

(Translation)

Ref.: TRUE-SEC 020/2566

27th July 2023

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

Subject: Submission of the Interim Financial Information for Q2/2023

- Enclosures:
1. Interim Financial Information for Q2/2023
(Thai / English) 1 set each
 2. Management Discussion and Analysis of the Interim Financial Information
for Q2/2023 (Thai / English) 1 set each

True Corporation Public Company Limited (the “Company”) would like to submit (i) the reviewed interim consolidated and separate financial information for Q2/2023 ending 30th June 2023 and (ii) the management discussion and analysis of the interim financial information for Q2/2023, details of which are in Enclosures.

Please be informed accordingly.

Respectfully yours,

- Signature -

Ms. Yupa Leewongcharoen
Co-Chief Financial Officer

2Q23 Management's Discussion & Analysis

TRUE CORPORATION PLC.

Disclaimer

Total Access Communication Public Company Limited and True Corporation Public Company Limited have amalgamated into a new company under the name True Corporation Public Company Limited on 1st March 2023. The financial information reflecting prior periods in this document is based on pro-forma financial statements of Total Access Communication Public Company Limited and True Corporation Public Company Limited.

Subscriber definition has been changed to align between the two companies. Mobile prepaid subscribers are re-defined as subscribers who refill to extend validity within 45 days or subscribers who are active with usage in last 90 days. Mobile postpaid subscribers are re-defined as subscribers whose payment status is not overdue more than 60 days from due date. Broadband internet subscribers are re-defined as subscribers whose payment status is not overdue more than 60 days from due date.

Executive Summary

Thailand's economy continues to recover in the second quarter of 2023 driven by ongoing return of tourists and migrants boosting economic activity. We also witnessed positive macroeconomic development from the previous quarter in terms of lower inflation rates along with reduction of energy price tariffs in May. The intensity of competition in the ICT industry remained stable in the second quarter, with the reduction of discounted offers, removal of unlimited packs on lower tariffs and improvement of value propositions for customers by providing lifestyle benefits.

True Corporation remains on track in executing its integration plan and realization of synergies, having completed four months since the amalgamation in Q223. Among quantifiable achievements within the short period since amalgamation, one of the key milestones was the completion of a thorough RFP process and the appointment of vendors to carry out network integration plans. The Company also benefitted from larger economies of scale, leading to the optimization of capital expenditure resulting in savings of approximately THB 3 billion since the amalgamation.

Customers of dtac and True have been benefitting from the rich portfolio of products and services, leading to sequential month on month growth of cross selling and improved customer loyalty, realizing revenue opportunities. At the end of Q223, more than 29 million subscribers were benefitting from the diverse spectrum portfolio, wider network footprint and improved experience while using network roaming services. Additionally, from the improved network experience and coverage, dtac subscribers experienced a 2.3x higher 5G speed, resulting in 12% higher 5G usage.

As of Q223, True Corporation is privileged to be the largest 5G provider in Thailand by population coverage of 90%, reaching 8.3 million 5G subscribers and registering a growth of 32% from the previous quarter. 5G ARPU continues to witness an uplift of 10-15%, mainly driven by device bundling and enhanced network experience.

dtac and True brands continue to be the leading operator of choice for tourist and migrant segments as a result of personalized and tailored content encompassing localized entertainment and social media propositions along with attractive bundling offers. Transactions under the privilege/loyalty programs increased by 17% QoQ mainly driven by the Better Together campaign, which also resulted in 9% higher retention of high-tier customers QoQ. As of Q223, the active digital user base of True Corporation reached approximately 14 million.

True Digital Group continues to expand product offerings and deliver growth from digital media, advertising and health, IoT solutions, cyber security and data analytics, among others. To uplift digital lifestyle and improve quality of life, True Digital Group continues to expand the reach of these products in both online and offline channels, allowing the wider population to access the encompassing advancement of Smart Living products, while continuing to enhance the efficiency and sustainability of the business in various industries including agriculture, real estate, retail & restaurant, and logistics & industrial.

True Digital Group continues to develop and leverage the power of AI via the DataVisor Management platform through integration with solutions. The aim is to uplift business decisions to become more precise and efficient, as well as accelerate businesses for future business expansion. True Digital Group and China Mobile International announced a strategic partnership to establish a global IoT M2M platform (M2M) through the implementation of True's 5G network, enabling seamless connectivity between sensors, intelligent devices and machines, or Machine-to-Machine (M2M) communication.

