

(Translation)

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1st March 2023

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

**Subject: Submission of the Pro forma Consolidated Financial Information
for the Year 2022**

- Enclosures:
1. Pro forma Consolidated Financial Information for the Year 2022
(Thai / English) 1 set each
 2. Management Discussion and Analysis of the Pro forma Consolidated
Financial Information for the Year 2022
(Thai / English) 1 set each

True Corporation Public Company Limited would like to submit (i) the pro forma consolidated financial information for the Year 2022 consisting of (a) the pro forma consolidated statements of financial position as at 31st December 2022 and 2021 (b) the pro forma consolidated statements of comprehensive income for years ended 31st December 2022 and 2021 and (c) the related notes and (ii) the management discussion and analysis of the pro forma consolidated financial information for the year 2022, details of which are in Enclosures.

Please be informed accordingly.

Respectfully yours,

- Signature -

Ms. Yupa Leewongcharoen
Co-Chief Financial Officer

Management's Discussion and Analysis

Executive Summary

2022 was a year with global headwinds and macroeconomic challenges, causing rising inflation and higher utility costs impacting businesses as well as customers, albeit improving sign was seen along with fading pandemic, slow economic recovery, and resurgent tourism sector. These externalities combined with market competition softened service revenue and EBITDA in 2022. The Company's strategic priority to uplift customers' experiences and respond to their lifestyles saw positive progression with continued solid subscriber growth and is expected to be one of the key drivers to improve future performance. Personalization and segmentation propositions will be deployed further while the Company'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 ongoing efforts on digital transformation and cost optimization reaffirm its growth potential and monetization opportunities.

Mobile revenue was Baht 123,334 million in 2022, softening on macroeconomic challenges and competition, causing ARPU contraction, amid positive momentum in the tourist segment. The market remained competitive primarily on the unlimited data plans with sign of more rationalization focusing on adding certain benefits to match preferences of each target segment. 5G growth momentum remained solid as the Company committed to provide excellent network and service experience, bundling with a wide variety of 5G devices and exclusive contents to customers. More lifestyles packages and privileges across business alliances are expected to be introduced to serve the needs and deliver better experience for customers. 5G enterprises and solutions will continue to be strengthened in diverse industries, empowering the convergence dimension for enterprises in order to expedite the digitization of Thailand. At the end of 2022, the Company's total mobile subscribers were 33.8 million under TrueMove H brand with net adds of 1.5 million, and 21.2 million under DTAC brand with net adds of 1.6 million during the year.

The Company's **broadband** acquisition remained strong, driving its total broadband subscriber base up to 4.97 million. Broadband revenue was Baht 22,248 million, softening as ARPU declined throughout the industry where discount and low-tier price plans were key attractions to gain market share especially in the newly extended service areas. The Company 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 built a solid standing point for the Company as the number 1 broadband provider and will continue to be key for its future growth.

Pay TV and entertainment revenue was Baht 6,680 million, declining amid rising trend of content viewership via digital and OTT platform. Major revenue stream came from subscription while music and entertainment revenue 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, of which 1.5 million were paying subscribers, at the end of 2022. The Company continued to aggregate popular 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.

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, Retail & 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.

With a growth of 25% YoY in active digital users reaching 8.4 million, as well as 60% YoY growth in prepaid digital users, beyond connectivity revenue grew 18% from last year. Additionally, being a preferred tourist and migrant brand, dtac registered 5 consecutive quarters of strong growth in prepaid. dtac continued to register positive traction from B2B, delivering a 13% YoY growth from B2B service revenue. The main drivers were digitization and partnerships, which led to higher solution sales to small & medium as well as large enterprises.

2022 Financial Summary

The Company reported a consolidated net loss to shareholders of the parent company of Baht 5,913.5 million in 2022, representing a change of greater than 20% YoY, which is summarized as below:

The Company reported total revenue of Baht 215,070 million, decreasing 4.0% YoY due to settlement on the 850MHz agreement, lowering its related revenue and cost with positive EBITDA impact, as well as continued macroeconomic pressure and market competition resulting in ARPU decline. These softened EBITDA to 82,655 million while cost measures remained intact with lower operating expenses, excluding depreciation and amortization, despite rising energy and utility costs as well as amalgamated related expenses.

