

Total Access Communication Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of Total Access Communication Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Total Access Communication Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Total Access Communication Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Total Access Communication Public Company Limited and its subsidiaries and of Total Access Communication Public Company Limited as at 31 December 2022, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

I draw attention to Note 37 and 38 to the consolidated financial statements discussing the uncertainties in respect of the Group's significant litigations and commercial disputes that are under formal arbitration or court proceedings and whose outcomes are dependent on negotiation, or the outcome of judicial process and cannot be determined at present and Note 2 to the consolidated financial statements discussing the significant event in relation to the amalgamation between the Company and True Corporation Public Company Limited ("True") and related matters. My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Contingent liabilities arising from significant litigation and commercial disputes

As discussed in emphasis of matters regarding significant litigation and commercial disputes, and as described in Note 37 and 38 to the consolidated financial statements, the Group involved in legal cases and commercial disputes.

Currently, the commercial disputes are in legal processes, and litigation is the subject of court proceedings, which mean that their outcomes cannot be determined and depend on the results of future legal and judicial proceedings. In addition, the timing and amount of any impact is uncertain. The management needs to exercise significant judgement and take into account related laws and regulations to assess the outcomes of the litigation and commercial disputes in order to determine the corresponding liabilities. Due to the inherent uncertainty and complexity of these cases, this is a key audit matter.

I inquired with the management about the procedures relevant to the collation, monitoring and assessment of pending significant legal cases and commercial disputes, and assessed the judgement exercised by the management in evaluating the legal cases and commercial disputes. The audit procedures included, among others, the following:

- a) I enquired with the management and obtained related information from them in relation to these significant legal cases and commercial disputes.
- b) I reviewed the letters of confirmation relevant to the significant legal cases and commercial disputes received from the external legal counsels who have been retained by the Group, and evaluated their responses. I also discussed the matters with the internal legal counsels and enquired with management with respect to details and the progress of these cases and disputes, and the methods applied by the management in assessing and estimating the liabilities arising from these legal cases and commercial disputes. I have also reviewed the legal opinions provided by the external legal counsels of the Group that were used to support management's evaluations.
- c) I assessed the disclosure of information relating to significant legal cases and commercial disputes in the notes to the consolidated financial statements.

Impairment evaluation of equipment, including right-of-use assets - cost of spectrum licenses and other related right-of-use assets, for mobile telecommunication services operation

As discussed in Note 14 to the consolidated financial statements, in evaluating impairment for the equipment, including right-of-use assets - cost of spectrum licenses and other related right-of-use assets, for mobile telecommunication services operation of the Group, the management had to exercise judgement with respect to its projections of future operating performance, plans for management and use of those assets, future maintenance and investment, and determination of an appropriate discount rate and key assumptions. There is considerable uncertainty related to projections of future cash flows for the impairment loss assessment on that assets.

In order to assess the management's evaluation of impairment on equipment, including right-of-use assets - cost of spectrum licenses and other related right-of-use assets, for mobile telecommunication services operation, I evaluated the management's identification of the cash generating units and the selection of a financial model, by gaining an understanding of management's decision-making process and ascertaining whether it is consistent with how assets are expected to be utilised including to gain an understanding and assess the following:

- a) The assumptions applied in preparing cash flow projections for the Group, based on the understanding I gained of the process by which the estimated future cashflows were determined; comparison of the assumptions with external and internal sources of information where available, and management's approved forecasts and business plan, taking into account the accuracy of past cash flow projections in comparison to actual operating results.
- b) The discount rate, based on comparison of the average cost of capital of the Group to that of comparable organisations in the industry.
- c) The assumptions and approaches used by management in calculating the recoverable amount of assets.

In addition, I assessed the information disclosed by the Group's management with respect to impairment evaluation of equipment, including right-of-use assets - cost of spectrum licenses and other related right-of-use assets, for mobile telecommunication services operation.

Revenue recognition from provision of mobile telecommunication services

As described in Note 5.1 to the consolidated financial statements, accounting policies of revenue recognition, the Group have variety of mobile telephone service tariff structures, charging conditions offered in response to subscriber needs and the significant number of service transactions. In addition, there is more intense competition in the mobile telecommunication industry. I have therefore determined as a key audit matter by focusing on the amount and timing of the recognition of revenue from the provision of mobile telecommunication services.

The audit procedures included, among others, an assessment of the Group's accounting policies, an assessment of the effectiveness of the Group's general controls over their IT systems and their internal controls with respect to the processing and timing of recognition for mobile telecommunication service charge. On a sampling basis, I examined supporting documents for actual revenue transactions occurring during the year and near the end of accounting period. I also performed analytical review procedures on disaggregated revenue data and examined the related accounting entries made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 31 January 2023

Total Access Communication Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	5,651,898,779	3,575,487,800	1,270,533,640	1,255,455,218
Trade and other receivables	8	10,341,833,283	10,250,016,476	9,927,224,757	3,805,849,476
Lease receivable - current portion	23.3	1,269,380,793	1,240,814,684	-	-
Inventories	10	1,117,792,773	1,306,760,912	1,752,417	6,665,372
Other current financial assets	33.3	6,238,934	55,424,357	-	-
Other current assets	11	2,454,391,700	3,298,666,518	234,294,990	221,384,541
Total current assets		20,841,536,262	19,727,170,747	11,433,805,804	5,289,354,607
Non-current assets					
Restricted bank deposits	36.3	139,527	139,527	-	-
Lease receivable - net of current portion	23.3	3,421,182,249	4,536,296,781	-	-
Loans to subsidiary	9.2	-	-	15,000,000,000	16,500,000,000
Other non-current financial assets	33.3	127,528,061	754,407,252	1,800,000	1,800,000
Investment in associated company	12	221,646,743	228,054,381	50,000,000	50,000,000
Investments in subsidiaries	13	-	-	1,445,999,930	1,445,999,930
Property, plant and equipment	14	52,734,579,360	53,771,677,953	1,530,801,774	1,600,873,789
Deposits and prepayment for purchase and installation of equipment		41,975,419	177,605,938	-	-
Right-of-use assets - cost of spectrum licenses	15	51,983,468,043	57,036,179,188	-	-
Right-of-use assets	23.1	13,230,589,088	17,419,475,934	401,775,887	738,585,565
Other intangible assets	16	2,135,931,876	2,060,846,622	27,689,881	99,731,853
Deferred tax assets	28	3,799,047,174	4,394,797,516	891,076,983	2,132,695,180
Other non-current assets	17	3,997,695,054	4,208,002,305	881,631,609	1,762,991,143
Total non-current assets		131,693,782,594	144,587,483,397	20,230,776,064	24,332,677,460
Total assets		152,535,318,856	164,314,654,144	31,664,581,868	29,622,032,067

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	18	21,818,508,201	25,965,560,723	11,950,649,076	9,932,732,918
Short-term loans	19	3,000,000,000	-	-	-
Long-term loans - current portion	20	-	4,995,043,836	-	-
Debentures - current portion	21	5,955,220,340	3,030,259,255	-	-
Unearned revenue from telephone service		2,259,166,743	2,115,344,454	334,111,285	409,218,361
Income tax payable		123,595	104,826	-	-
Accrued cost of spectrum licenses - current portion		5,014,073,493	4,913,877,864	-	-
Lease liabilities - current portion	23.2	5,270,967,826	5,599,437,236	258,711,672	260,664,427
Assets retirement obligation - current portion	22	40,430,294	39,967,741	13,374,155	13,313,324
Other current financial liabilities	33.3	48,086,352	-	-	-
Other current liabilities		356,090,926	436,503,606	57,946,540	125,556,127
Total current liabilities		43,762,667,770	47,096,099,541	12,614,792,728	10,741,485,157
Non-current liabilities					
Long-term loans - net of current portion	20	8,261,983,935	9,987,087,671	-	-
Debentures - net of current portion	21	44,343,691,641	41,091,352,488	-	-
Provision for long-term employee benefits	24	605,602,865	604,495,628	605,602,865	604,495,628
Accrued cost of spectrum licenses - net of current portion		25,552,070,799	30,331,174,373	-	-
Lease liabilities - net of current portion	23.2	10,012,347,797	13,483,073,393	96,561,715	373,068,773
Assets retirement obligation - net of current portion	22	1,118,598,095	1,551,981,511	124,944,003	136,845,495
Other non-current financial liabilities	33.3	50,098,019	-	-	-
Other non-current liabilities		4,389,101	1,907,897	1,319,033	1,319,033
Total non-current liabilities		89,948,782,252	97,051,072,961	828,427,616	1,115,728,929
Total liabilities		133,711,450,022	144,147,172,502	13,443,220,344	11,857,214,086

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Shareholders' equity					
Share capital					
Registered					
2,367,811,000 ordinary shares of Baht 2 each					
(2021: 2,372,080,630 ordinary shares					
of Baht 2 each)					
	2	4,735,622,000	4,744,161,260	4,735,622,000	4,744,161,260
Issued and fully paid					
2,367,811,000 ordinary shares of Baht 2 each					
		4,735,622,000	4,735,622,000	4,735,622,000	4,735,622,000
Premium on ordinary shares					
		6,541,658,660	6,541,658,660	6,541,658,660	6,541,658,660
Other surplus					
		1,647,137,361	1,647,137,361	1,647,137,361	1,647,137,361
Retained earnings					
Appropriated - statutory reserve					
	42	474,416,126	474,416,126	474,416,126	474,416,126
Unappropriated					
		5,425,034,687	6,768,647,495	4,822,527,377	4,365,983,834
		5,899,450,813	7,243,063,621	5,296,943,503	4,840,399,960
Other components of shareholders' equity					
	32	-	-	-	-
Total shareholders' equity					
		18,823,868,834	20,167,481,642	18,221,361,524	17,764,817,981
Total liabilities and shareholders' equity					
		152,535,318,856	164,314,654,144	31,864,581,868	29,622,032,067

The accompanying notes are an integral part of the financial statements.

Directors

Total Access Communication Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues from sales and services					
Revenue from telephone services		56,633,737,139	57,824,289,770	4,559,108,099	4,529,059,008
Revenue from sales of telephone sets and starter kits		8,956,511,139	8,846,546,714	15,404,244	1,077,557
Other operating income		15,009,554,380	14,649,166,764	9,770,001,024	10,812,707,116
Total revenues from sales and services		80,599,802,658	81,320,003,248	14,344,513,367	15,342,843,681
Cost of sales and services					
Cost of telephone services		49,921,648,480	50,176,566,362	1,753,613,162	2,178,677,156
Cost of sales of telephone sets and starter kits		10,759,033,183	10,610,376,208	10,486,058	653,975
Total cost of sales and services		60,680,681,663	60,786,942,570	1,764,099,220	2,179,331,131
Gross profit		19,919,120,995	20,533,060,678	12,580,414,147	13,163,512,550
Interest income		20,636,129	12,256,291	102,811,494	100,349,105
Other income		35,688,636	125,797,140	44,246,137	25,674,416
Income before expenses		19,975,445,760	20,671,114,109	12,727,471,778	13,289,536,071
Selling, distribution and service expenses		(3,731,367,842)	(4,184,207,229)	(1,740,854,547)	(2,163,263,139)
Administrative expenses		(9,481,101,092)	(9,560,540,911)	(4,806,786,007)	(4,857,457,604)
Gain (loss) on foreign exchange		5,078,952	4,841,390	(3,722,055)	(6,087,752)
Total expenses		(13,207,389,982)	(13,739,906,750)	(6,551,362,609)	(7,026,808,495)
Profit from operating activities		6,768,055,778	6,931,207,359	6,176,109,169	6,262,727,576
Gain (loss) from fair value measurement of derivative instruments and net position of hedging		3,884,494	(148,215,192)	-	-
Finance cost	27	(2,891,017,796)	(2,829,609,029)	(24,166,201)	(24,975,479)
Share of loss from investment in associated company	12	(6,407,638)	(5,244,956)	-	-
Profit before income tax expenses		3,874,514,838	3,948,138,182	6,151,942,968	6,237,752,097
Income tax expenses	28	(755,357,768)	(592,205,452)	(1,232,629,547)	(1,246,523,606)
Profit for the year		3,119,157,070	3,355,932,730	4,919,313,421	4,991,228,491
Earnings per share	29				
Basic earnings per share		1.32	1.42	2.08	2.11

