

Executive Summary

In the year 2023, the expansion of the Thai economy was at a slower pace than the previous year. This is primarily due to the contraction in industrial production resulting from the slowdown of major trading partner economies. Tight monetary policies implemented by major economic blocs, geopolitical risks, and increasing prices of consumer goods are also contributing factors. However, the domestic service sector and consumption continue to improve and grow steadily, driven by both domestic and international tourists. The continuous recovery of the tourism sector remains a significant driver of the economy, with clear improvements seen in the number of international tourists. However, the main influx of tourists from China is recovering more slowly than anticipated.

The mobile industry in Thailand saw a significant market change from the merger of operators, resulting in the existence of two major private operators and one state enterprise operator. AIS' strategic focus on delivering quality products and services, along with offerings tailored to customer needs, resulted in a 1.2% increase in mobile service revenue, surpassing the industry's growth. At the end of 2023, AIS had 44.6 million mobile users. Moreover, a significant milestone for AIS in the fixed broadband service was the acquisition of Triple T Broadband Public Company Limited ("TTTBB") and the investment in the investment units in Jasmine Broadband Internet Infrastructure Fund ("JASIF"), positioning AIS as a leader in the fixed broadband industry in Thailand, with 4.7 million household subscribers supported by a broadband fiber network that spans over 13 million households. AIS has announced a dividend payment for 2023 operating results of 8.61 baht per share.

Intouch continues to look for investment opportunities in new businesses to diversify its investments and generate sustainable returns to shareholders in the future.

Significant Events

- On 15 November 2023, Advanced Wireless Network Co., Ltd. ("AWN") completed the acquisition of TTTBB's capital shares, thus establishing TTTBB as a subsidiary of AWN. Furthermore, AIS made a 19% investment in JASIF during the same period.
- On 25 January 2024, the Supreme Administrative Court (the "SAC") ruled to uphold the Central Administrative Court's dismissal of the PMO's petition. The dispute has, therefore, reached its finality. As a result, ITV is discharged of any debts, duties, or contractual obligations under the Operating Agreement and bears no liability towards the PMO. ITV reversed the entire amount of its liabilities, approximately Baht 2,890 million, under the "provision for unpaid operating agreement fee and interest" from the statement of financial position as of 31 December 2023 and recognised as the "reversal of provision for unpaid operating agreement fee and interest" in the statement of profit or loss for the year ended 31 December 2023. INTOUCH Group recognized the share of this reversal at 1,530 million baht in the consolidated statement of profit or loss (the detail has been disclosed in INTOUCH's notes to the financial statements for the year ended 31 December 2023).

Overview of Consolidated Operational Results

Share of profit (loss) by business segment (in million baht)	For the year ended 31 December				
	2023		2022		%YoY
Continuing operations					
The Company	(127)	-1%	(130)	-1%	-2%
AIS	11,762	90%	10,519	100%	12%
Other Businesses	1,504	11%	2	0%	75,100%
Net Profit from continuing operations	13,139	100%	10,391	99%	26%
Discontinued operations					
THAICOM (Satellite & International Businesses)	-	0%	142	1%	-100%
Net Profit	13,139	100%	10,533	100%	25%
Normalized Net Profit ¹⁾	11,261	86%	10,466	99%	8%

1) Excluding the net gain/loss from extra items:- the reversal of provision for unpaid operating agreement fee and interest, fair value measurement, sale of investment and foreign exchange.

Operational results of INTOUCH Group for 2023 showed a net profit of 13,139 million baht, mainly due to a higher contribution from ITV, integrated into other businesses. This was because of the reversal of the provision for unpaid operating agreement fees and interest after the SAC's judgement. Together, the contribution from AIS increased from a rise in service revenue and tight marketing expense control with a gain from the sale of investment in Rabbit LINE Pay. Also, AIS had foreign exchange gains, while losses occurred in the last year. In 2023, INTOUCH Group had no operational results contribution from THAICOM after INTOUCH disposed of all stakes in the company at the end of 2022.

Operational results of INTOUCH for 2023 had a share of the net results of 12,436 million baht, which increased YoY, mainly due to the contribution from ITV and AIS. Operational expenses in 2023 remained steady at 176 million baht compared to those in 2022.