Net loss to shareholders of the parent company was Baht 5,914 million driven by higher depreciation and amortization following continued network and service expansion as well as non-recurring expenses such as asset write down in the fourth quarter of Baht 5.5 billion, primarily driven by assets that might be redundant under the new amalgamated company, impairment of goodwill related to the pay TV business of Baht 2 billion, and DIF's annual asset appraisal impact of Baht 1 billion. Excluding these non-recurring expenses, the Company would report net profit in 2022.

Pro Forma Consolidated Statement of Comprehensive Income

(Baht in millions unless otherwise indicated)	2021	2022	% change YoY
Mobile	126,854	123,334	(2.8)
Broadband	23,211	22,248	(4.1)
Pay TV	7,352	6,680	(9.1)
Digital and others	5,684	7,566	33.1
Service revenue excl. IC	163,102	159,827	(2.0)
Interconnection revenue	2,114	1,842	(12.9)
Spectrum arrangement and other revenues	26,744	23,321	(12.8)
Product sales revenue	32,132	30,080	(6.4)
Total revenues	224,091	215,070	(4.0)
Total cost of providing services	121,445	122,337	0.7
Interconnection cost	2,235	1,985	(11.2)
Cost of providing services exclude IC	68,952	67,354	(2.3)
Depreciation and amortization	50,258	52,997	5.5
Cost of sales	34,450	31,742	(7.9)
Total Selling and administrative expenses	39,513	42,587	7.8
SG&A	31,427	32,044	2.0
Depreciation and amortization	8,086	10,543	30.4
Total operating expenses excl. depreciation and amortization	137,064	133,125	(2.9)
Share of results in subsidiaries and associates	3,672	2,426	(33.9)
Finance costs	(22,173)	(23,002)	3.7
Other income (expense)	1,881	(2,451)	NM
Income tax (expense) revenue	(976)	(1,399)	43.4
Non-controlling interests	93	109	17.3
Net profit (loss) to equity holders of the Company	11,180	(5,914)	NM

(Baht in millions unless otherwise indicated)	2021	2022	% change YoY
Net profit (loss) to equity holders of the Company	11,180	(5,914)	NM
Share of results in subsidiaries and associates	(3,672)	(2,426)	(33.9)
Finance cost	22,173	23,002	3.7
Income tax (expense) revenue	976	1,399	43.4
Depreciation and amortization	58,344	63,541	8.9
Other items	(1,252)	3,052	NM
EBITDA	87,749	82,655	(5.8)
EBITDA on service revenue excl. IC	53.8%	51.7%	
EBITDA on total revenue	39.2%	38.4%	

Remark: Spectrum arrangement and other revenues mainly comprise revenues related to the 850MHz and 2300MHz agreements with NT.

PRO FORMA CONSOLIDATED RESULTS OF OPERATIONS FOR FY2022

- **Total revenue** was Baht 215,070 million, declining 4.0% YoY driven by softened mobile revenue as well as settlement on the 850MHz HSPA agreement to reflect actual network usage which lowered its related revenue and cost with positive net impact to EBITDA.
- **Service revenue** excluding IC softened 2.0% YoY to Baht 159,827 million driven mainly by the mobile business.
 - **Mobile revenue** was Baht 123,334 million, softening 2.8% YoY on impact from ongoing macroeconomic pressure and competition which caused ARPU decline for the whole industry. Continued development of 5G and ecosystem with more affordable 5G and IoT devices as well as materialized synergy with partners in various vertical industries are keys to drive future higher growth.
 - **Broadband revenue** was Baht 22,248 million, declining 4.1% YoY as continued subscriber growth offset ARPU contraction resulting from market competition with discounts and low-tier price plans being offered in the market. The Company will place importance on adding value to customers through high-speed and high-quality services, innovative devices and content bundled to grow revenue and revenue per household along with widening upselling potential.
 - **Pay TV and entertainment revenue** was Baht 6,680 million, declining 9.1% YoY on softened subscription and installation revenue amid continued shift of consumers' behavior and lifestyle toward OTT and online platform. In response to this rising trend, the Company offered the content streaming packages leveraging strengths of TrueID+ and TrueVisions NOW for a comprehensive range of on-demand entertainment and high-quality content for all family members. These well positioned the Company to capture higher growth from OTT.
- **Spectrum arrangement and other revenues** decreased 12.8% YoY to Baht 23,321 million driven by the settlement with NT on the 850MHz agreement which resulted in the decline in both revenue and its related cost with net positive effect to EBITDA.
- **Product sales revenue** decreased 6.4% YoY to Baht 30,080 million given a high base in 4Q21 with the shop reopening after restrictions were gradually lifted.
- **Cost of sales** declined 7.9% YoY to Baht 31,742 million in 2022 aligning with the trend of product sales revenue. The Company continued to focus on quality acquisitions, optimizing inventory level and improving device margin resulting in 28.3% YoY decline of net product loss.
- **Cost of providing services** excluding IC decreased 2.3% YoY to Baht 67,354 million driven by cost restructuring efforts despite higher energy cost and network expansion as well as one-time cost relating to sports content such as World Cup.
- **SG&A expenses** increased 2.0% YoY to Baht 32,044 million given impact from the amalgamation related costs.
- **EBITDA** declined 5.8% YoY to Baht 82,655 million following lower revenue and one-time amalgamation costs. EBITDA margin on service revenue excluding IC was 51.7% and on total revenue was 38.4%.
- **Depreciation and amortization expenses** increased 8.9% YoY to Baht 63,541 million along with an expanding network footprint, particularly 5G.
- **Finance costs** increased 3.7% YoY to Baht 23,002 million mainly driven by higher borrowings to support business expansion.