In Q223, Non-core service revenue increased by 20% from last quarter. True Digital Group registered a 27% YoY growth in Digital monthly active users, reaching 36.4 million at the end of Q223.

Operational Summary

At the end of Q223, **mobile subscribers** increased by 0.7 million to 51.1 million, registering a growth of 1.3% from Q123. Prepaid subscribers increased by 0.7 million to 35.4 million, growing 1.9% QoQ mainly driven by tourists and migrants, while postpaid subscribers remained flat QoQ at 15.7 million. Prepaid ARPU marginally increased 0.5% to THB 104 per month while postpaid ARPU marginally improved by 0.4% to THB 416 per month. Blended ARPU remained flat QoQ at THB 201 per month. **5G subscribers** reached 8.3 million registering a growth of 32% QoQ with improved usage and visible ARPU uplift of 10-15%.

Online subscribers remained stable at 3.8 million as we focused on quality subscriber acquisition by removing discounts, while ARPU increased 2.5% to THB 475 per month. **PayTV subscribers** remained steady QoQ at 1.4 million, along with flat QoQ ARPU of THB 280 per month. **Digital monthly active users (MAU)** reached 36.4 million, increasing by 27% YoY.

Operating statistics

Mobile			
Customers ('000 subs)	4Q22	1Q23	2Q23
Total	49,784	50,461	51,120
Pre-paid	34,019	34,717	35,385
Post-paid	15,765	15,744	15,735
ARPU (Baht/sub/month)	4Q22	1Q23	2Q23
Blended	206	201	201
Pre-paid	108	103	104
Post-paid	416	415	416
Online			
Customers ('000 subs)	4Q22	1Q23	2Q23
	3,822	3,835	3,827
ARPU (Baht/sub/month)	470	463	475
Pay TV			
Customers ('000 subs)	4Q22	1Q23	2Q23
	1,486	1,447	1,415
ARPU (Baht/sub/month)	271	279	280

Consolidated Results on Pro Forma basis

For the second quarter of 2023, True Corporation's consolidated service revenue was reported at THB 39,431 million, increasing 1.1% QoQ driven by higher contribution from the mobile and online segments.

True Corporation's **mobile service revenue** was reported at THB 31,269 million, increasing 0.8% QoQ driven by market rationalization leading to improving ARPU and ongoing subscriber growth QoQ. Prepaid subscriber acquisition remained strong driven by ongoing return of tourists and migrants, reaching 35.4 million while postpaid subscribers remained flat at 15.7 million. Overall mobile subscribers grew by 1.3% QoQ, reaching 51.1 million at the end of the second quarter.

Online service revenue amounted to THB 5,935 million, increasing 3.2% QoQ from ARPU uplift of 2.5% compared to the previous quarter. Online service revenue was benefitted by focusing on quality subscriber acquisition through the removal of discounts and utilizing cross-selling opportunities arising from the amalgamation.

PayTV service revenue amounted to THB 1,569 million, declining 5.7% QoQ due to lower subscription and installation revenue, contributing to 76% of overall PayTV service revenue. Due to lower events in the quarter, music and entertainment revenue also declined in the second quarter. Subscribers and ARPU remained flat QoQ.

Interconnection revenue amounted to THB 382 million, declining 75.4% QoQ. Interconnection revenue in Q123 was higher due to a one-time benefit from favorable settlement of a litigation.

Product sales revenue amounted to THB 4,107 million, declining 28.5% QoQ mainly due to lower sales driven from seasonality.

Total operating expenses excluding depreciation and amortization amounted to THB 26,793 million, declining 16.7% from the previous quarter driven by ongoing efficiency measures and realization of quick-win synergies. **Interconnection costs** amounted to THB -1,075 million in Q223, benefited by reversal of a provision pursuant to settlement of a litigation.

Network costs amounted to THB 4,165 million, decreasing 8.4% QoQ due to reduction in energy price tariff and ongoing efficiency initiatives. **Other cost of providing services** declined 3.1% QoQ due to one-time negative impact in Q123. **Cost of sales** declined 24.4% QoQ due to lower product sales from seasonality in Q223. **Selling and administrative expenses** decreased 21.3% QoQ, driven by optimization in marketing spends, lower bad debts from improved collection and lower amalgamation related costs.