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2022

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Profit for the year		3,119,157,070	3,355,932,730	4,919,313,421	4,991,228,491
Other comprehensive income					
<i>Other comprehensive income not to be reclassified to profit and loss in subsequent periods</i>					
Actuarial gains	24	44,943,251	2,040,104	44,943,251	2,040,104
Less: income tax effect	28	(8,988,650)	(408,020)	(8,988,650)	(408,020)
Other comprehensive income not to be reclassified to profit and loss in subsequent periods - net of income tax		35,954,601	1,632,084	35,954,601	1,632,084
Other comprehensive income for the year		35,954,601	1,632,084	35,954,601	1,632,084
Total comprehensive income for the year		3,155,111,671	3,357,564,814	4,955,268,022	4,992,860,575

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2022

		Consolidated financial statements							(Unit: Baht)
		Note	Issued and paid-up share capital	Premium on ordinary shares	Other surplus Capital surplus from restructuring	Retained earnings		Total shareholders' equity	Other components of equity
						Appropriated - statutory reserve	Unappropriated (deficits)		
Balance as at 31 December 2020			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	(6,733,542,563)	17,650,130,955	24,315,422,539
- as previously reported			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	17,650,130,955	(17,650,130,955)	24,315,422,539
Reclassification of the presentation of other components of shareholders' equity		32	-	-	-	-	10,916,588,392	-	-
Balance as at 1 January 2021 - as reclassified			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	3,355,932,730	-	3,355,932,730
Profit for the year			-	-	-	-	1,632,084	-	1,632,084
Other comprehensive income for the year			-	-	-	-	3,357,564,814	-	3,357,564,814
Total comprehensive income for the year			-	-	-	-	(7,505,505,711)	-	(7,505,505,711)
Dividend paid		25	-	-	-	-	6,768,647,495	-	20,167,481,642
Balance as at 31 December 2021			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	6,768,647,495	17,650,130,955	20,167,481,642
- as previously reported			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	(10,881,483,460)	17,650,130,955	20,167,481,642
Reclassification of the presentation of other components of shareholders' equity		32	-	-	-	-	17,650,130,955	(17,650,130,955)	-
Balance as at 1 January 2022 - as reclassified			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	6,768,647,495	-	20,167,481,642
Profit for the year			-	-	-	-	3,119,157,070	-	3,119,157,070
Other comprehensive income for the year			-	-	-	-	35,954,601	-	35,954,601
Total comprehensive income for the year			-	-	-	-	3,155,111,671	-	3,155,111,671
Dividend paid		25	-	-	-	-	(4,498,724,479)	-	(4,498,724,479)
Balance as at 31 December 2022			4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	5,425,034,687	-	18,823,868,834

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Note	Separate financial statements						Total shareholders' equity
		Issued and paid-up share capital	Premium on ordinary shares	Other surplus from Capital surplus from restructuring	Retained earnings	Appropriated - statutory reserve		
Balance as at 1 January 2021		4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	6,878,628,970	20,277,463,117	
Profit for the year		-	-	-	-	4,991,228,491	4,991,228,491	
Other comprehensive income for the year		-	-	-	-	1,632,084	1,632,084	
Total comprehensive income for the year		-	-	-	-	4,992,860,575	4,992,860,575	
Dividend paid	25	-	-	-	-	(7,505,505,711)	(7,505,505,711)	
Balance as at 31 December 2021		4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	4,365,983,834	17,764,817,981	
Balance as at 1 January 2022		4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	4,365,983,834	17,764,817,981	
Profit for the year		-	-	-	-	4,919,313,421	4,919,313,421	
Other comprehensive income for the year		-	-	-	-	35,954,601	35,954,601	
Total comprehensive income for the year		-	-	-	-	4,955,268,022	4,955,268,022	
Dividend paid	25	-	-	-	-	(4,498,724,479)	(4,498,724,479)	
Balance as at 31 December 2022		4,735,622,000	6,541,658,660	1,647,137,361	474,416,126	4,822,527,377	18,221,361,524	

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before income tax expenses	3,874,514,838	3,948,138,182	6,151,942,968	6,237,752,097
Adjustments to reconcile profit before tax to cash provided by (paid from) operating activities:				
Unrealised gain on foreign exchange	(15,266,325)	(21,906,697)	(2,205,226)	(2,983,291)
Share of loss from investment in associated company	6,407,638	5,244,956	-	-
Dividend received from other investments	(6,107,302)	(244,000)	(200,000)	(200,000)
Allowance for inventory obsolescence (reversal)	(8,667,362)	19,474,904	-	(61,920)
Allowance for expected credit losses (reversal)	171,212,231	(333,191,297)	(2,021,014)	(2,897,290)
Allowance for impairment on assets/investment in subsidiary/ investment in equity instruments of non-listed companies	(6,377,838)	(80,256,897)	(6,797,062)	(69,795,633)
Loss from equity return from subsidiary	-	-	-	16,703,266
Depreciation and amortisation (Note 30)	22,434,430,264	22,478,486,853	544,373,270	692,680,698
Write-off of assets	565,446,697	73,900,903	7,129,926	349,803
Effect from adjustment of right-of-use assets	284,778,680	512,165,723	3,200,323	2,844,916
Loss (gain) from disposal of equipment	13,807,863	(24,162,713)	(1,733,387)	(36,664,981)
Gain from disposal of investment	(1,246,990)	(21,016,707)	-	-
Provision for long-term employee benefits (reversal)	61,657,863	(32,078,355)	61,657,863	(32,078,355)
Amortisation on cost to obtain contracts	176,834,868	181,110,155	-	-
Loss (gain) from fair value measurement of derivative instruments and net position of hedging	(3,884,494)	148,215,192	-	-
Interest expenses	2,877,491,429	2,819,374,673	10,639,834	14,741,123
Profit from operating activities before changes in operating assets and liabilities	30,425,032,060	29,673,254,875	6,765,987,495	6,820,390,433
Decrease (increase) in operating assets				
Trade and other receivables	(253,222,863)	(8,963,333)	(6,118,954,505)	1,411,403,337
Lease receivable	1,089,348,017	1,093,293,653	-	-
Inventories	197,635,501	(692,221,231)	4,912,955	1,156,961
Other current assets	848,483,521	31,178,322	(12,910,449)	24,262,349
Other non-current assets	(212,796,161)	(203,655,977)	51,162,966	(19,224,454)
Increase (decrease) in operating liabilities				
Trade and other payables	(2,401,529,738)	597,813,082	2,044,527,603	178,740,219
Other current liabilities	50,214,006	(132,546,584)	(149,440,769)	(315,249,670)
Other non-current liabilities	(13,126,171)	(9,158,317)	(15,607,376)	(6,507,551)
Cash flows from operating activities	29,730,038,172	30,348,994,490	2,569,677,920	8,094,971,624
Cash paid for interest expenses	(2,713,380,874)	(2,604,907,708)	(8,854,788)	(13,119,714)
Cash paid for corporate income tax	(1,222,814,512)	(1,608,142,804)	(167,934,369)	(453,058,872)
Tax refund	1,282,141,649	357,871,782	998,130,937	-
Net cash flows from operating activities	27,075,984,435	26,493,815,760	3,391,019,700	7,628,793,038

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from Investing activities				
Proceeds from sales of investment	3,736,459	23,716,707	-	-
Cash paid for loan to subsidiary	-	-	(500,000,000)	(5,500,000,000)
Cash receipt from loan to subsidiary	-	-	2,000,000,000	4,000,000,000
Cash receipt from equity return from subsidiary	-	-	-	220,052,509
Dividend received from other investments	6,107,302	244,000	200,000	200,000
Acquisition of building and equipment	(12,179,311,745)	(14,772,438,610)	(131,662,279)	(165,771,257)
Proceeds from sales of building and equipment	78,001,211	59,001,905	7,097,242	46,582,589
Decrease in deposits and prepayment for purchase and installation of equipment	135,630,519	131,085,489	-	-
Acquisition of right-of-use assets - cost of spectrum licenses	(4,644,006,694)	(6,108,038,646)	-	-
Acquisition of right-of-use assets	(78,055,904)	(104,465,071)	(584,146)	(2,463,050)
Acquisition of other intangible assets	(1,263,773,270)	(1,143,067,658)	(8,780,231)	(17,631,241)
Net cash flows from (used in) investing activities	(17,941,672,122)	(21,913,961,884)	1,366,270,586	(1,419,030,450)
Cash flows from financing activities				
Cash received from short-term loans	10,000,000,000	25,500,000,000	-	-
Repayment of short-term loans	(7,000,000,000)	(29,500,000,000)	-	-
Cash received from long-term loans	3,300,000,000	5,000,000,000	-	-
Repayment of long-term loans	(10,000,000,000)	-	-	-
Cash received from debentures	9,871,000,000	7,000,000,000	-	-
Repayment of debentures	(3,000,000,000)	(2,500,000,000)	-	-
Cash paid for lease liabilities	(5,754,176,855)	(5,987,662,260)	(243,487,385)	(328,586,125)
Cash received from unwinded interest rate swap agreements	24,000,000	341,760,000	-	-
Dividend paid	(4,498,724,479)	(7,505,505,711)	(4,498,724,479)	(7,505,505,711)
Net cash flows used in financing activities	(7,057,901,334)	(7,651,407,971)	(4,742,211,864)	(7,834,091,836)
Net Increase (decrease) in cash and cash equivalents	2,076,410,979	(3,071,554,095)	15,078,422	(1,624,329,248)
Cash and cash equivalents at beginning of year	3,575,487,800	6,647,041,895	1,255,455,218	2,879,784,466
Cash and cash equivalents at end of year	5,651,898,779	3,575,487,800	1,270,533,640	1,255,455,218
Supplemental cash flow information:				
Non cash transactions:				
Accounts payable for purchase of equipment	2,510,384,279	4,407,489,066	8,654,641	33,403,965
Accounts payable for purchase of intangibles assets	376,252,702	363,542,810	543,560	600,217
Increase in lease liabilities	3,171,282,997	4,544,877,609	30,659,636	163,747,590

The accompanying notes are an integral part of the financial statements.

Total Access Communication Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

1.1 Corporate information

Total Access Communication Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is listed on the Stock Exchange of Thailand in 2007.

The Company's registered address is 319 Chamchuri Square Building, 38th Fl., Phayathai Road, Pathumwan, Bangkok.

The Company has two major shareholders who are Telenor Asia Pte Ltd., a company incorporated in Singapore, and Thai Telco Holding Co., Ltd., a company incorporated in Thailand. The Company is principally engaged in providing WiFi internet services under the provision telecommunication business license type one by the National Broadcasting and Telecommunications Commission (“NBTC”). The duration of the license is valid throughout the service period under the scope and conditions as specified in the NBTC's announcement Re: rules and procedures for Telecommunication Business, dated on 5 March 2020. In addition, the Company is also engaged in providing consulting and management services to subsidiaries.

1.2 Corporate information of dtac TriNet Company Limited

dtac TriNet Company Limited (“dtac TriNet”) is a subsidiary of the Company and is incorporated and domiciled in Thailand. dtac TriNet is principally engaged in the provision of wireless telecommunications services and the sale of handsets and accessories. dtac TriNet has the below licenses to provide its services. dtac TriNet is required to comply with the rules and pay the license fee and fee for Universal Basic Telecommunications and Social Services (USO) as specified by law throughout the service period, and the duration of type one and type two telecommunications business licenses are valid throughout the service period in accordance with the related specified scope and conditions.

Type one telecommunication business license

<u>Telecommunication business</u>	<u>Grant date</u>
1) Internet Service Provider	30 August 2006 onwards
2) Resale of Leased Circuit/Channel service	22 March 2017 onwards
3) Resale of xDSL and FTTx internet service	24 February 2021 onwards
4) Internet of Things service	7 July 2021 onwards
5) Colocation service	27 August 2021 onwards

Type two telecommunication business license

<u>Telecommunication business</u>	<u>Grant date</u>
1) International Internet Gateway (ITG) service and National Internet Exchange (NIE) service	26 June 2015 onwards

Type three telecommunication business license

<u>Telecommunication business</u>	<u>Grant period</u>
1) International call services (International Direct Dialing)	6 February 2007 - 5 February 2027
2) Fixed line service	2 September 2015 - 5 February 2027
3) International Private Leased Circuit (IPLC)	12 July 2016 - 5 February 2027
4) Domestic leased circuit service	12 May 2021 - 5 February 2027
5) International Mobile Telecommunications 2100 MHz	7 December 2012 - 6 December 2027
6) International Mobile Telecommunications 1800 MHz	16 December 2018 - 15 December 2033
7) International Mobile Telecommunications 900 MHz	16 December 2018 - 15 December 2033
8) International Mobile Telecommunications 26 GHz	24 February 2020 - 23 February 2035
9) International Mobile Telecommunications 700 MHz	24 December 2020 - 23 December 2035

Spectrum license under type three telecommunication business license

- a) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 7 December 2012 and expiring on 6 December 2027) for operating telecommunication business for International Mobile Telecommunication (IMT) in the frequency band 2.1GHz covered the range of 1920 - 1935 MHz paired with 2110 - 2125 MHz under the scope of the license throughout the Kingdom of Thailand.