- **Other income (expense)** reduced from an income of Baht 1,881 million in 2021 to an expense of Baht 2,451 million in 2022 following asset write down as a result of the potential amalgamation.
- Expenses related to network, spectrum and service expansion as well as non-recurring expenses such as write down of assets that might be redundant for the new amalgamated company, amalgamation costs, and DIF's annual asset appraisal pressured the bottom line to a loss of 5,914 million in 2022. Excluding these non-recurring expenses, the Company would report net profit in 2022.

Pro Forma Consolidated Statement of Financial Position

(Baht in million unless otherwise indicated)	31 Dec 2021	31 Dec 2022	% Change YoY
Balance Sheet			
Cash and cash equivalents	25,539	32,662	27.9%
Restricted cash at bank	44	9	-78.6%
Financial assets at fair value through profit or loss	681	497	-27.0%
Trade and other receivables	63,206	59,422	-6.0%
Lease receivable - current portion	1,241	1,269	2.3%
Short-term loans to related parties	2	2	0.0%
Other financial assets at amortised cost	1	-	NM
Inventories	2,680	2,324	-13.3%
Income tax deducted at source	10,032	8,242	-17.8%
Claimable value added tax	5,874	4,310	-26.6%
Other current assets	10,537	10,332	-1.9%
Total current assets	119,838	119,070	-0.6%
Restricted cash at bank	21	22	3.0%
Long-term loans to related parties	10	-	NM
Financial assets at fair value through profit or loss	4,868	4,905	0.8%
Financial assets at fair value through other comprehensive income	261	261	-0.1%
Lease receivable - net of current portion	4,536	3,421	-24.6%
Investment in associates and interests in joint ventures	24,722	21,929	-11.3%
Investment property	1,139	1,613	41.6%
Property, plant and equipment	209,825	223,956	6.7%
Right-of-use assets	110,823	106,018	-4.3%
Intangible assets	170,426	158,519	-7.0%
Goodwill	126,758	125,064	-1.3%
Deferred tax assets	13,873	13,921	0.3%
Other non-current assets	15,046	14,993	-0.4%
Total non-current assets	682,308	674,622	-1.1%
Total assets	802,146	793,692	-1.1%
Short-term borrowings	5,999	20,954	NM
Financial liabilities at fair value through profit or loss	41	880	NM
Financial liabilities at fair value through other comprehensive income	-	340	NM
Trade and other payables	125,641	116,582	-7.2%
Current portion of lease liabilities	14,619	17,954	22.8%
Current portion of long-term borrowings	67,338	70,831	5.2%
Income tax payable	1,308	2,543	94.4%
Other current liabilities	7,252	4,335	-40.2%
Total current liabilities	222,199	234,419	5.5%
Long-term borrowings	243,275	261,913	7.7%
Financial liabilities at fair value through profit or loss	5	108	NM
Lease liabilities	118,632	106,971	-9.8%
Liabilities under agreements and licenses for operation	77,629	64,390	-17.1%
Deferred tax liabilities	7,801	7,601	-2.6%
Employee benefits obligations	4,100	3,788	-7.6%
Provisions	7,277	6,387	-12.2%
Other non-current liabilities	9,785	9,173	-6.3%
Total non-current liabilities	468,503	460,331	-1.7%
Total liabilities	690,702	694,750	0.6%
Equity			
Issued and fully paid-up share capital	138,208	138,208	0.0%
Premium on share capital	32,926	32,926	0.0%
Premium on share capital from amalgamation	112,150	112,150	0.0%
Premium on treasury shares	-	51	NM
Retained earnings			
Appropriated - legal reserve	1,592	1,655	3.9%
Appropriated - treasury shares reserve	73	-	NM
Deficits	(171,780)	(184,279)	7.3%
Less Treasury shares	(73)	-	NM
Other components of equity	(2,108)	(2,194)	4.1%
Equity attributable to owners of the parent	110,988	98,517	-11.2%
Non-controlling interests	456	425	-6.9%
Total equity	111,444	98,942	-11.2%
Total liabilities and equity	802,146	793,692	-1.1%