Reported **EBITDA** for Q223 amounted to THB 22,320 million, improving 14.7% QoQ as a combination of higher service revenue and lower operating expenses from efficiency initiatives. EBITDA was benefitted by net positive impact from settlement of a litigation. Normalized for one-time effects, EBITDA improved by 1.6 billion grew by 8.2% QoQ. EBITDA to Total Revenue remained healthy at 45.4% for Q223.

Depreciation and amortization amounted to THB 17,837 million, increasing 10.3% QoQ due to ongoing network rollout focused on improving customers' experience and service quality.

The Company reported a **Net Loss After Tax** amounting to THB -2,320 million, impacted by reversal of deferred tax assets on carry forward losses of DTN due to potential business restructuring within the group, higher depreciation and amortization expenses from higher rollout, alignment of asset useful life and integration costs of ~THB 250 million.

Normalized and Consolidated Statements of Income (Loss) on Pro Forma Basis

(Baht in millions unless otherwise indicated)	2Q22	1Q23	2Q23	% Change	
				Q-o-Q	Y-o-Y
Mobile	31,908	31,019	31,269	0.8	(2.0)
Online	5,894	5,752	5,935	3.2	0.7
Pay TV	1,646	1,665	1,569	(5.7)	(4.7)
Others	459	549	657	19.7	43.0
Service revenue excl. IC	39,908	38,985	39,431	1.1	(1.2)
Interconnection revenue	466	1,549	382	(75.4)	(18.2)
Spectrum arrangement (Network equipment rental)	6,833	5,188	5,193	0.1	(24.0)
Revenues from product sales	6,665	5,740	4,107	(28.5)	(38.4)
Total revenues	53,873	51,463	49,113	(4.6)	(8.8)
Regulatory costs	31	1,070	1,059	(1.0)	NM
Interconnection costs	504	392	(1,075)	NM	NM
Network costs	3,024	4,546	4,165	(8.4)	37.7
Others cost of providing services	13,411	12,248	11,873	(3.1)	(11.5)
Cost of sales	7,096	6,000	4,537	(24.4)	(36.1)
Selling and administrative expenses	8,226	7,917	6,234	(21.3)	(24.2)
Total operating expenses excl. depreciation and amortization	32,292	32,174	26,793	(16.7)	(17.0)
Depreciation and amortization	(15,856)	(16,169)	(17,837)	(10.3)	(12.5)
Operating profit	5,725	3,120	4,483	43.7	(21.7)
Share of results in subsidiaries and associates	1,138	716	687	(4.0)	(39.6)
Financial cost	(5,469)	(5,427)	(5,857)	(7.9)	(7.1)
Income tax (expense) revenue	(356)	(264)	(1,986)	(653.4)	(457.3)
Gain (Loss) on foreign exchange	76	464	545	17.3	618.3
Other income (expense)	1,425	901	(232)	NM	NM
Non-controlling interests	16	(3)	40	NM	146.9
Net profit (loss) to equity holders of the Company	2,556	(492)	(2,320)	(371.1)	NM

(Baht in millions unless otherwise indicated)	2Q22	1Q23	2Q23	% Change	
				Q-o-Q	Y-o-Y
EBITDA (Baht in millions unless otherwise indicated)					
Net profit (loss) to equity holders of the Company	2,556	(492)	(2,320)	(371.1)	NM
Share of results in subsidiaries and associates	(1,138)	(716)	(687)	4.0	39.6
Financial cost	5,469	5,427	5,857	7.9	7.1
Income tax (expense) revenue	356	264	1,986	653.4	457.3
Depreciation and amortization	15,856	16,169	17,837	10.3	12.5
Other items	(849)	(1,199)	(353)	70.6	58.5
EBITDA	22,249	19,452	22,320	14.7	0.3
EBITDA on service revenue excl. IC	55.8%	49.9%	56.6%		
EBITDA on total revenue	41.3%	37.8%	45.4%		

Balance Sheet and Key Financial Information on Pro Forma basis

At the end of Q223, True Corporation's **total assets** amounted to THB 764,765 million, decreasing by 3.6% from THB 793,692 million at the end of Q422 mainly due to license payment of 900 MHz and 700 MHz.

Cash and cash equivalent amounted to THB 19,849 million, decreasing from THB 32,662 million at the end of Q422.

Property, plant and equipment (net) increased by 2.0% to THB 228,528 million and **RoU assets** increased by 3.8% to THB 110,051 million due to capitalization of assets.