- b) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 16 December 2018 and expiry on 15 December 2033) for operating telecommunication business for International Mobile Telecommunication in the frequency band 1800 MHz for 2x5 MHz covered the range of 1745 - 1750 MHz paired with 1840 - 1845 MHz under the scope of the license throughout the Kingdom of Thailand.
- c) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 16 December 2018 and expiry on 15 December 2033) for operating telecommunication business for International Mobile Telecommunication in the frequency band 900 MHz for 2x5 MHz covered the range of 890 - 895 MHz paired with 935 - 940 MHz under the scope of the license throughout the Kingdom of Thailand. dtac TriNet is required to make payment for the winning bid price of the authorization to use the spectrum license in the total amount of Baht 40,728.48 million (including VAT) under the payment conditions specified in the NBTC's announcement regarding rules and procedures for the Spectrum Licensing for Telecommunications Business in spectrum band of 890 - 895 MHz / 935 - 940 MHz. Later, on 19 June 2019, dtac TriNet participated in the 700 MHz spectrum allocation and has been allocated one block of 700 MHz spectrum under the conditions as described in Note 1.2 e) to the consolidated financial statements. As a result, dtac TriNet is entitled to divide the payment for 900 MHz spectrum into ten installments, in equal amount, and has to comply with the conditions determined by NCPO Order No.4/2562 dated 11 April 2019 Re: Measure of problem solving for television and telecommunications business operations.

As dtac TriNet is entitled to divide the payment for 900 MHz spectrum as mentioned above, dtac TriNet's management considered the relevant information including the substance of transaction and reckoned that the receipt of the said payment conditions for 900 MHz spectrum directly related to the participation in 700 MHz spectrum application to the NBTC office. Thus, after that, dtac TriNet has been allocated the bandwidth. Therefore, dtac TriNet recorded the difference between the present value of the bidding price of 900 MHz license that dtac TriNet must pay in accordance with the new payment terms and the original payment terms) as part of the cost of spectrum license of the 700 MHz spectrum when dtac TriNet obtained 700 MHz spectrum licensing in December 2020.

On 28 December 2022, dtac TriNet made a fifth payment of Baht 4,072.85 million (including VAT) for the Spectrum Licensing.

- d) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 24 February 2020 and expiring on 23 February 2035) for operating telecommunication business for International Mobile Telecommunication in the frequency band 26 GHz in the spectrum range of 26.8 - 27.0 GHz, with the total bandwidth of 200 MHz under the scope of the license throughout the Kingdom of Thailand.
- e) Spectrum Licensing by NBTC for the validity period of 15 years (starting from 24 December 2020 and expiring on 23 December 2035) for operating telecommunication business for International Mobile Telecommunication in the frequency band 700 MHz for 2x10 MHz covering the range of 713-723 MHz paired with 768-778 MHz under the scope of the license throughout the Kingdom of Thailand. For requesting of the 700 MHz frequency spectrum license dtac TriNet must be the licensee of the 890-915 MHz / 935-960 MHz spectrum, and must have the qualifications required by the NBTC announcement. Re: Permission to use spectrum for telecommunication businesses in the area 703-733 / 758-788 MHz, dated 4 June 2019 and its amendments ("NBTC announcement"). dtac TriNet is required to make payment for the authorisation to use the spectrum license in the total amount of Baht 18,815 million (including VAT).

On 6 January 2023, dtac TriNet made a third installment payment of Baht 1,881.5 million (including VAT) for the Spectrum Licensing.

1.3 Interconnection charge

In December 2013, the NBTC issued the Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2556 (2013) (the "Interconnection Notification 2556") to replace the NTC's Notification RE: Uses and Interconnections of Telecommunication Networks B.E. 2549 (the "Interconnection Notification 2549"). The Interconnection Notification 2556 determines that operators who have telecommunication networks are required to grant other operators effective access to their networks.

However, the right to operate telecommunication business under concession agreement has ended on 15 September 2018. The Company sent a notice to other licensees who are the interconnection partners with the Company to acknowledge the termination of the concession agreement and the termination of the interconnection of the telecommunication network.

Pursuant to the Concession Agreement which ended on 15 September 2018, the Company shall pay revenue sharing to CAT (currently known as "NT") every year based on a percentage of revenues from services provided under the Concession Agreement but not less than a minimum annual revenue sharing payment as specified in it. However, the entry into the interconnection charge agreements has caused an uncertainty on the revenue share calculation payable to CAT under the Concession Agreement. Therefore, from the 17th concession year onward, the Company has decided to calculate revenue sharing payable to

CAT on the basis of service revenue, excluding interconnection charges, until a conclusion can be reached with CAT. Nevertheless, CAT has challenged the Company's revenue share calculation in this matter by submitting a statement of claim requesting the Company to pay additional revenue share on interconnection charge (please refer to Note 38 (b) to the consolidated financial statements for more details).

For the interconnection arrangement of dtac TriNet, dtac TriNet has entered into the interconnection charge agreements with other operators, which are listed below:

	Operators	Effective period
a)	True Move Co., Ltd.	1 July 2013 onwards
b)	True Move H Universal Communication Co., Ltd.	1 July 2013 onwards
c)	True Universal Convergence Co., Ltd.	1 July 2013 onwards
d)	Advance Info Service Plc.	1 July 2013 onwards
e)	Advanced Wireless Network Co., Ltd.	1 July 2013 onwards
f)	CAT Telecom Plc. (currently known as "NT")	1 July 2013 onwards
g)	Triple T Broadband Plc.	1 July 2013 onwards
h)	True International Communication Co., Ltd.	1 January 2014 onwards
i)	Otaru World Corporation Co., Ltd.	20 August 2018 onwards
j)	TOT Plc. (currently known as "NT")	18 December 2019 onwards
k)	Amnex Company Limited	5 May 2022 onwards

2. The amalgamation between the Company and True Corporation Public Company Limited ("True") and related matters

On 18 February 2022, the Board of Directors passed a resolution to approve the amalgamation between the Company and True (the "Amalgamation") and to permit the Company to enter into an amalgamation agreement (the "Amalgamation Agreement") with True to define the terms and conditions of the Amalgamation.

As a key step in the process of the Amalgamation, there will be an allocation of shares in the new company which will be established as a result of the Amalgamation ("NewCo") to the shareholders of the Company and True at 1 existing share in the Company to 6.13444 shares in NewCo; and 1 existing share in True to 0.60018 shares in NewCo. The above ratios have been calculated based on NewCo's registered and paid-up capital of Baht 138,208,403,204, comprising 34,552,100,801 ordinary shares with a par value of Baht 4 per share.

Furthermore, the Board of Directors were also informed that Citrine Global Company Limited and Citrine Venture SG Pte Ltd. (together, the "Tender Offerors"), joint venture companies of Telenor Asia Pte Ltd. and Charoen Pokphand Holding Company Limited, a shareholder of True, will make a conditional voluntary tender offer for all securities of the Company (the "VTO"), subject to adjustment as set forth under the conditions to the VTO ("conditions precedent"). The launch of the VTO was conditional upon the satisfaction of all conditions

precedent within the period of one year. However, the Tender Offerors submitted a statement informing it that they would decline to make the VTO due to certain conditions precedent not having been satisfied within one year.

The Company shall cause the shares held by those shareholders who voted against the Amalgamation (the "Dissenting Shareholders") at the Company's Extraordinary General Meeting of Shareholders on 4 April 2022 (the "EGM") and who no longer wish to hold their shares, to be purchased at the last traded price of the shares on the Stock Exchange of Thailand ("SET") immediately prior to the date of the EGM, which in this case was at Baht 50.50 per share (the last traded price on 1 April 2022). Furthermore, the Board of Directors approved that Citrine Venture Holdings Company Limited and Citrine Investment SG Pte Ltd (the "Purchasers"), who have expressed their intention to purchase the shares from the Dissenting Shareholders, will be the Purchasers of the shares in accordance with the specified terms and conditions. On 24 January 2023, the Company informed SET that during the period of 27 January 2023 to 9 February 2023, the Purchasers will proceed to purchase the share from those Dissenting Shareholders who no longer wish to hold their shares under those specified terms and conditions.

On 4 April 2022, the shareholders at the EGM approved the Amalgamation and also approved the reduction of registered capital of the Company by Baht 8,539,260 from the existing registered capital of Baht 4,744,161,260 to the new registered capital of Baht 4,735,622,000 by cancelling 4,269,630 unissued shares with a par value of Baht 2 each. The Company registered the reduction with the Ministry of Commerce on 11 April 2022.

The board of the National Broadcasting and Telecommunication Commission ("NBTC") passed a resolution acknowledging the amalgamation between the Company and True with conditions. On 25 October 2022, the Company received the official letter stating the details of such resolution and conditions from the NBTC.

On 12 January 2023, the Board of Directors Meeting No. 1/2023 passed a resolution to convene Joint Shareholders Meeting No.2 between the shareholders of the Company and the shareholders of True on 22 February 2023 to consider matters related to the Amalgamation pursuant to Section 148 of the Public Limited Company Act B.E. 2535 (as amended). The Board also passed resolutions to (i) suspend the trading of the Company's shares for a period of 9 business days from 20 February 2023 to 2 March 2023 in order to prepare for the allotment of shares of NewCo to the shareholders of the Company and True as well as other relevant arrangements and (ii) set the date of 22 February 2023 as the book closing date of the shareholders register book for compilation of the name list of shareholders entitled to the allotment of shares of NewCo. Once the amalgamation is executed, all assets, liabilities, rights, duties and responsibilities of both companies will be transferred to NewCo. Currently,

the Company and True are working together to implement the conditions in relation to the Amalgamation prescribed by the NBTC and under applicable laws.

The preparation of financial reporting, its classification and measurement, and the utilisation of the assets and the business operations of the Group are to continue as usual (including the consideration of tax loss carry forward as disclosed in the Note 28 to the consolidated financial statements) until completion and fulfillment of all of the above stipulations, conditions and legal steps relevant to the Amalgamation.

3. Basis of preparation

3.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Total Access Communication Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022 Percent	2021 Percent
<u>Subsidiaries directly held by the Company</u>				
WorldPhone Shop Company Limited	Under liquidation process of payment to creditors	Thailand	100	100
TAC Property Company Limited	Asset management	Thailand	100	100
dtac TriNet Company Limited	Providing telecommunications services	Thailand	100	100
DTAC Broadband Company Limited	Under liquidation process	Thailand	100	100
<u>Subsidiary held through dtac TriNet Company Limited</u>				
dtac Accelerate Company Limited	Investment and support start-up companies to develop applications	Thailand	100	100
dtac Digital Media Company Limited	Under liquidation process	Thailand	100	100
TeleAssets Company Limited	Lease of telecommunication equipment and device	Thailand	100	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements. Book value of investments and shareholder's equity of its subsidiaries have also been eliminated from the consolidated financial statements.

3.3 The separate financial statements present investments in subsidiaries and associates presented under the cost method.

4. New financial reporting standards

4.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

However, the Group has adopted the temporary reliefs in accordance with TFRS 9 Financial Instruments and TFRS 7 Disclosure of Financial Instruments, which apply to transactions directly affected by interest rate benchmark reform, including changes to contractual cash flows or hedging relationships arising from the replacement of the referenced interest rate benchmark with an alternative benchmark rate.

The adoption of these temporary reliefs does not have any significant impact on the Group's financial statements.

4.2 Financial reporting standard that will become effective for fiscal years beginning on or after 1 January 2023

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

5. Significant accounting policies

5.1 Revenue and expense recognition

Unearned revenue from telephone service of prepaid system (Prepaid)

Unearned revenue from telephone service of prepaid system represents the unused portion of the face value of prepaid phone cards. It is deferred and recognized based on the actual usage or the expiration of the usage as stated on cards, depending on which comes first.

