully yours,

- Signature -

Ms. Yupa Leewongcharoen
Group Chief Financial Officer

Management's Discussion and Analysis

Executive Summary

2022 was another year with global headwinds and macroeconomic challenges, causing rising inflation and cost of living in both consumers and enterprises, albeit improving sign was seen along with fading pandemic, slow economic recovery, and resurgent tourism sector. These externalities, market competition, and one-time expenses as a result of the potential asset redundancy for the upcoming amalgamation put a pressure on performance in 2022.

The upcoming amalgamation, expected to be completed by 1Q23, paves the way for transforming True to a genuine "technology company" that can meet the challenges of global and local market disruptions, enhances its ability to invest in next-generation networks to assure sustainable growth and enhance return on investments, as well as becomes a key player in Thailand's digital developments. It will be a new starting point to accelerate the value creation through cross selling additional value-driven propositions to a larger customer base, enhancing operational efficiency and economies of scale, and optimizing network and asset utilization, of which redundancies can be eliminated. Customers will experience digitized journeys along with an improved service quality as well as personalization and lifestyles offerings while enterprises can unlock their potentiality by advantaging from the superior connectivity and the use of advanced technology. The company will put relentless efforts to ensure that its stakeholders will benefit from the amalgamation while maintaining financial discipline to enhance return for stakeholders. True will leverage all the capability to support Thailand into the digital paradigm and in accordance with Thailand 4.0 policy.

TrueMove H's service revenue was 79,294 million along with returning tourists and continued 5G growth while consumers, particularly price-sensitive segments, were still cautious in spending. The market remained competitive with key offerings on the unlimited data plans with sign of more rationalization focusing on adding certain benefits to match preferences of each target segment. TrueMove H's 5G momentum remained solid as it committed to provide excellent network and service experience, bundling with a wide variety of 5G devices and exclusive contents to customers. This drove TrueMove H's total subscriber base to 33.8 million, comprising 11.7 million postpaid subscribers and 22.1 million prepaid subscribers. More lifestyles packages and privileges across business alliances will be introduced to serve the needs and deliver better experience for customers in the digital era. 5G enterprises and solutions will continue to be strengthened in diverse industries, such as energy, transportation, e-sport & gaming and metaverse platform industries, empowering the convergence dimension for all enterprises in order to expedite the digitization of Thailand.

TrueOnline's broadband internet revenue was Baht 29,055 million supported by 334k net adds during the year, accumulating its total subscriber base up to 4.97 million, while ARPU declined along with intense competition as low-tier price plans remained prevalent. Throughout the year, TrueOnline placed importance on developing products, services, and innovation for the benefits of customers. Several campaigns were launched to better respond to demands and fulfill customers' needs. These include True Gigatex PRO Life, combining fiber broadband with innovative modem, smart IoT like CCTV cloud, and content-led True Unlock TV for all kinds of entertainments. True Gigatex Flexi PRO was also provided, enabling customers to adjust speed in accordance with their lifestyle including online working and learning, entertainments and music, as well as online gaming. All of

these together with around-the-clock customer care have built a solid standing point for TrueOnline as a number 1 broadband provider and will continue to be key for its future growth.

TrueVisions' service revenue recorded at Baht 9,280 million with key revenue stream from subscription, accounting for 55% of its service revenue, while music and entertainment revenues saw an upward trend as outdoor activities resumed after the pandemic had faded. Moreover, the resubscription of hotels and restaurants during the year helped stabilize TrueVisions' total customer base, standing at 3.2 million at the end of 2022, with improving ARPU. TrueVisions continued to aggregate the most wanted content, enabling customers to watch their wishlist programs via multiple platforms, including TrueVisions NOW, TrueID, TrueID TV and InnoHybrid box anywhere anytime as they need. TrueVisions will continue to serve all preferences and lifestyles, sustaining not only its leading pay TV position but also the future growth of the company.