Dividend payout INTOUCH has a dividend policy based on separate financial statements. These are mainly 100% dividends passed through from associates and subsidiaries after the deduction of operating expenses, assuming there are no extraordinary circumstances or items of concern in which a dividend payment would have a material impact on the Company's operations.

The Board of Directors meeting on 7 February 2024 passed a resolution to pay a dividend of 3.17 baht per share from 2023 operating results, which was paid at 1.47 baht per share as an interim. Thus, the remaining is 1.70 baht per share.

This dividend is subject to the resolution of INTOUCH's Annual General Meeting of Shareholders for 2024.

Possible key and influential factors affecting the Company's future operations or financial position

INTOUCH conducts its business as a holding company with investments in other companies. Therefore, these companies' financial position or operational results could have a material impact on INTOUCH.

The performance of this investment has been disclosed in the Management Discussion & Analysis sections of Form 56-1 One Report for the year 2023 (Annual Report) submitted by AIS (ADVANC).

Key Operational Results

Company business

The Company (in million baht)	For the year ended 31 December		
	2023	2022	%YoY
Expenses	(148)	(173)	-14%
Others ¹⁾	21	43	-51%
Net Loss	(127)	(130)	-2%

1) Excluding the net gain/loss from fair value measurement of investments in venture capital project which were presented as a part of operational result in Other Businesses.

INTOUCH's net loss in 2023 dropped slightly from 2022 due to the absence of losses stemming from investments in private funds, office relocation expenses, and gains from sales of investments in venture capital project, all of which impacted the previous year's financials.

AIS businesses

Local wireless telecommunications (in million baht)	For the year ended 31 December		
	2023	2022	%YoY
Share of net result from investment in AIS Group using equity method	11,762	10,519	12%
Normalized share of net result *	11,386	10,531	8%

* Excluding the share of net foreign exchange gain/loss and gain on sale of investment.

The share of the net results from AIS Group increased compared to last year, primarily attributed to revenue expansion in services and continuous endeavors to manage marketing expenditure. This improvement also included gains from the foreign exchange rate and the sale of investment in Rabbit LINE Pay.

Sales and service revenue increased, driven mainly from: -

- The increase in revenue from the fixed-broadband services business attributed to the inclusion of TTTBB's income since mid-November 2023, along with consistent growth levels. This expansion resulted from successfully gaining new subscribers in a broader footprint, coupled with the promotion of higher-value packages, resulting in higher ARPU. The growth was also supported by effective cross-sell and up-sell strategies implemented with the existing customer base. Excluding TTTBB, the organic revenue of broadband maintained positive growth compared to the previous year.
- The rise in mobile business revenue due to the delivery of superior quality and experiences, along with the provision of value-added services. In addition, roaming revenue has rebounded, driven by overall economic recovery, heightened consumer spending and domestic & international tourism. Efforts to enhance 5G adoption further contribute to boosting ARPU.
- The growth of revenue from enterprise non-mobile and others was from the robust performance of Enterprise Data Services ("EDS") and Cloud services, reflecting the ongoing trend of digitalization. This growth also included the consolidation of TTTBB revenue for enterprise customers. Excluding TTTBB, the revenue of enterprise business and others was higher compared to the previous year.
- Sales of SIM & devices declined compared to the previous year. The drop was primarily due to reduced sales volume, particularly during the mid-year period when no new flagship phones were introduced, as well as a decrease in bundled packages featuring subsidized handset sales. Furthermore, the government tax campaign launched in early 2024 postponed significant customer expenditures until the last quarter of the year.

Sales and service costs decreased slightly from the previous year, mainly due to reduced costs of SIM and device sales in line with revenue. However, the increase in service costs was primarily from the inclusion of TTTBB's costs and heightened expenses related to IDD and network operations, including those associated with electricity and NT's partnership. Excluding TTTBB, service costs experienced a slight increase compared to the previous year.

Distribution costs & administrative expenses of 2023 increased slightly from 2022 despite the consolidation of TTTBB's SG&A. However, this was offset by the effective cost management in marketing expenses. Excluding TTTBB's SG&A, these expenses showed a slight decrease compared to the preceding year.