Unearned revenue from postpaid service (Postpaid)

Unearned revenue from telephone service of postpaid system represents the unused portion of monthly airtime fee that subscribers can carry forward to the next period.

Revenue from telephone services

Revenue from voice services

Revenue from voice services, including domestic calls, international calls and roaming service calls, is recognised when the telephone services have been rendered.

Revenue from international data transit and internet service

Revenue from international data transit and internet service are recognised on an accrual basis over the service period and the rates agreed by counterparties.

Discounts are often provided in the form of cash discounts, free products or free services. Discounts are recorded systematically throughout the period the discounts are earned. Cash discounts and free products are recorded as revenue reductions.

As for discount schemes (such as loyalty programs, etc.), the accrued discounts must not be higher than estimated discounts, based on past liable discount estimation. The exact amount and income period of the discount are estimated with estimation techniques and reconciled in the period where there is an adjustment to estimation or the final outcome is known.

Cost to obtain a contract

The Group recognises commission paid to obtain a customer contract as an asset and amortised to expenses on a systematic basis according to the estimation of benefit period receive from the customer based on the Group's past experience in relating to customer retention, which is consistent with the pattern of revenue recognition. An impairment loss is recognised to the extent that the carrying amount of an asset recognised exceeds the remaining amount of consideration that the entity expects to receive less direct costs. Provided that the amortisation period of the asset that the Group otherwise would have used is one period or less, costs to obtain a contract are immediately recognised as expenses.

Interconnection charge revenues and costs

Interconnection charge revenues derived from the other licensed operators for incoming calls from these operators' networks is recognised on an accrual basis at the rates stipulated in the agreements.

Costs of interconnection charges paid to the other licensed operators for outgoing calls to these operators' networks are recognised on an accrual basis at the rates stipulated in the agreements.

Revenue from sales of telephone sets and starter kits

Sales of goods are recognised at the point in time when control of the asset is transferred to the customer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.

Revenue arrangements with multiple deliverables are allocated between the element in proportion to the delivered products and the obligations to be performed in providing services that are included in the contract using the basis of standalone selling prices of different products or services as obligated in the contract.

The recognised revenue which is not yet due per the contracts has been presented under the caption of "Contract asset" in the statement of financial position. The amounts recognised as contract assets are reclassified to other receivables when the Company's and its subsidiaries' right to consideration is unconditional.

The obligation to provide to a customer for which the Group has received from the customer is presented under the caption of "Contract liability" in the statement of financial position. Contract liabilities are recognised as revenue when the Company and its subsidiaries perform under the contract.

Revenue from Reference Access Offer

Revenue from Reference Access Offer derived from other operators in compensation of the utilisation of the Group's network elements is recognised on an accrual basis at the rates stipulated in the agreements.

Revenue from Reference Infrastructure Sharing Offer

Revenue from Reference Infrastructure Sharing Offer derived from other mobile operators in compensation of the utilisation of the Group's telecommunication infrastructure is recognised on an accrual basis at the rates stipulated in the agreements.

Other operating income

Other operating income are recognised when the economic benefit flows to the entity and the earnings process is complete. Revenues are shown excluding of value added tax.

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Dividends

Dividends are recognised when the right to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and are recognised on an accrual basis.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Inventories

Inventories are finished goods valued at the lower of cost (under the weighted average method) and net realisable value.

5.4 Investments in subsidiaries and associate

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

5.5 Property, plant and equipment/depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any). The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalised, while expenditures for maintenance and repairs are charged to profit or loss.

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings and office improvements	5 - 20 years
Leasehold improvements	5 - 12 years
Equipment for mobile telecommunication services operation	3 - 20 years
Telephone transmission station improvements	20 years
Furniture, fixtures and office equipment	5 years
Machinery and equipment	3 years and 5 years
Advertising and communication equipment	2 - 5 years
Others	5 years

Depreciation is included in determining income.

No depreciation is provided for land, building in progress, work in progress and equipment under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

5.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.7 Leases

At inception of contact, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

5.7.1 The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use the underlying assets and lease liabilities based on lease liabilities based on lease payments.

a) Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Depreciation of right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of their estimated useful lives and the lease term, as follows:

Land for tower	3 years, plus renewal option reasonably certain to be exercised
Space on tower under agreement with CAT (currently known as "NT")	8 years or remaining period of contract
Office buildings	3 years

Customer service center	3 years, plus renewal option reasonably certain to be exercised
Vehicle	2 - 3 years
Space on towers under infrastructure sharing and access offer	1 year or 3 years, plus renewal option reasonably certain to be exercised

b) Right-of-use assets - cost of spectrum licenses

Right-of-use assets - cost of each spectrum license for International Mobile Telecommunication in the Frequency Band 700 MHz, 900 MHz, 1800 MHz, 2.1 GHz and 26.0 GHz was capitalised, with its value measured at the cash equivalent price based on the present value of the installments. The difference between the total payment to be made and the cash equivalent price is recognised as a finance cost over the license fee payment period.

Depreciation is calculated by reference to cost on a straight-line basis over the term of the license.

c) Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

d) Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

e) Sale and leaseback transactions

The Group measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, the Group recognises only the amount of any gain or loss that relates to the rights transferred to the lessor.

If the fair value of the consideration for the sale of an asset lower than the fair value of the asset, the difference is accounted for as a prepayment of lease payments to measure the sale proceeds at fair value.

5.7.2 The Group as a lessor

Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

Sub lease

In sublease transactions for which an underlying asset is subleased by the Group to a third party, and the head lease between the head lessor and the Group remains in effect, the Group classifies the sublease as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease, rather than with reference to the underlying asset that is the subject of the lease.

If the Group enters into two or more contracts at or near the same time with the same counterparty, these contracts are leases and they are negotiated as a package with an overall commercial objective, the Group combines the contracts and accounts for them as a single contract.

5.8 Intangible assets and amortisation

Intangible assets acquired through business combinations are initially recognised at their fair value on the date of business acquisition. Intangible assets acquired in other cases are recognised at cost.

Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation is calculated by reference to cost on a straight-line basis over the expected future period of economic benefit of each type of intangible asset.

5.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.10 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets - cost of spectrum licenses, other related right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.11 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Group recognises deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Group reviews and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.12 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefits plans are recognised immediately in other comprehensive income.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

5.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rates applying at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates applying at the end of reporting period. Gains and losses on exchange are included in determining income.

5.14 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.15 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value including interest income recognised in profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Group has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

The Group may elect to measure financial liabilities at FVTPL if doing so eliminates, or significantly reduces a recognition inconsistency.

Recognition and Derecognition of financial instruments

The Group recognise or to derecognise of financial assets financial assets on the transaction date which is the date on which the Group has an obligation to buy or sell the asset for the normal purchase or sale of a financial asset.

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or in default when contractual payments are 90 days past due (the normal credit term is 20 to 90 days). However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

5.16 Derivatives and hedge accounting

The Group uses interest rate swaps as a derivative to hedge its interest rate risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes including interest income are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements, including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss.

Any adjustment to the carrying value of fair value hedges relating to items carried at amortised cost, is amortised through profit or loss over the remaining term of the hedge using the effective interest method. The amortisation may begin as soon as an adjustment exists or no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

5.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgments and estimates are as follow:

Revenue from contracts with customers

Identification of performance obligations

In identifying performance obligations, the management is required to use judgement regarding whether each promise to deliver goods or services is considered distinct, taking into consideration terms and conditions of the arrangement. In other words, if a good or service is separately identifiable from other promises in the contract and if the customer can benefit from it, it is accounted for separately.

Determination of timing of revenue recognition

In determining the timing of revenue recognition, the management is required to use judgement regarding whether performance obligations are satisfied over time or at a point in time, taking into consideration terms and conditions of the arrangement. The Group recognises revenue over time in the following circumstances:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs
- the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the management is required to determine when the performance obligation under the contract is satisfied.

Costs to obtain contracts

The recognition of costs incurred to obtain a contract as an asset requires management to use judgement regarding whether such costs are the incremental costs of obtaining a contract with a customer as well as what amortisation method should be used.

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and assessments.

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgment in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease, considering all relevant factors and circumstances that create an economic incentive for the Group to exercise either the extension or termination option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

Lease classification - The Group as a lessor

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for expected credit losses of trade receivables and contract assets

In determining an allowance for expected credit losses of trade receivables and contract assets, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Depreciation of property, plant and equipment and right-of-use assets and amortisation of intangible assets

In determining depreciation of plant and equipment and right-of-use assets and amortisation of intangible assets, the management is required to make estimates of the useful lives and residual values (if any) and to review useful lives and residual values when there are any changes.

In addition, the property, plant and equipment, right-of-use assets and intangibles assets are subject to impairment if there is an indication they may be impaired, and impairment losses are recorded in the period when it is determined that their recoverable amount is lower than the carrying amount.

Indications include significant falls in the market value of assets or the future economic benefits of assets, significant changes in the overall business strategy impacting to the future utilization of assets, significant negative industry or economic trends, significant loss of market share, and significant unfavourable regulatory and court decisions that impact the business.

The impairment analysis of property, plant and equipment, right-of-use assets and intangible assets requires management to make subjective judgments concerning estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to determine the present value of those cash flows. The cash flow estimates are based on currently available information about the operations and require management to make judgments regarding future market conditions and future revenues and expenses relevant to the assets or the cash generating units subject to the review. Events and factors that may significantly affect the estimates include, among others, competitive forces, changes in revenue growth trends, cost structures, changes in discount rates and specific industry or market sector conditions.

Deferred tax assets

Deferred tax assets are recognised for temporary difference arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the end of reporting period when it is highly probable that the Group will generate sufficient taxable profits from their future operations to utilise these deferred tax assets. If management need to estimate the amounts of the deferred tax assets that the Group should recognise, they take into account the amount of taxable profit expected in each future period.

Post-employment benefits under defined benefit plans

The obligation under defined benefit plan is determined based on actuarial valuations. Inherent within these calculations are assumptions as to discount rates, future salary incremental rate, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality tables for the country. Actual post-retirement costs may ultimately differ from these estimates.

Assets retirement obligation

Provision for expenses to be incurred with respect to the retirement of networks located on lease area is set by using estimates of the present value of such expenses, based on the average of actual retirement expenses incurred in the past. Such provision is recorded as part of right-of-use assets and amortised over the estimated useful lives. However, the actual amounts incurred may differ from the estimated amounts.

Commercial disputes, litigation, conformity with rules/regulations in telecommunication industry and uncertainty in tax interpretation

The Group has contingent liabilities as a result of commercial disputes, litigations, claims arising from non-compliance with rules/regulations in the telecommunication industry, and uncertainty in tax interpretation.