True Digital Group continued to scale up its digital platforms and solution businesses, driving its solid double-digit revenue growth along with an expanding user base. Monthly active users (MAU) of the digital platform, TrueID, accelerated 52% YoY to 46 million while content sales surged 55% YoY to 1 million transactions in 4Q22. This progressive trend was achieved as TrueID consistently enhanced customer experiences and engagement through various sports and exclusive contents as well as video on demand, surrounded with other activities such as privileges aiming to enable digital lifestyles for users. Digital Solution businesses continued to gain traction with rising demands for its smart connectivity and solutions. Its client bases were enlarged across varieties of industries including Agriculture, Home & living, Real estate, Retails & Restaurant, Logistics and Industry, and Automotive. At the same time, the integrated digital health kept expanding ecosystem through partnership with insurers and hospitals, adding more benefits to people with easier and convenient access to medical services.

2022 Financial Summary

True Group reported a consolidated net loss to shareholders of the parent company of Baht 18,285.2 million in 2022, representing a change of greater than 20% YoY, which is summarized as below:

True Group reported total revenue of Baht 135,076 million and service revenue of Baht 103,845 million, decreasing 2.3% YoY as continued economic pressure, weakening consumers' purchasing power, and market competition outpaced subscriber growth. This softened EBITDA to 52,804 million while cost measures remained intact despite rising energy and utility costs as well as amalgamated related expenses.

Net loss to shareholders of the parent company was Baht 18,285 million in 2022, widened than 2021 due to higher depreciation and amortization expenses (+Baht 5 billion) following continued network and service expansion, as well as higher interest, tax and foreign exchange loss (+Baht 1.8 billion combined) and non-recurring expenses of approximately Baht 8.5 billion in the fourth quarter such as asset write down of Baht 5.5 billion, primarily driven by assets that might be redundant under the new amalgamated company, impairment of goodwill of Baht 2 billion, and DIF's annual asset appraisal impact of Baht 1 billion.

Consolidated Results of Operations

(Baht in millions unless otherwise indicated)	2022	2021	% Change
			Y-o-Y
Interconnection revenue	1,315	1,548	(15.1)
Network rental revenue	8,793	12,566	(30.0)
Service revenue	103,845	106,256	(2.3)
Revenues from product sales	21,123	23,285	(9.3)
Total revenues	135,076	143,655	(6.0)
Total revenues excl. network rental & IC	124,968	129,541	(3.5)
Total cost of providing services	82,502	81,634	1.1
Regulatory costs	2,828	2,303	22.8
Interconnection cost	1,348	1,724	(21.8)
Cost of providing services exclude IC	36,905	38,730	(4.7)
Depreciation and amortization	41,421	38,876	6.5
Cost of sales	20,983	23,840	(12.0)
Total Selling and administrative expenses	29,374	25,768	14.0
Selling and administrative expenses	20,208	19,298	4.7
Depreciation and amortization	9,166	6,471	41.7
Total operating expenses excl. depreciation and amortization	82,272	85,895	(4.2)
EBITDA	52,804	57,761	(8.6)
Depreciation and amortization	(50,587)	(45,347)	11.6
Operating profit	2,216	12,413	(82.1)
Interest expense (net)	(10,946)	(9,912)	10.4
Interest income	140	147	(5.0)
Interest expense	(11,086)	(10,060)	10.2
Interest expense related to lease liabilities	(5,531)	(6,041)	(8.4)
Other financial fees	(755)	(843)	(10.5)
Financial cost related to license	(2,114)	(2,403)	(12.0)
Income tax (expense) revenue	(415)	(155)	NM
Share of results in subsidiaries and associates	2,432	3,677	(33.9)
Foreign exchange gain (loss)	(1,197)	(224)	NM
Other (expense) income	(2,084)	1,966	NM
Non-controlling interests	109	93	17.3
Net profit (loss) to equity holders of the Company	(18,285)	(1,428)	NM

Remark: NM represents a change of greater than 100%.