Summary of Financial Position

Key financial position data

Consolidated Financial Position	As at 31 December 2023		As at 31 December 2022		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	2,524	6%	5,562	13%	(3,038)	-55%
Other current financial assets	19	0%	1,383	3%	(1,364)	-99%
Other current assets	11	0%	36	0%	(25)	-69%
Investment in an associate	37,343	92%	35,366	82%	1,977	6%
Investment in venture capital	574	1%	640	1%	(66)	-10%
Property and equipment	13	0%	18	0%	(5)	-28%
Right-of-use asset	24	0%	29	0%	(5)	-17%
Deferred tax assets	-	0%	1	0%	(1)	-100%
Other non-current assets	3	0%	6	0%	(3)	-50%
Total Assets	40,511	100%	43,041	100%	(2,530)	-6%
Liabilities and Equity						
Dividends payable	-	0%	4,489	10%	(4,489)	-100%
Current portion of long-term lease liabilities	5	0%	5	0%	-	0%
Provision for unpaid operating fees and interest	-	0%	2,890	7%	(2,890)	-100%
Other current liabilities	35	0%	40	0%	(5)	-13%
Long-term lease liability	20	0%	25	0%	(5)	-20%
Other non-current liabilities	37	0%	39	0%	(2)	-5%
Total Liabilities	97	0%	7,488	17%	(7,391)	-99%
Total Equity	40,414	100%	35,553	83%	4,861	14%
Total Liabilities and Equity	40,511	100%	43,041	100%	(2,530)	-6%

* Some items have been reclassified for comparative and analytical purposes.

Total consolidated assets dropped 6% from the end of 2022, primarily attributed to a reduction in cash and cash equivalents following the distribution of the Year-End 2022 dividend, which was disbursed to shareholders in January 2023. However, this was partially offset by the increased value of the investment in an associate, driven by the operational performance of AIS in 2023. The decrease in other financial assets resulted from divestments in private funds, with the proceeds being deposited into a three-month fixed account, as reflected in the cash and cash equivalents.

Total consolidated liabilities decreased from the end of 2022 can be attributed primarily to the disbursement of the dividend in January 2023 and the adjustment made by ITV to the provision for unpaid operating fees and interest, as previously discussed.

Total consolidated equity surged 14% from the end of 2022. Nonetheless, excluding the adjustment for liability provision, equity would have risen by 6% due to operational gains in 2023. However, this increase was offset by dividend payments.

Liquidity and cash flow: At the end of 2023, the current ratio stood at 63.9, which increased from 0.9 at the end of 2022. This incline was mainly from the reduction in current liabilities after ITV's adjustment on the provision for unpaid fees and interest, as previously noted. Excluding this adjustment, the current ratio would have remained stable compared to 2022. INTOUCH Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and secure short-term credit facilities from various banks as a financial backup.

The consolidated cash of 2023 decreased by 3,038 million baht from the end of 2022. This drop was primarily driven by the dividend payment to shareholders in January 2023. However, it was partially offset by the cash generated from the sale of debt securities, which was then deposited into three-month fixed accounts.

The profitability ratio and return on equity: 2023 INTOUCH Group reported a net profit margin of 111.4% and a return on equity of 34.5%, both showing improvement compared to the previous year. The notable increase can be attributed primarily to adjusting the provision on liabilities related to ITV, as discussed earlier. Excluding this adjustment, the group's net profit margin remained comparable to that of 2022. The rise in return on equity can be attributed mainly to the growth in shareholders' equity following an increase in retained earnings.

Debt-to-equity ratio: At the end of 2023, the group had a debt-to-equity ratio of 0.002 times, which decreased from 0.2 times in 2022 due to lower current liabilities. INTOUCH Group can repay short- and long-term loans without violating the conditions of its loan agreements concerning maintaining stipulated financial ratios.

The group's commitments, including those off the balance sheet, have been disclosed in the notes to the financial statements, namely *Commitments, Bank Guarantees, Significant Events, and Disputes & Litigation*.

The External Auditor's Report

The external auditor's report contained the following conclusion:

"In our opinion, the consolidated and separate financial statements of INTOUCH for the year 2023 have been presented fairly in all material respects and accordance with Thai Financial Reporting Standards."