The management used judgment to assess the effect of these matters and this involves evaluating the degree of probability that a loss will be incurred and the management's ability to make a reasonable estimate of the amount of that loss. Changes in the factors used in management's evaluation and unanticipated events may result in actual results differing from the estimates. However, if management believes that no significant loss will result, no related provision are recorded as at the end of reporting period.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	3,704	4,650	3,704	4,650
Bank deposits	5,648,195	3,570,838	1,266,830	1,250,805
Total	5,651,899	3,575,488	1,270,534	1,255,455

As at 31 December 2022, bank deposits in saving accounts and fixed deposits carried interests between 0.01 percent per annum and 0.55 percent per annum (2021: between 0.01 percent per annum and 0.375 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade receivables - related parties</u> (Note 9)				
Trade receivables - related parties	164,974	291,087	3,909,475	1,844,233
Total trade receivables - related parties	164,974	291,087	3,909,475	1,844,233
<u>Trade receivables - unrelated parties</u>				
Trade receivables - telephone services	5,759,815	5,499,516	103	136
Trade receivables - international telephone roaming services	209,605	155,175	2,879	3,495
Trade receivables - sales of E-Refill telephone sets and starter kits	906,874	928,526	126,616	263,705
Trade receivables - others	3,919,707	3,913,299	15,187	10,949
Total	10,796,001	10,496,516	144,785	278,285
Less: Allowance for expected credit losses	(1,225,191)	(1,054,072)	(89,586)	(91,607)
Trade receivables - unrelated parties, net	9,570,810	9,442,444	55,199	186,678
Total trade receivables - net	9,735,784	9,733,531	3,964,674	2,030,911
<u>Other receivables</u>				
Other receivables - related parties (Note 9)	1,996	7,114	5,962,421	1,774,522
Others	604,146	509,371	130	416
Total	606,142	516,485	5,962,551	1,774,938
Less: Allowance for expected credit losses	(93)	-	-	-
Total other receivables, net	606,049	516,485	5,962,551	1,774,938
Total trade and other receivables - net	10,341,833	10,250,016	9,927,225	3,805,849

Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning balance	1,054,072	1,387,263	91,607	94,504
Provision for expected credit losses	1,621,244	1,298,617	8	89
Amount written off	(1,421,918)	(1,629,233)	-	(1,111)
Amount recovered	(28,114)	(2,575)	(2,029)	(1,875)
Ending balance	<u>1,225,284</u>	<u>1,054,072</u>	<u>89,586</u>	<u>91,607</u>

The aging of the outstanding balances of trade receivables - related parties as at 31 December 2022 and 2021, based on due date, is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Aged on the basis of due dates				
Not yet due	134,903	198,012	3,371,834	1,229,392
Past due				
Up to 1 month	29,841	46,791	32,673	614,781
1 - 3 months	-	20,170	94,635	60
3 - 6 months	-	25,926	410,310	-
Over 6 months	230	188	23	-
Total trade receivables - related parties	<u>164,974</u>	<u>291,087</u>	<u>3,909,475</u>	<u>1,844,233</u>

The aging of the outstanding balances of trade receivables - telephone services as at 31 December 2022 and 2021, based on due date, is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Aged on the basis of due dates				
Not yet due	3,686,389	3,491,326	-	-
Past due				
Up to 1 month	648,373	724,320	-	-
1 - 3 months	317,955	297,178	-	-
3 - 6 months	403,981	321,511	-	-
Over 6 months	703,117	665,181	103	136
Total	5,759,815	5,499,516	103	136
Less: Allowance for expected credit losses	(1,105,092)	(932,756)	(103)	(103)
Trade receivables - telephone services, net	<u>4,654,723</u>	<u>4,566,760</u>	<u>-</u>	<u>33</u>

The aging of the outstanding balances of other trade receivables - unrelated parties as at 31 December 2022 and 2021, based on due date, is as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Aged on the basis of due dates				
Not yet due	4,846,612	4,840,927	54,394	185,131
Past due				
Up to 1 month	66,003	29,239	56	881
1 - 3 months	15,291	18,525	200	152
3 - 6 months	5,796	2,632	69	-
Over 6 months	102,484	105,677	89,963	91,985
Total	5,036,186	4,997,000	144,682	278,149
Less: Allowance for expected credit losses	(120,099)	(121,316)	(89,483)	(91,504)
Other trade receivables - unrelated related parties, net	<u>4,916,087</u>	<u>4,875,684</u>	<u>55,199</u>	<u>186,645</u>

The Group entered into an agreement for sale and purchase of receivables without recourse with a financial institution for selling the account receivables from device sales. The detail of discount ratio and other conditions are as specified in the agreement.

9. Related party transactions

During the years, the Group had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of businesses and were concluded on commercial terms and agreed upon between the Company and those related parties.

Transactions with subsidiaries, associated company and related companies

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial		financial statements		
	statements				
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Service income	-	-	9,707	10,751	as per agreement
Rental and service expenses	-	-	647	672	as per agreement
Interest income	-	-	99	95	as per agreement
Purchase of goods	-	-	9	6	as agreed price
Sales of assets	-	-	5	2	as agreed price
Purchase of assets	-	-	51	-	as agreed price
<u>Transactions with associated company: United Distribution Business Co., Ltd.</u>					
Sales of goods	769	1,016	737	987	selling price less a certain margin, as per agreement
Service expense	40	54	40	54	as per agreement
<u>Transactions with other related companies</u>					
International roaming service income	17	6	-	-	as per agreement
Service income	124	213	10	10	as per agreement
Sale on right of online refill service	23	64	23	64	as per agreement
Sales of goods	1	1	-	-	as agreed price
Service expenses	2,060	2,544	712	957	as per agreement
Service fees for installation of					
cell site equipment	325	545	-	-	as per agreement
Purchase of goods	22	38	-	-	as agreed price
Purchase of assets	39	19	-	-	as agreed price

The Company entered into management services agreement with its subsidiaries. The subsidiaries have to pay the fees to the Company as stipulated in the agreement. The fees have already included in the disclosure of transaction with subsidiaries above.

As at 31 December 2022 and 2021, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade and other receivables - related parties (Note 8)</u>				
<u>Trade receivables - related parties</u>				
Subsidiaries	-	-	3,765,695	1,668,586
Associated company (Note 9.1)	149,045	180,994	142,289	170,464
Related companies ^{(1),(2)}	15,929	110,093	1,491	5,183
Total trade receivables - related parties	<u>164,974</u>	<u>291,087</u>	<u>3,909,475</u>	<u>1,844,233</u>
<u>Other receivables - related parties</u>				
Subsidiaries	-	-	5,960,447	1,767,692
Related companies ^{(1),(2)}	1,996	7,114	1,974	6,830
Total other receivables - related parties	<u>1,996</u>	<u>7,114</u>	<u>5,962,421</u>	<u>1,774,522</u>
Total trade and other receivables - related parties	<u>166,970</u>	<u>298,201</u>	<u>9,871,896</u>	<u>3,618,755</u>
<u>Loans to subsidiary</u>				
Subsidiary (Note 9.2)	-	-	15,000,000	16,500,000
Total loans to subsidiary	<u>-</u>	<u>-</u>	<u>15,000,000</u>	<u>16,500,000</u>
<u>Trade and other payables - related parties (Note 18)</u>				
<u>Trade payables - related parties</u>				
Subsidiaries	-	-	104,348	26,722
Associated company	9,687	9,753	8,256	9,650
Related companies ^{(1),(2)}	416,540	542,623	160	392
Total trade payables - related parties	<u>426,227</u>	<u>552,376</u>	<u>112,764</u>	<u>36,764</u>
<u>Other payables - related parties</u>				
Subsidiaries	-	-	3,385,421	848,288
Related companies ^{(1),(2)}	203,685	301,867	145,815	143,945
Total other payables - related parties	<u>203,685</u>	<u>301,867</u>	<u>3,531,236</u>	<u>992,233</u>
Total trade and other payables - related parties	<u>629,912</u>	<u>854,243</u>	<u>3,644,000</u>	<u>1,028,997</u>

Relationship with the related companies

⁽¹⁾ Common ultimate shareholder

⁽²⁾ Common directors

9.1 As at 31 December 2022 and 2021, trade receivable - associated company is aged not over 1 month.

9.2 The loans of Baht 15,000 million (2021: Baht 16,500 million) to dtac TriNet (subsidiary) are to be using for operation which carries interest at an average rate of fixed deposits plus certain margin. Payment of the loans is due at call. However, the Company has no plan to call the loans within one year, and therefore classified them as non-current assets in the financial statements.

As at 31 December 2022 and 2021, the balance of loans between the Group and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2022
<u>Loan to</u>				
<u>Subsidiary</u>				
dtac TriNet Co., Ltd.	16,500,000	500,000	(2,000,000)	15,000,000
	<u>16,500,000</u>	<u>500,000</u>	<u>(2,000,000)</u>	<u>15,000,000</u>

9.3 Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Group had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	154,400	117,678
Post-employment benefits and other long-terms benefits	3,976	4,632
Total	<u>158,376</u>	<u>122,310</u>

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	1,142,379	1,340,014	(24,586)	(33,253)	1,117,793	1,306,761
Total	<u>1,142,379</u>	<u>1,340,014</u>	<u>(24,586)</u>	<u>(33,253)</u>	<u>1,117,793</u>	<u>1,306,761</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	1,752	6,665	-	-	1,752	6,665
Total	1,752	6,665	-	-	1,752	6,665

During the current year, the Group reduced cost of inventories by Baht 111 million (the Company only: Nil) (2021: Baht 137 million the Company only: Nil), to reflect the net realisable value. This was presented as cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 120 million (the Company only: Baht 0.1 million) (2021: Baht 118 million (the Company only: Baht 0.1 million)) and reduced the amount of inventories recognised as expenses during the year.

11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Value added tax suspension	1,044,905	1,801,140	73,764
Prepaid expenses and deferred expenses	1,091,455	1,178,873	137,361	137,237
Cost to obtain contracts - current portion	165,925	147,561	-	-
Others	152,107	171,093	23,170	13,379
Total other current assets	2,454,392	3,298,667	234,295	221,385

12. Investment in associated company

12.1 Detail of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements			
			2022 Percent	2021 Percent	Cost		Carrying amounts based on equity method	
					2022	2021	2022	2021
United Distribution Business Co., Ltd.	Sale of simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	221,647	228,054

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Shareholding percentage		Separate financial statements					
					Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
					2022	2021	2022	2021	2022	2021
United Distribution Business Co., Ltd.	Sale of simcards, voucher cards and supplementary equipment	Thailand	25	25	50,000	50,000	-	-	50,000	50,000

12.2 Share of loss and dividend received

During the year, the Company has recognised its share of loss from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of loss from investments in associate during the year		Dividend received during the year	
	2022	2021	2022	2021
United Distribution Business Co., Ltd.	(6,408)	(5,245)	-	-

12.3 Summarised financial information of associate

Financial information of the associated company prepared by Management's accounts is summarised below (2021: Audited financial statements, 2022: Management's accounts).

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Loss for the years ended 31 December	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
United Distribution Business Co., Ltd.	200	200	1,070	1,130	183	217	78	87	(26)	(29)

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

	Separate financial statements											
	Paid-up share capital		Percentage of shareholding		Investments at cost		Impairment loss on investments		Net		Dividend received for the year	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
Subsidiaries directly held by the Company												
WorldPhone Shop Co., Ltd.	450	450	100	100	450,000	450,000	(450,000)	(450,000)	-	-	-	-
TAC Property Co., Ltd.	1	1	100	100	1,000	1,000	-	-	1,000	1,000	-	-
dtac TriNet Co., Ltd.	1,160	1,160	100	100	1,270,000	1,270,000	-	-	1,270,000	1,270,000	-	-
DTAC Broadband Co., Ltd.*	175	175	100	100	175,000	175,000	-	-	175,000	175,000	-	-
Subsidiary held through dtac TriNet Co., Ltd.												
dtac Accelerate Co., Ltd.	15	15	100	100	-	-	-	-	-	-	-	-
dtac Digital Media Co., Ltd.*	26	26	100	100	-	-	-	-	-	-	-	-
TeleAssets Co., Ltd.	75	75	100	100	-	-	-	-	-	-	-	-
Total investments in subsidiaries, net					1,896,000	1,896,000	(450,000)	(450,000)	1,446,000	1,446,000		

* Under liquidation process

14. Property, plant and equipment

Consolidated financial statements

(Unit: Thousand Baht)

Cost	Land	Buildings and building improvement		Leasehold improvement	Equipment for mobile telecommunication services		Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
		improvement	improvement		telecommunication services	improvement							
1 January 2021	991,832	1,652,998	1,384,212	90,083,385	213,011	916,728	6,946,839	192,898	5,583,863	263,123	108,228,889		
Purchases	-	-	-	168,928	-	-	139	5,221	12,831,278	-	13,005,566		
Disposals/written-off	-	(12,622)	(196,814)	(1,292,759)	-	(20,896)	(74,078)	(63,387)	(18,325)	(5,141)	(1,684,022)		
Transferred in (out)	-	5,308	120,997	13,431,688	-	25,763	314,990	51,693	(13,950,439)	-	-		
31 December 2021	991,832	1,645,684	1,308,395	102,391,242	213,011	921,595	7,187,890	186,425	4,446,377	257,982	119,550,433		
Accumulated depreciation													
1 January 2021	-	1,453,397	1,089,923	46,340,069	209,967	848,344	6,533,264	122,232	-	179,430	56,776,626		
Depreciation for the year	-	37,217	155,266	10,000,621	2,636	33,086	266,440	60,897	-	250	10,556,413		
Depreciation - disposal/written-off	-	(12,354)	(191,723)	(1,283,532)	-	(19,694)	(73,592)	(61,414)	-	(4,828)	(1,647,137)		
31 December 2021	-	1,478,260	1,053,466	55,057,158	212,603	861,736	6,726,112	121,715	-	174,852	65,685,902		
Allowance for impairment loss													
1 January 2021	3,000	-	-	-	-	-	-	-	19,294	82,975	105,269		
Allowance for impairment loss for the year (reversal)	-	-	-	-	-	-	-	81	(12,497)	-	(12,416)		
31 December 2021	3,000	-	-	-	-	-	-	81	6,797	82,975	92,853		
Net book value													
1 January 2021	988,832	199,601	294,289	43,743,316	3,044	68,384	413,575	70,666	5,564,569	718	51,346,994		
31 December 2021	988,832	167,424	254,929	47,334,084	408	59,859	461,778	64,629	4,439,580	155	53,771,678		
Depreciation included in the income statements for the years													
2020													10,894,873
2021													10,556,413