CONSOLIDATED RESULTS OF OPERATIONS IN 2022

- True Group's **total revenue** was Baht 135,076 million in 2022, declining 6.0% YoY driven mainly by settlement on the 850MHz HSPA agreement to reflect actual network usage which lowered its related revenue and cost with positive net impact to EBITDA. **Consolidated service revenue** was Baht 103,845 million, softening 2.3% YoY along with ARPU decline as market remained competitive and macroeconomic challenges still put a pressure on consumers' spending.
 - **TrueMove H's mobile service revenue** was Baht 79,294 million, flat (-0.6%) YoY as slower-than-expected economic recovery and competition intimidating ARPU, neutralizing the growth of 5G and postpaid market. TrueMove H registered 1.5 million net adds in 2022 and expanded its total subscriber base to 33.8 million, of which 11.7 million were postpaid and 22.1 million were prepaid.

TrueMove H will continue to place importance on providing superior connectivity and services. Data analytics will be deployed with an aim to come up with personalized propositions, responding proactively and specifically to customers' demand and lifestyles. 5G ecosystem will be expanded further to serve and facilitate business sector to match the fast-moving digitalization.
 - **TrueOnline's broadband internet revenue** was Baht 29,055 million, softening 1.5% YoY following the industry-wide diminishing ARPU while subscriber base continued healthy growth to 4.97 million, adding 334k net subscribers in 2022. Customized campaigns and flexible offerings towards customers' preferences along with smart products bundling had been used to gain and retain customers. TrueOnline's relentless effort to meet customers' needs with innovative features and quality is expected to ensure growth in the year to come.

TrueOnline's **other service revenue** decreased in 2022 on intercompany revenues related to O&M services with no effect to consolidated service revenue.
 - **TrueVisions' service revenue** was Baht 9,280 million, declining 5.7% YoY as **subscription and installation revenue** softened at a slower pace to Baht 5,109 million. TrueVisions' comprehensive range of quality content and multiple viewing platforms helped mitigate the impact from customers' changing behaviors. The digital platform, TrueID, as well as Innohybird box serve well to such customers' trend and digital lifestyles.

TrueVisions' **other service revenues** (comprising entertainment, sponsorship, advertising and other revenues) grew 2.8% YoY to Baht 4,171 million driven by revenues from advertising and music entertainment business following popularity of concerts and more outdoor events were held compared to 2021 when several restrictions were commenced to prevent the widespread of the pandemic held during the year.
- **Product sales revenue** was Baht 21,123 million, declining from a high base in 4Q21 with the shop reopening after restrictions were gradually lifted. Sales margin improved to Baht 140 million with approximately 1% margin and remained positive compared to a loss in prior year.
- **Net IC expense** dropped 81.4% YoY to Baht 33 million following IC rate reduction and continued price optimization efforts.

- **Operating expense**, excluding depreciation and amortization, was Baht 82,272 million, decreasing 4.2% YoY due to cost restructuring efforts despite higher network-related expenses from network expansion and higher utility costs, one-time content costs relating to the World Cup broadcasting, as well as selling expenses for brand building activities.
- **EBITDA** was Baht 52,804 million, as a result, with margin on service revenue and on total revenue stood at 50.8% and 39.1%, respectively.
- **Depreciation and amortization expenses** increased 11.6% YoY to Baht 50,587 million as the Group continued to improve network and service quality, which is the key foundation for sustainable growth.
- **Interest expense** (net) was Baht 10,946 million, excluding the TFRS16 impact, increasing 10.4% YoY mainly on higher borrowings to support business expansion and working capital requirements.
- Expenses related to network, spectrum and service expansion as well as interest pressured bottom line to a loss of approximately Baht 18 billion, which included foreign exchange loss of Baht 1.2 billion and non-recurring expenses of approximately Baht 8.5 billion in the fourth quarter such as write down of assets that might be redundant for the new amalgamated company, impairment of goodwill and DIF's annual asset appraisal impact.