Trade account receivables (net) decreased by 13.1% to THB 51,640 million due to improved collection.

Interest-bearing debt including lease liabilities amounted to THB 481,932 million at the end of Q223, decreasing by 1.6% from Q123.

Net debt to EBITDA (including lease liabilities) remained stable at 5.7x. **Capital Expenditure (CAPEX)** in Q223 amounted to THB 3,435 million benefitted by amalgamation related optimization.

Operating cash flow (defined by EBITDA minus CAPEX) amounted to THB 18,885 million for the quarter.

(Baht in millions unless otherwise indicated)	31 Dec 22	30 Jun 23	% change
Cash and cash equivalents	32,662	19,849	(39.2)
Trade and other receivables	59,422	51,640	(13.1)
Other current assets	26,986	25,842	(4.2)
Total current assets	119,070	97,331	(18.3)
Property, plant and equipment	223,956	228,528	2.0
Goodwill	125,064	126,329	1.0
Intangible assets	158,519	150,458	(5.1)
Deferred income tax assets	13,921	11,237	(19.3)
Right-of-use assets	106,018	110,051	3.8
Other non-current assets	47,144	40,830	(13.4)
Total non-current assets	674,622	667,434	(1.1)
Total assets	793,692	764,765	(3.6)
Short-term borrowings	20,954	26,593	26.9
Trade and other payables	116,582	103,614	(11.1)
Current portion of long-term borrowings	17,954	98,450	NM
Current portion of lease liabilities	70,831	18,476	(73.9)
Other current liabilities	8,098	3,835	(52.6)
Total current liabilities	234,419	250,968	7.1
Long-term borrowings	261,913	236,774	(9.6)
Deferred tax liabilities	7,601	5,234	(31.1)
Liabilities under agreements and licenses for operations	64,390	51,495	(20.0)
Employee benefit obligations	3,788	3,307	(12.7)
Lease liabilities	106,971	101,639	(5.0)
Other non-current liabilities	15,668	15,432	(1.5)
Total non-current liabilities	460,331	413,881	(10.1)
Total liabilities	694,750	664,849	(4.3)
Issued and fully paid-up share capital	138,208	138,208	0.0
Premium on share capital	32,926	145,076	340.6
Premium on treasury shares	51	51	0.0
Retained earnings			
Appropriated - legal reserve	1,655	1,655	0.0
Appropriated - treasury shares reserve	-	-	NM
Retained earnings (deficits)	(184,279)	(183,250)	0.6
Less Treasury shares	-	-	NM
Other components of equity	(2,194)	(2,212)	-0.8
Equity attributable to owners of the parent	98,517	99,527	1.0
Non-controlling interests	425	388	-8.6
Total equity	98,942	99,915	1.0
Total liabilities and equity	793,692	764,765	(3.6)

(Baht in millions unless otherwise indicated)	30 Jun 22	30 Jun 23	% change
Cash flows from operating activities before interest and tax	36,711	41,159	12.1
Net interest and tax paid	(8,553)	(8,542)	0.1
Cash flows from operating activities (net)	28,158	32,618	15.8
Cash flows (used in) from investing activities	(32,833)	(40,500)	(23.4)
Cash flows (used in) from financing activities	3,877	(4,935)	NM
Net (decrease) increase in cash and cash equivalents	(797)	(12,818)	NM
Beginning cash balance and effects of exchange rate changes	25,538	32,667	27.9
Ending cash balance	24,741	19,849	(19.8)

Outlook 2023

True Corporation Plc. has revised its guidance for 2023, which accounts for the 10 months of operations from the date of the amalgamation:

- Service revenue excluding IC: flat
- EBITDA (revised): low to mid single digit growth
- Capital Expenditure: THB 25 – 30 Billion

The following is provided in order to facilitate an estimate on the 10-month guidance. March 2022 numbers are based on proforma financial statements.

<i>Figures in THB Bn</i>	March 2022	March 2023
Service Revenue excluding IC	13.4	13.2
EBITDA	7.2	7.0

Dividend Policy

The dividend payment policy of the Company is to pay no less than 50% of its net profits based on the separate financial statements of the Company (after deduction of legal reserve), depending on its financial position and future business plans. For the dividend policy of subsidiary companies, Board of Directors considers the dividend payment from the balance of cash flows taking into account the capital expenditure requirements. Subject to the availability of cash flows and a legal reserves, the Board of Directors shall consider the payment of dividends on a case-by-case basis.