Consolidated financial statements

	Land	Buildings and building improvement	Leasehold improvement	Equipment for mobile telecommunication services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
	(Unit: Thousand Baht)										
Cost											
1 January 2022	991,832	1,645,684	1,308,395	102,391,242	213,011	921,595	7,187,890	186,425	4,446,377	257,982	119,550,433
Purchases	-	-	3,211	-	-	1,200	598	-	10,277,198	-	10,282,207
Disposals/written-off	-	-	(76,250)	(1,405,831)	-	(78,728)	(816,454)	(40,531)	(548,502)	(4)	(2,960,300)
Transferred in (out)	-	11,158	40,892	10,757,349	-	54,879	96,954	65,527	(11,026,759)	-	-
31 December 2022	991,832	1,656,842	1,282,248	111,742,760	213,011	898,946	6,468,988	211,421	3,148,314	257,978	126,872,340
Accumulated depreciation											
1 January 2022	-	1,478,259	1,053,466	55,057,158	212,603	861,736	6,726,112	121,715	-	174,853	65,685,902
Depreciation for the year	-	30,308	102,054	10,264,223	334	31,207	177,941	62,808	-	52	10,668,927
Depreciation - disposal/written-off	-	-	(57,039)	(1,312,835)	-	(77,262)	(815,642)	(40,261)	-	(4)	(2,303,043)
31 December 2022	-	1,508,567	1,098,481	64,008,546	212,937	815,681	6,088,411	144,262	-	174,901	74,051,786
Allowance for impairment loss											
1 January 2022	3,000	-	-	-	-	-	-	81	6,797	82,975	92,853
Allowance for impairment loss for the year (reversal)	-	-	-	-	-	-	-	(81)	(6,797)	-	(6,878)
31 December 2022	3,000	-	-	-	-	-	-	-	-	82,975	85,975
Net book value											
1 January 2022	988,832	167,425	254,929	47,334,084	408	59,859	461,778	64,629	4,439,580	154	53,771,678
31 December 2022	988,832	148,275	183,767	47,734,214	73	83,265	380,577	67,159	3,148,314	102	52,794,579
Depreciation included in the income statements for the years											
2021											10,556,413
2022											10,668,927

As at 31 December 2022, certain buildings and equipment items of the Group have been fully depreciated. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to Baht 33,631 million (2021: Baht 29,037 million).

Separate financial statements

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Leasehold improvement	Equipment for mobile telecommunication services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2021	1,082,230	1,652,546	648,257	1,702,220	93,979	718,137	5,451,884	21,644	74,682	142,674	11,588,253
Purchases	-	-	-	-	-	-	-	1,118	150,308	-	151,426
Disposals/written-off	-	(12,622)	(176,655)	(231,441)	-	(17,520)	(72,819)	(4,390)	-	(4,341)	(519,788)
Transferred in (out)	-	5,308	101,671	47,375	-	14,653	2,748	2,643	(174,998)	-	-
31 December 2021	1,082,230	1,645,232	573,273	1,518,154	93,979	715,270	5,381,813	21,015	50,592	138,333	11,219,891
Accumulated depreciation											
1 January 2021	-	1,452,944	598,795	1,473,075	90,935	697,589	5,395,831	18,281	-	59,695	9,787,145
Depreciation for the year	-	37,217	49,625	114,062	2,636	8,965	32,824	3,290	-	1	248,620
Depreciation - disposals/ written-off	-	(12,354)	(176,592)	(222,516)	-	(17,501)	(72,346)	(3,870)	-	(4,341)	(509,520)
31 December 2021	-	1,477,807	471,828	1,364,621	93,571	689,053	5,356,309	17,701	-	55,355	9,526,245
Allowance for impairment loss											
1 January 2021	3,000	-	-	-	-	-	-	-	7,752	82,975	93,727
Allowance for impairment loss for the year (reversal)	-	-	-	-	-	-	-	-	(955)	-	(955)
31 December 2021	3,000	-	-	-	-	-	-	-	6,797	82,975	92,772
Net book value											
1 January 2021	1,079,230	199,602	49,462	229,145	3,044	20,548	56,053	3,363	66,930	4	1,707,381
31 December 2021	1,079,230	167,425	101,445	153,533	408	26,217	25,504	3,314	43,795	3	1,600,874
Depreciation included in the income statements for the years											
2020											332,121
2021											248,620

Separate financial statements

	Land	Buildings and building improvement	Leasehold improvement	Equipment for mobile telecommunication services	Telephone based station improvement	Furniture, fixtures and office equipment	Machinery and equipment	Advertising and communication equipment	Work in progress	Others	Total
Cost											
1 January 2022	1,082,230	1,645,232	573,273	1,518,154	93,979	715,270	5,381,813	21,015	50,592	138,333	11,219,891
Purchases	-	-	-	51,358	-	-	-	-	55,555	-	106,913
Disposals/written-off	-	-	(7,483)	-	-	(72,739)	(807,389)	(8,654)	(6,917)	(4)	(903,186)
Transferred in (out)	-	11,158	23,866	-	-	34,095	26,213	322	(95,654)	-	-
31 December 2022	1,082,230	1,656,390	589,656	1,569,512	93,979	676,626	4,600,637	12,683	3,576	138,329	10,423,618
Accumulated depreciation											
1 January 2022	-	1,477,807	471,828	1,384,621	93,571	689,053	5,356,309	17,701	-	55,355	9,526,245
Depreciation for the year	-	30,308	29,424	71,914	334	13,473	23,544	2,290	-	1	171,288
Depreciation - disposals/ written-off	-	-	(4,095)	-	-	(71,528)	(806,601)	(8,464)	-	(4)	(890,692)
31 December 2022	-	1,508,115	497,157	1,436,535	93,905	630,998	4,573,252	11,527	-	55,352	8,806,841
Allowance for impairment loss											
1 January 2022	3,000	-	-	-	-	-	-	-	6,797	82,975	92,772
Allowance for impairment loss for the year (reversal)	-	-	-	-	-	-	-	-	(6,797)	-	(6,797)
31 December 2022	3,000	-	-	-	-	-	-	-	-	82,975	85,975
Net book value											
1 January 2022	1,079,230	167,425	101,445	153,533	408	26,217	25,504	3,314	43,795	3	1,600,874
31 December 2022	1,079,230	148,275	92,499	132,977	74	45,628	27,385	1,156	3,576	2	1,530,802
Depreciation included in the income statements for the years											
2021											248,620
2022											171,289

As at 31 December 2022, certain buildings and equipment items of the Company have been fully depreciated. The gross carrying amount, before deducting accumulated depreciation and allowance for impairment loss, of those assets amounted to Baht 8,524 million (2021: Baht 9,009 million).

During the year, the Group recognised the damage arising from a fire incident at a warehouse of approximately Baht 544 million (the Company only: Nil) in profit or loss. Currently, the Group partially receives an insurance claim for compensation.

During 2022, the Group changed the estimates of useful lives of the equipment for mobile telecommunication services operation. The Group's management believes that the change of the estimates of useful lives of those assets is appropriate since the aforementioned useful lives is in accordance with the period over which those assets are expected to be used by the Group. The change in accounting estimates is applied prospectively and no retrospective adjustment is required. This change had an impact on the decrease in depreciation expense for 2022 of Baht 586 million and for the next year of Baht 2,972 million.

The Group evaluated impairment of equipment, including right-of-use assets - cost of spectrum licenses as described in Note 15 to the consolidated financial statements and the other related right-of-use assets as described in Note 23.1 to the consolidated financial statements, for mobile telecommunication services of the Group by comparing the carrying amount of the cash generating unit to its recoverable amount. The recoverable amounts are the value in use which is determined by using cash flow projections approved by the management based on the assumptions by considering the scope of the spectrum licensing and telecommunication business license period of the subsidiary, and discounted to their present value using the pre-tax discount rate reflecting specific risks relating to the Group.

15. Right-of-use assets - cost of spectrum licenses

The net book value of right-of-use assets - cost of spectrum licenses as at 31 December 2022 and 2021 are presented below.

	(Unit: Thousand Baht) Consolidated financial statements
As at 31 December 2022:	
Cost	75,189,923
Less: Accumulated depreciation	(23,206,455)
Net book value	<u>51,983,468</u>
As at 31 December 2021:	
Cost	75,189,923
Less: Accumulated depreciation	(18,153,744)
Net book value	<u>57,036,179</u>

A reconciliation of the net book value of right-of-use assets - cost of spectrum licenses for the years 2022 and 2021 are presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 1 January 2021	62,104,579
Depreciation	(5,068,400)
Net book value as at 31 December 2021	57,036,179
Depreciation	(5,052,711)
Net book value as at 31 December 2022	51,983,468

Right-of-use assets - cost of spectrum licenses are the cost in acquisition the licenses for operating telecommunication business for International Mobile Telecommunication (IMT) as described in Note 1.2 Spectrum license under type three telecommunication business license to the consolidated financial statements.

16. Other intangible assets

The net book value of other intangible assets as at 31 December 2022 and 2021 are presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Computer software	Software under development	Total	Computer software	Software under development	Total
As at 31 December 2022:						
Cost	17,596,355	240,144	17,836,499	10,152,677	190	10,152,867
Less: Accumulated amortisation	(15,700,567)	-	(15,700,567)	(10,125,177)	-	(10,125,177)
Net book value	<u>1,895,788</u>	<u>240,144</u>	<u>2,135,932</u>	<u>27,500</u>	<u>190</u>	<u>27,690</u>
As at 31 December 2021:						
Cost	16,421,579	141,835	16,563,414	10,147,541	-	10,147,541
Less: Accumulated amortisation	(14,502,567)	-	(14,502,567)	(10,047,809)	-	(10,047,809)
Net book value	<u>1,919,012</u>	<u>141,835</u>	<u>2,060,847</u>	<u>99,732</u>	<u>-</u>	<u>99,732</u>

A reconciliation of the net book value of other intangible assets for the years 2022 and 2021 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Net book value at beginning of year	2,060,847	1,772,369	99,732	212,053
Acquisition of computer software	1,276,483	1,312,572	8,724	15,253
Amortisation	(1,201,398)	(1,024,094)	(80,766)	(127,574)
Net book value at end of year	<u>2,135,932</u>	<u>2,060,847</u>	<u>27,690</u>	<u>99,732</u>

As at 31 December 2022, certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to Baht 14,213 million (the Company only: Baht 10,090 million) (2021: Baht 13,010 million (the Company only: Baht 9,875 million)).

17. Other non-current assets

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deposits	566,906	582,247	260,415	311,449
Withholding tax deducted at source	3,206,882	3,434,786	620,956	1,451,152
Cost to obtain contracts - net of current portion	223,646	190,579	-	-
Others	261	390	261	390
Total other non-current assets	<u>3,997,695</u>	<u>4,208,002</u>	<u>881,632</u>	<u>1,762,991</u>

As at 31 December 2022, the Group were in the process of requesting the refund of withholding tax deducted at source amounting to Baht 2,170 million (The Company only: Baht 466 million) (2021: Baht 2,000 million (the Company only: Baht 998 million)) from the Revenue Department. The recoverability of the amount depended upon the results of a tax audit.

During the year 2022, the Company's subsidiary had addition cost to obtain contracts totaling Baht 228 million (2021: Baht 175 million) and amortised as expense totaling Baht 177 million (2021: Baht 181 million).