Revenue Profile

(Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)		
	2022	2021	% Change
			YoY
TrueMove H			
Mobile Service revenue	79,294	79,756	(0.6)
Interconnection revenue	1,343	1,561	(13.9)
Network rental revenue	8,312	12,095	(31.3)
Product sales	20,772	23,137	(10.2)
TrueOnline			
Broadband Internet revenue	29,055	29,503	(1.5)
Others service revenue	5,436	7,151	(24.0)
Network rental revenue (FOC)	481	471	2.1
Product sales	561	331	69.6
TrueVisions			
Subscription and installation revenue	5,109	5,782	(11.6)
Others service revenue	4,171	4,057	2.8
Intersegment elimination	(19,459)	(20,188)	3.6
Total revenues	135,076	143,655	(6.0)
Total revenues excl. network rental & IC	124,968	129,541	(3.5)

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

Consolidated Balance Sheet and Cash Flows

	31 Dec 22	31 Dec 21	% Change
(Baht in millions unless otherwise indicated)			
Balance Sheet			
Cash and cash equivalents	27,011	21,963	23.0
Trade accounts receivable, net	44,876	48,737	(7.9)
Other receivables	3,148	3,060	2.9
Other current assets	23,229	26,370	(11.9)
<i>Total current assets</i>	<i>98,265</i>	<i>100,130</i>	<i>(1.9)</i>
Property, plant and equipment, net	253,016	245,337	3.1
Goodwill, net	8,467	10,160	(16.7)
Intangible assets, net	119,846	128,325	(6.6)
Deferred income tax assets	5,827	5,862	(0.6)
Right-of-use assets	93,301	94,223	(1.0)
Other non-current assets	39,375	40,877	(3.7)
<i>Total non-current assets</i>	<i>519,831</i>	<i>524,784</i>	<i>(0.9)</i>
Total assets	618,096	624,915	(1.1)
Short-term borrowings	17,954	5,999	199.3
Trade accounts payable	60,123	61,904	(2.9)
Other payables	27,403	30,761	(10.9)
Current portion of long-term borrowings	64,876	59,313	9.4
Current portion of lease liabilities	12,683	9,020	40.6
Other current liabilities	5,239	6,950	(24.6)
<i>Total current liabilities</i>	<i>188,277</i>	<i>173,948</i>	<i>8.2</i>
Long-term borrowings	209,308	192,196	8.9
Deferred income tax liabilities	5,630	5,498	2.4
Liabilities under agreements and licenses for operations	38,838	47,298	(17.9)
Employee benefit obligations	3,182	3,495	(9.0)
Lease liabilities	96,959	105,149	(7.8)
Other non-current liabilities	14,495	15,513	(6.6)
<i>Total non-current liabilities</i>	<i>368,412</i>	<i>369,149</i>	<i>(0.2)</i>
Total liabilities	556,689	543,097	2.5
Total shareholder's equity	61,407	81,818	(24.9)
Total liabilities and shareholder's equity	618,096	624,915	(1.1)

	31 Dec 22	31 Dec 21	% Change
Cash Flows			
Cash flows from operating activities before interest and tax	50,227	51,416	(2.3)
Net interest and tax paid	(15,005)	(16,358)	(8.3)
Cash flows from operating activities (net)	35,222	35,058	0.5
Cash flows (used in) from investing activities	(50,306)	(56,813)	(11.5)
Cash flows (used in) from financing activities	20,064	19,374	3.6
Net (decrease) increase in cash and cash equivalents	4,981	(2,381)	NM
Beginning cash balance and effects of exchange rate changes	22,029	24,344	(9.5)
Ending cash balance	27,011	21,963	23.0

FINANCIAL POSITION

True Group's liquidity remained strong in 2022 with current ratio of 0.5, declining slightly from 0.6 in prior year. Its focus on inventory management and prioritization continued to gain traction, lowering inventory days to 21 days in 2022, and improved cash cycle to a negative of 67 days.

True Group is in compliance with and meets all of its debt obligations. Its net interest-bearing debt, excluding lease obligations, to EBITDA ratio of 5.0 and net interest-bearing debt, excluding lease obligations, to equity ratio of 4.3 times, increasing from prior year following higher debt level to support business expansion.