PRO FORMA FINANCIAL POSITION

Assets

- **The Company's total assets** decreased 1.1% from the end of 2021 to Baht 793,692 million mainly due to lower **intangible assets (net)** which decreased 7.0% YoY to Baht 158,519 million as mobile spectrum licenses were amortized during the year.
- **Property, plant and equipment (net)** grew 6.7% YoY to Baht 223,956 million following continued network and service expansion.
- **Trade and other receivables** decreased 6.0% YoY to Baht 59,422 million following the movement of revenue.
- **Inventory** dropped 13.3% YoY to Baht 2,324 million along with continued focus on end-to-end inventory management and stock prioritization.
- **Investment in associates and interest in joint ventures** decreased 11.3% from the end of 2021 to Baht 21,929 million driven by DIF's annual asset appraisal.
- **Goodwill (net)** decreased 1.3% from the end of 2021 to Baht 125,064 million along with impairment of the pay TV business to reflect consumers' behavior shift towards digital and online viewing. As part of the amalgamation, goodwill of Baht 116,598 million was computed by using the difference between the expected consideration and results from high level of fair value assessment of assets acquired and liabilities assumed of DTAC and related deferred taxes (see more detail in note 3.3 and 5 of the proforma consolidated financial information).

Liabilities

- **The Company's total liabilities** increased 0.6% from the end of 2021 to Baht 694,750 million mainly due to higher **borrowings** (short-term and long-term borrowings) to Baht 353,698 million in order to support continued business expansion as well as spectrum license payments.
- **Trade and other payables** decreased 7.2% from the end of 2021 to Baht 116,582 million following vendor payments during the year.
- **Liabilities under agreements and licenses for operation** decreased 17.1% from the end of 2021 to Baht 64,390 million along with license payments during the year.

Shareholders' equity

- **Shareholders' equity** was Baht 98,942 million, declining 11.2% from the end of 2021 driven by dividend payments and loss during the year.

Key Financial Ratios

The Company is in compliance with and meets all of its debt obligations. Its capital structure remained at a comfortable level with the net interest bearing debt to EBITDA ratio of 5.4 and net interest bearing debt to equity ratio of 4.5 times, increasing YoY on higher debt level to support business expansion and mobile spectrum installments. The current ratio and quick ratio remained relatively stable at 0.5 and 0.4 times, respectively.

Gross profit margin was 28.4%, declining from 30.4% in prior year due to higher depreciation and amortization expenses given continued network and service expansion as well as softened revenue. These combined with non-recurring expenses such as write down of assets that might be redundant for the new amalgamated company, amalgamation costs and DIF's annual asset appraisal impact, resulted in negative net profit margin of 2.7% in 2022.

		<u>2021</u>	<u>2022</u>
Current ratio	Times	0.5	0.5
Quick ratio	Times	0.4	0.4
Net interest bearing debt to EBITDA ^{/1}	Times	4.8	5.4
Net interest bearing debt to equity ^{/1}	Times	3.8	4.5
Gross profit margin	%	30.4	28.4
Net profit margin	%	5.0	(2.7)

Remark: The above ratios were calculated based on information in the pro forma financial statement which might be changed in the future to be in accordance with future disclosure of the amalgamated company.

^{/1} Interest bearing debt includes borrowings and lease liabilities