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade payables - related parties (Note 9)	426,227	552,376	112,764	36,764
Trade payables - unrelated parties	16,992,134	20,390,431	6,551,496	6,603,342
Other payables - related parties (Note 9)	203,685	301,867	3,531,236	992,233
Other payables - unrelated parties	1,211,380	1,406,445	355,705	495,762
Accrued expenses	2,985,082	3,314,442	1,399,448	1,804,632
Total trade and other payables	<u>21,818,508</u>	<u>25,965,561</u>	<u>11,950,649</u>	<u>9,932,733</u>

19. Short-term loans

The movement of subsidiary's short-term loans are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Balance			Balance
	as at	Increase	Decrease	as at
	31 December	during the year	during the year	31 December
	<u>2021</u>	<u>during the year</u>	<u>during the year</u>	<u>2022</u>
The subsidiary's loan facilities				
from local financial institutions	-	10,000	(7,000)	3,000
	-	10,000	(7,000)	3,000

Subsidiary's short-term loans

In 2018, the subsidiary entered into Revolving Facilities Agreements for 3 years availability period with financial institutions. The principal terms of these facilities are:

- Facilities : Baht 21,000 million
- Interest rate : BIBOR plus a margin (the margin depending on certain conditions as stipulated in each agreement)
- Interest period : One month, three months, or six months depending on certain conditions in the agreements
- Principal repayment schedule : The last day of each interest payment period

Right to renew the contract : The subsidiary has a right to extend the availability period with the same conditions as considered by financial institution

On 6 January 2022 and 11 February 2022, the subsidiary entered into the extension of the Revolving Facility Agreement of Baht 8,000 million for 2 years availability period with two financial institutions at compounded THOR plus a certain margin and BIBOR plus a certain margin as stipulated in the agreements.

The above credit facilities agreements contain covenants relating to various matters, such as the maintenance of financial ratio, restrictions on creating or permitting the subsistence of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions.

As at 31 December 2022, the Group has the short-term revolving credit facilities, which have not yet been drawn down, amounted to Baht 5,000 million (31 December 2021: Nil).

Later on 18 January 2023, the subsidiary terminated the revolving credit facility agreement with a financial institution, amounted to Baht 4,000 million and entered into a short-term credit facility agreement with this financial institution, amounted to Baht 2,000 million with floating interest rate as specified in the agreement. As a result, the Group had the credit facilities, which is available to be drawn down, amounted to Baht 3,000 million after the reporting period.

20. Long-term loans

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	<u>2022</u>	<u>2021</u>
The subsidiary's loan facilities		
from local financial institutions	8,300	15,000
Less: Deferred financial fees	(38)	(18)
The subsidiary's loan facilities from local financial		
institutions - net	8,262	14,982
Less: Current portion	-	(4,995)
Long-term loans - net of current portion	<u>8,262</u>	<u>9,987</u>

The movement of subsidiary's long-term loans are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Balance			Balance
	as at	Increase	Decrease	as at
	31 December	during the year	during the year	31 December
	2021			2022
The subsidiary's loan facilities				
from local financial institutions	15,000	3,300	(10,000)	8,300
Less: Deferred financial fees	(18)	(33)	13	(38)
	<u>14,982</u>	<u>3,267</u>	<u>(9,987)</u>	<u>8,262</u>

Subsidiary's long-term loans

- 1) In December 2019, the subsidiary entered into Facility Agreement with the financial institution. The principal terms of the facility are:

Facility	: Baht 15,000 million
Interest rate	: BIBOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every three months or every six months depending on conditions in the agreements

Principal repayment schedules : As per conditions specified in the agreements

- 2) In December 2021, the subsidiary entered into Facility Agreements with the financial institutions. The principal terms of the facility are:

Facility	: Baht 13,000 million (decreased credit facility amounted to Baht 5,200 million in December 2022)
Interest rate	: Compounded THOR plus a margin (the margin depending on certain conditions as stipulated in the agreement)
Interest period	: Every three months or depending on conditions in the agreements

Principal repayment schedules : As per conditions specified in the agreements

The above credit facilities agreements contain covenants relating to various matters, such as the maintenance of financial ratio, restrictions on creating or permitting the subsistence of security interest on property and assets, a prohibition on making loans or granting guarantees except under certain conditions.

As at 31 December 2022, the Group has the long-term credit facilities with financial institutions which have not yet been drawn down amounted to Baht 4,500 million (2021: Baht 13,000 million).

21. Debentures

	(Unit: Million Baht)	
	<u>Consolidated financial statements</u>	
	<u>2022</u>	<u>2021</u>
Thai Baht debentures	50,371	43,500
Less: Deferred financial fees	(37)	(25)
Add: Fair value of debentures (only the interest portion applying hedged accounting)	(35)	647
Thai Baht debentures - net	<u>50,299</u>	<u>44,122</u>
Less: Current portion	<u>(5,955)</u>	<u>(3,030)</u>
Thai Baht debentures - net of current portion	<u><u>44,344</u></u>	<u><u>41,092</u></u>

The movements of debentures for the year ended 31 December 2022 are as follows:

	(Unit: Million Baht)					
			Balance as at 1 January 2022	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2022
Subsidiary	Interest rate (per annum)	Tenor				
Debentures of Baht 3,000 million (issued on 29 July 2015)	3.52	7 years	3,000	-	(3,000)	-
Debentures of Baht 6,000 million (issued on 29 July 2015)	3.98	10 years	6,000	-	-	6,000
Debentures of Baht 1,500 million (issued on 22 July 2016)	3.01	7 years	1,500	-	-	1,500
Debentures of Baht 1,000 million (issued on 22 July 2016)	3.19	10 years	1,000	-	-	1,000
Debentures of Baht 500 million (issued on 28 April 2017)	3.65	7 years	500	-	-	500
Debentures of Baht 5,000 million (issued on 28 April 2017)	4.04	10 years	5,000	-	-	5,000
Debentures of Baht 2,000 million (issued on 21 September 2017)	3.58	10 years	2,000	-	-	2,000

(Unit: Million Baht)						
			Balance as at 1 January 2022	Addition: debentures issued	Less: debentures repayment	Balance as at 31 December 2022
	Interest rate (per annum)	Tenor				
Debentures of Baht 2,500 million (issued on 21 September 2017)	3.78	12 years	2,500	-	-	2,500
Debentures of Baht 1,500 million (issued on 5 July 2019)	2.84	5 years	1,500	-	-	1,500
Debentures of Baht 500 million (issued on 5 July 2019)	3.13	7 years	500	-	-	500
Debentures of Baht 3,000 million (issued on 5 July 2019)	3.50	9 years	3,000	-	-	3,000
Debentures of Baht 4,500 million (issued on 24 September 2020)	2.02	3 years	4,500	-	-	4,500
Debentures of Baht 2,000 million (issued on 24 September 2020)	2.53	5 years	2,000	-	-	2,000
Debentures of Baht 1,000 million (issued on 24 September 2020)	2.98	7 years	1,000	-	-	1,000
Debentures of Baht 2,500 million (issued on 24 September 2020)	3.50	10 years	2,500	-	-	2,500
Debentures of Baht 1,000 million (issued on 2 September 2021)	1.02	3 years	1,000	-	-	1,000
Debentures of Baht 1,500 million (issued on 2 September 2021)	1.50	5 years	1,500	-	-	1,500
Debentures of Baht 2,000 million (issued on 2 September 2021)	2.10	7 years	2,000	-	-	2,000
Debentures of Baht 2,500 million (issued on 2 September 2021)	2.66	10 years	2,500	-	-	2,500
Debentures of Baht 3,882 million (issued on 15 July 2022)	3.01	1.5 years	-	3,882	-	3,882
Debentures of Baht 2,302 million (issued on 15 July 2022)	3.50	3 years	-	2,302	-	2,302
Debentures of Baht 1,557 million (issued on 15 July 2022)	4.00	5 years	-	1,557	-	1,557
Debentures of Baht 958 million (issued on 15 July 2022)	4.20	7 years	-	958	-	958
Debentures of Baht 1,172 million (issued on 15 July 2022)	4.46	9 years	-	1,172	-	1,172
Total			<u>43,500</u>	<u>9,871</u>	<u>(3,000)</u>	<u>50,371</u>

The subsidiary's debentures, as provided above, are the registered, unsubordinated, and unsecured debentures with a debentureholders' representative, to institutional and/or high net worth investors.

The subsidiary entered into interest rate swap agreements with financial institutions covering some of the above debentures. As at 31 December 2022, these interest rate swap agreements swap fixed Baht interest rates for floating Baht interest rates plus margins as specified in agreements are a total notional amount of Baht 15,000 million (31 December 2021: Baht 22,000 million) and their purpose is to fair value hedges for the debentures (only the interest portion) where the Group elected to apply hedge accounting for these transactions as per described in Note 33.1 to the consolidated financial statements.

Such debentures contain covenants relating to various matters such as restrictions on creating or permitting the creation of security interest on property and assets, and a prohibition on making loans or granting guarantees except under certain conditions.

22. Assets retirement obligation

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets retirement obligation				
at beginning of year	1,591,949	2,064,194	150,159	197,437
Decrease from payment	(8,101)	(71,481)	(1,629)	(60,524)
Increase (decrease) during the year	<u>(424,820)</u>	<u>(400,764)</u>	<u>(10,212)</u>	<u>13,246</u>
Assets retirement obligation				
at end of year	1,159,028	1,591,949	138,318	150,159
Less: current portion	<u>(40,430)</u>	<u>(39,968)</u>	<u>(13,374)</u>	<u>(13,313)</u>
Assets retirement obligation				
- net of current portion	<u>1,118,598</u>	<u>1,551,981</u>	<u>124,944</u>	<u>136,846</u>

Assets retirement obligation is substantially the provision for expenses to be incurred with respect to the retirement of network located on leased areas.

23. Leases

The Group has lease contracts related to office building, vehicle, land for tower, space on tower, equipment for mobile telecommunication services and others.

23.1 Right-of-use assets

The net book value of right-of-use assets related to land, building, leasehold and equipment lease contracts and the movement for the year 2022 and 2021 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Land for tower	Buildings and building improvement	Space on tower and equipment for mobile telecommunication services	Leasehold	Others	
Cost						
1 January 2021	9,616,327	2,206,558	17,960,445	123,470	90,909	29,997,709
Addition/reassessment	1,177,466	574,069	2,436,684	-	33,048	4,221,267
Change in conditions/ termination of contract/ written-off	(1,059,856)	(768,830)	(3,306,276)	(17,118)	(21,070)	(5,173,150)
31 December 2021	9,733,937	2,011,797	17,090,853	106,352	102,887	29,045,826
Addition/reassessment	1,096,402	394,318	1,260,363	-	37,649	2,788,732
Change in conditions/ termination of contract/ written-off	(1,216,205)	(337,701)	(3,675,871)	(449)	(49,721)	(5,279,947)
31 December 2022	9,614,134	2,068,414	14,675,345	105,903	90,815	26,554,611
Accumulated depreciation						
1 January 2021	2,475,326	1,067,812	4,866,222	97,220	34,360	8,540,940
Depreciation for the year	1,581,160	569,953	3,624,817	15,462	38,188	5,829,580
Depreciation - change in conditions/written-off	(474,064)	(729,861)	(1,503,393)	(17,064)	(19,788)	(2,744,170)
31 December 2021	3,582,422	907,904	6,987,646	95,618	52,760	11,626,350
Depreciation for the year	1,622,643	565,606	3,289,524	1,434	32,187	5,511,394
Depreciation - change in conditions/termination of contract/written-off	(610,937)	(272,180)	(2,880,435)	(449)	(49,721)	(3,813,722)
31 December 2022	4,594,128	1,201,330	7,396,735	96,603	35,226	13,324,022
Net book value						
31 December 2021	6,151,515	1,103,893	10,103,207	10,734	50,127	17,419,476
31 December 2022	5,020,006	867,084	7,278,610	9,300	55,589	13,230,589

(Unit: Thousand Baht)