Additional Financial Data and Key Ratios

Separated Financial Position	As at 31 December 2023		As at 31 December 2022		Change	
	million baht	%	million baht	%	million baht	%
Assets						
Cash & cash equivalents	1,246	3%	5,524	13%	(4,278)	-77%
Other current financial assets	6	0%	157	0%	(151)	-96%
Investment in subsidiaries and associate	38,041	95%	35,391	85%	2,650	7%
Investments in venture capital	574	1%	640	2%	(66)	-10%
Other assets	40	0%	57	0%	(17)	-30%
Total Assets	39,907	100%	41,769	100%	(1,862)	-4%
Liabilities and Equity						
Dividend payable	-	0%	4,489	11%	(4,489)	-100%
Other liabilities	91	0%	102	0%	(11)	-11%
Total Equity	39,816	100%	37,178	89%	2,638	7%
Total Liabilities and Equity	39,907	100%	41,769	100%	(1,862)	-4%

* Some items have been reclassified for comparative and analytical purposes.

Separate Statements of Profit or Loss (in million baht)	For the year ended 31 December		
	2023	2022	%YoY
Share of net results from investments in:-			
Subsidiaries	674	(3)	22,567%
Associate	11,762	10,519	12%
Other income	24	45	-47%
Total revenue	12,460	10,561	18%
Administrative & other expenses	(138)	(134)	3%
Director and management benefits	(38)	(39)	-3%
Total expenses	(176)	(173)	2%
Profit before finance costs	12,284	10,388	18%
Finance costs	(3)	(2)	50%
Profit from discontinued operations	-	142	-100%
Net Profit	12,281	10,528	17%

Consolidated Statements of Profit or Loss (in million baht)	For the year ended 31 December		
	2023	2022	%YoY
Sales and service revenue	-	12	-100%
Share of profit of investments in an associate	11,762	10,519	12%
Other income	32	49	-35%
Total revenue	11,794	10,580	11%
Sales and service costs	-	(12)	-100%
Reversal of provision for unpaid operating agreement fees and interest	2,890	-	100%
Administrative expenses	(142)	(130)	9%
Director and management benefit expenses	(38)	(39)	-3%
Total expenses	2,710	(181)	1,597%
Profit before finance costs & income tax expense	14,504	10,399	39%
Finance costs	(3)	(2)	50%
Profit before income tax expense	14,501	10,397	39%
Income tax expense	(1)	(2)	-50%
Profit for the year - continuing operations	14,500	10,395	39%
Profit from discontinued operations - net	-	167	-100%
Net profit	14,500	10,562	37%

Consolidated source and use of Cash Flows		For the year ended 31 December 2023		million baht
Source of funds		Use of funds		
Receive of dividend	9,910	Payment of dividend	14,205	
Decrease in other current financial assets	1,369	Operating cash flows	87	
Disposal of fixed assets and others	2	Repayment of loan and lease liabilities	6	
		Net investment in venture capital	20	
		Purchase of fixed assets	1	
Decrease in cash	3,038			
Total	14,319		14,319	



Material financial ratios (based on consolidated financial statements)	For the year ended 31 December		
	2023	2022	Change
Net profit margin (%)	111.4	99.6	11.8
Current ratio (times)	63.9	0.9	62.9
Return on equity attributed to owners of the parent (%)	34.5	27.4	7.2
Return on assets (%)	31.4	21.7	9.7
Debt to equity attributed to owners of the parent (times)	0.002	0.2	(0.2)
Interest bearing debt to equity attributed to owners of the parent (times)	0.001	0.001	(0.0)
Basic earnings per share (baht)	4.10	3.28	0.82
Book value per share (baht)	12.42	11.33	1.09

Disclaimer

Some statements in this material are forward-looking statements with relevant assumptions, subject to various risks and uncertainties. These include statements concerning our corporate plans, strategies and beliefs, and other statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "anticipate", "intend", "estimate", "continue", "plan", or other similar words.

The statements are based on our management's assumptions and beliefs in light of the information currently available to us. These assumptions involve risks and uncertainties that may cause the actual results, performance, or achievements to materially differ from any future results, performance, or achievements expressed or implied by such forward-looking statements. Please note that the Company and its executives/staff do not control and cannot guarantee these statements' relevance, timeliness, or accuracy.