Assets

- **True Group's asset** was Baht 618,096 million, decreasing 1.1% from the end of 2021 mainly driven by **intangible assets (net)** which declined 6.6% to Baht 119,846 million due to the amortization of the mobile spectrum licenses during the year.
- **Property, plant and equipment (net)** grew 3.1% from prior year to Baht 253,016 million following continued network and service expansion.
- **Inventory (net)** dropped 12.2% from the end of 2021 to Baht 1,206 million as end-to-end inventory management and stock prioritization were deployed.
- **Investment in associates and interest in joint ventures** decreased 11.4% from the end of 2021 to Baht 21,708 million following DIF's annual asset appraisal.
- **Goodwill (net)** was Baht 8,467 million, decreasing 16.7% from the end of 2021 along with impairment of the pay TV business to reflect consumers' behavior shift towards digital and online viewing (see more detail in the note to financial statements section 23).
- **Trade account receivables (net)** decreased 7.9% from the end of 2021 to Baht 44,876 million with average collection period of 125 days.

	Consolidated financial statements		Separate financial statements	
	31 December 2022 Baht Million	31 December 2021 Baht Million	2022 Baht Million	31 December 2021 Baht Million
Billed customers	15,552.52	25,950.33	656.86	671.24
Receivables and accrued income from related parties (Note 41)	26,809.85	18,403.36	11,983.04	21,503.27
Trade accounts receivable	42,362.37	44,353.69	12,639.90	22,174.51
Accrued income	9,484.51	11,163.32	404.75	403.60
Total trade accounts receivable	51,846.88	55,517.01	13,044.65	22,578.11
<u>Less</u> Expected credit loss	<u>(6,970.41)</u>	<u>(6,779.80)</u>	<u>(1,055.60)</u>	<u>(1,055.60)</u>
Trade accounts receivable, net	44,876.47	48,737.21	11,989.05	21,522.51

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

	Consolidated financial statements		Separate financial statements	
	31 December 2022 Baht Million	31 December 2021 Baht Million	31 December 2022 Baht Million	31 December 2021 Baht Million
Current	12,474.26	15,780.76	2,778.59	661.32
Less than 3 months	9,359.20	10,473.44	704.91	2,768.39
3 - 6 months	5,946.04	2,436.08	929.05	3,017.81
6 - 12 months	8,692.09	4,436.79	3,224.03	5,664.39
More than 12 months	5,890.78	11,226.62	5,003.32	10,062.60
Trade accounts receivable	42,362.37	44,353.69	12,639.90	22,174.51
Accrued income	9,484.51	11,163.32	404.75	403.60
Total trade accounts receivable	51,846.88	55,517.01	13,044.65	22,578.11
<u>Less</u> Expected credit loss	(6,970.41)	(6,779.80)	(1,055.60)	(1,055.60)
Trade accounts receivable, net	44,876.47	48,737.21	11,989.05	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 6,970.41 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** increased 2.5% from the end of 2021 to Baht 556,689 million mainly due to higher **interest bearing debt** (short-term and long-term borrowings excluding financial leases) to Baht 292,137 million in order to support continued business expansion as well as spectrum license payments.
- **Trade accounts payable** decreased 2.9% from the end of 2021 to Baht 60,123 million following vendor payments during the year with average payment period of 212 days.

Shareholders' equity

- **Shareholders' equity** was Baht 61,407 million, declining from prior year due to dividend payment and loss during the period.

Cash Flow

- True Group's primary capital resources in 2022 were **Cash flows from operating activities** of Baht 50,227 million before interest and tax payments and Baht 35,222 million after interest and tax payments.
- **Cash flows used in investing activities** decreased YoY to Baht 50,306 million as cash CAPEX on PPE declined 4% YoY to Baht 39,193 billion in 2022.
- **Cash flows from financing activities** increased to Baht 20,064 million on higher borrowings to support business expansion and debenture repayment.

True Group ended True Group ended 2022 with cash and cash equivalents of Baht 27,011 million.