Separate financial statements

	Buildings and building				Total
	Land for tower	improvement	Leasehold	Others	
Cost					
1 January 2021	200,750	1,413,650	26,713	68,948	1,710,061
Addition	44,643	109,440	-	33,047	187,130
Change in conditions/written-off	(78,520)	(359,072)	(12,234)	(20,265)	(470,091)
31 December 2021	166,873	1,164,018	14,479	81,730	1,427,100
Addition	19,698	1,659	-	2,985	24,342
Change in conditions/termination of contract/written-off	(33,928)	(104,694)	-	(28,565)	(167,187)
31 December 2022	152,643	1,060,983	14,479	56,150	1,284,255
Accumulated depreciation					
1 January 2021	68,267	660,346	26,245	32,504	787,362
Depreciation for the year	35,328	253,970	282	26,907	316,487
Depreciation - change in conditions/written-off	(44,274)	(339,435)	(12,234)	(19,392)	(415,335)
31 December 2021	59,321	574,881	14,293	40,019	688,514
Depreciation for the year	33,449	237,013	31	21,826	292,319
Depreciation - change in conditions/ termination of contract/written-off	(30,617)	(39,172)	-	(28,565)	(98,354)
31 December 2022	62,153	772,722	14,324	33,280	882,479
Net book value					
31 December 2021	107,552	589,137	186	41,711	738,586
31 December 2022	90,490	288,261	155	22,870	401,776

23.2 Lease liabilities

The carrying amounts of lease liabilities and the movement for the year 2022 and 2021 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
As at 1 January	19,082,510	22,483,335	633,733	850,484
Addition/reassessment	3,171,283	4,544,877	30,660	163,748
Accretion of interest	547,239	713,795	8,855	13,120
Payments	(6,301,416)	(6,701,457)	(252,342)	(341,706)
Decrease from contract cancellation	<u>(1,216,300)</u>	<u>(1,958,040)</u>	<u>(65,632)</u>	<u>(51,913)</u>
As at 31 December	15,283,316	19,082,510	355,274	633,733
Less: current portion	<u>(5,270,968)</u>	<u>(5,599,437)</u>	<u>(258,712)</u>	<u>(260,664)</u>
Lease liabilities - net of current portion	<u>10,012,348</u>	<u>13,483,073</u>	<u>96,562</u>	<u>373,069</u>

Expenses relating to leases that are recognised in profit or loss for the year ended 31 December 2022 and 2021 comprise of depreciation of right-of-use assets as disclosed in the Note 23.1 to the consolidated financial statements, interest expenses from lease as disclosed in the Note 23.2 to the consolidated financial statements and expenses related to short-term leases and leases of low-value assets as disclosed in the Note 36.1 to the consolidated financial statements.

The Group had total cash outflows for leases of Baht 6,405 million (the Company only: Baht 275 million) (2021: Baht 6,799 million (the Company only: Baht 357 million)) including cash outflows of short-term leases and leases of low-value assets.

23.3 Lease receivable

During the year 2018, the Company and dtac TriNet entered into the Disputes Settlement and Tower Service Agreement with CAT (currently known as "NT"). Under the agreement, the Company transferred to CAT for the disputed towers that the Company has procured under the agreement to operate and to provide cellular telephone services between CAT and the Company. In light of this, CAT agreed to settle disputes related to ownership of all towers and allowed the Company and dtac TriNet to use the towers to operate business according to the terms and condition specified in the agreements. dtac TriNet itself shall procure the land for tower and provide maintenance service to the towers and shall receive the compensation in accordance with the terms and conditions as stipulated in the agreements.

The net book value of lease receivables as at 31 December 2022 and 2021 are presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
Receivables under lease agreement	5,014,771	6,289,840
Less: Deferred interest income	(324,208)	(512,728)
Total	4,690,563	5,777,112
Less: Portion due within one year	(1,269,381)	(1,240,815)
Lease receivables - net of current portion	<u>3,421,182</u>	<u>4,536,297</u>

As at 31 December 2022 and 2021, the subsidiary has future minimum lease payment to be received under leases contract as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2022</u>	<u>2021</u>
Within 1 year	1,269	1,241
Over 1 year and up to 5 years	3,746	5,049
Receivables under lease agreement	<u>5,015</u>	<u>6,290</u>

24. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, is as follows:

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2022</u>	<u>2021</u>
Provision for long-term employee benefits at beginning of year	604,496	645,122
Included in profit or loss:		
Current service cost	48,131	52,989
Curtailment	-	(95,302)
Interest cost	13,527	10,234
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Financial assumptions changes	(65,591)	(48,833)
Experience adjustments	20,648	46,793
Benefits paid during the year	(15,608)	(6,507)
Provision for long-term employee benefits at end of year	<u>605,603</u>	<u>604,496</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised entirely in administrative expenses.

As at 31 December 2022, the Company expect to pay Baht 18 million of long-term employee benefits during the next year (Separate financial statements: Baht 18 million) (2021: Baht 33 million, separate financial statements: Baht 33 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 11 years (Separate financial statements: 11 years) (2021: 11 years, separate financial statements: 11 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated/ Separate financial statements	
	<u>2022</u>	<u>2021</u>
Discount rate	3.3	2.3
Salary increase rate	4	4
Turnover rate	0 - 17.5	0 - 17.5

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2022 and 2021 are summarised below:

	(Unit: Million Baht)			
	Consolidated/Separate financial statements			
	2022		2021	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(30)	32	(32)	34
Salary increase rate	31	(30)	34	(32)
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Voluntary turnover rate of employees	(25)	27	(3)	3

25. Dividends

Dividends	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
Annual dividend announced from operating result of the year 2021	Annual General Meeting of Shareholder on 25 March 2022	2,486	1.05
Interim dividend announced from operating result for the period as from 1 January 2022 to 30 June 2022	Board of Directors' Meeting on 15 July 2022	<u>2,013</u>	0.85
		<u>4,499</u>	
Annual dividend announced from operating result of the year 2020	Annual General Meeting of Shareholder on 26 March 2021	5,020	2.12
Interim dividend announced from operating result for the period as from 1 January 2021 to 30 June 2021	Board of Directors' Meeting on 16 July 2021	<u>2,486</u>	1.05
		<u>7,506</u>	

26. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Salaries and wages and other employee benefits	3,214,447	3,360,212	3,183,044	3,332,562
Depreciation	10,668,927	10,556,413	171,289	248,620
Amortisation	1,201,398	1,024,094	80,777	127,574
Depreciation right-of-use assets	10,564,105	10,897,980	292,319	316,487
Rental expenses from operating lease agreements and services fee	237,740	258,176	39,724	8,867
Purchases in inventories	10,538,540	11,260,881	5,559	977
Changes in inventories of finished goods	197,635	(692,221)	4,913	1,157

27. Finance cost

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expense on financial liabilities	2,472,622	2,277,035	15,311	11,855
Interest expense on lease liabilities	547,239	713,795	8,855	13,120
Less: Interest income on lease receivables	(185,701)	(222,977)	-	-
Net interest expense - lease liabilities	361,538	490,818	8,855	13,120
Amortisation on deferred financial cost	22,765	27,255	-	-
Other finance cost	34,093	34,501	-	-
Total finance cost	2,891,018	2,829,609	24,166	24,975

28. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	168,596	168,521	-	-
Adjustment in respect of income tax of previous year	-	(209)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	586,762	423,893	1,232,630	1,246,524
Income tax expense reported in the income statement	755,358	592,205	1,232,630	1,246,524

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	<u>2022</u>	<u>2021</u>
Deferred tax relating to the actuarial gains or losses	<u>8,989</u>	<u>408</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accounting profit before tax	<u>3,874,515</u>	<u>3,948,138</u>	<u>6,151,943</u>	<u>6,237,752</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	774,903	789,628	1,230,389	1,247,550
Adjustment in respect of current income tax of previous year	-	(209)	-	-
Effects of:				
Tax exempted revenue	(40)	(40)	(40)	(40)
Non-deductible expenses	56,396	52,336	4,718	3,663
Additional capital expenditure deductions allowed	(64,400)	(242,017)	(2,158)	(6,850)
Effects of adjustment deferred tax	(344)	(915)	(279)	2,201
Others	<u>(11,157)</u>	<u>(6,578)</u>	<u>-</u>	<u>-</u>
Income tax expenses reported in the income statement	<u>755,358</u>	<u>592,205</u>	<u>1,232,630</u>	<u>1,246,524</u>

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets				
Allowance for expected credit losses	245,056	210,815	17,917	18,322
Allowance for diminution in value of investment/loss on the subsidiary	28,086	28,086	17,694	17,694
Allowance for diminution in value of inventories	4,917	6,651	-	-
Accrued expenses	66,748	34,521	66,748	34,521
Amortisation of intangible assets	568,992	483,179	-	-
Sales of prepaid voucher cards	296,647	265,860	204	204
Fair value of debentures applying hedge accounting	-	129,308	-	-
Fair value of derivative instruments	590	-	-	-
Lease agreement	289,607	254,825	-	-
Tax losses carried forward	2,333,808	3,079,410	788,690	2,028,862
Others	291,061	199,748	-	36,644
Total	<u>4,125,512</u>	<u>4,692,403</u>	<u>891,253</u>	<u>2,136,247</u>
Deferred tax liabilities				
Fair value of debentures applying hedge accounting	(7,026)	-	-	-
Fair value of derivative instruments	-	(153,662)	-	-
Contract assets	(103,988)	(51,758)	-	-
Cost to obtain contracts	(77,914)	(67,628)	-	-
Others	(137,537)	(24,557)	(176)	(3,552)
Total	<u>(326,465)</u>	<u>(297,605)</u>	<u>(176)</u>	<u>(3,552)</u>
Deferred tax assets - net	<u>3,799,047</u>	<u>4,394,798</u>	<u>891,077</u>	<u>2,132,695</u>

Details of expiry date of the above tax losses carried forward are summarised as below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
31 December 2022	-	523,258	-	523,258
31 December 2023	2,078,189	7,755,794	2,078,189	7,755,794
31 December 2024	3,490,014	3,490,014	1,865,259	1,865,259
31 December 2025	987,625	987,625	-	-
31 December 2026	1,812,236	2,640,360	-	-
31 December 2027	3,300,974	-	-	-
	<u>11,669,038</u>	<u>15,397,051</u>	<u>3,943,448</u>	<u>10,144,311</u>

As at 31 December 2022 and 2021, the Group has deductible temporary differences of Baht 1,425 million (the Company only: Baht 1,425 million) on which deferred tax assets have not been recognised because the Group considers that it might be uncertain to amortised these temporary differences in the future.

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the year (Thousand Baht)	3,119,157	3,355,933	4,919,313	4,991,228
Weighted average number of ordinary shares (Thousand shares)	2,367,811	2,367,811	2,367,811	2,367,811
Basic earnings per share (Baht/share)	1.32	1.42	2.08	2.11

30. Depreciation and amortisation

Depreciation and amortisation for the years ended 31 December 2022 and 2021 comprised:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation				
Building and equipment	10,668,927	10,556,413	171,288	248,620
Right-of-use-cost of spectrum licenses	5,052,711	5,068,400	-	-
Right-of-use assets	5,511,394	5,829,580	292,319	316,487
Amortisation				
Other intangible assets	<u>1,201,398</u>	<u>1,024,094</u>	<u>80,766</u>	<u>127,574</u>
Total depreciation and amortisation	<u>22,434,430</u>	<u>22,478,487</u>	<u>544,373</u>	<u>692,681</u>

31. Operating income before interest, taxes, depreciation, amortisation, other incomes and other expenses (EBITDA before other incomes and other expenses)

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>	
		<u>2022</u>	<u>2021</u>
	<u>Note</u>		
Profit for the year		3,119,157	3,355,933
Add	:		
	Finance cost	2,891,018	2,829,609
	Income tax expenses	755,358	592,205
	Depreciation expense	10,668,927	10,556,413
	Amortisation expense	1,201,398	1,024,094
	Depreciation - right-of-use assets	10,564,105	10,897,980
EBITDA		<u>29,199,963</u>	<u>29,256,234</u>
Add (less):	:		
	Interest income	(20,636)	(12,256)
	Gain on foreign exchange	(5,079)	(4,841)
	Other expenses related to employees	13,428	99,708
	Share of loss from investment in associated company	6,408	5,245
	Dividend received from investments	(6,107)	(244)
	Gain from disposal of other investment	(1,247)	(21,017)
	Allowance for impairment and loss from disposal/write-off of equipment, right-of-use assets and other intangible	572,865	480,647
	(Gain) loss from fair value measurement of derivative instruments and net position of hedging	(3,884)	148,215
	Allowance for diminution in value of other investments	500	1,000
	Other expenses	95,055	36,484
Operating income before interest, taxes, depreciation, amortisation, other incomes and other expenses (EBITDA before other incomes and other expenses)		<u>29,851,266</u>	<u>29,989,175</u>

32. Reclassification of the presentation of other components of shareholders' equity in the consolidated statement of financial position and consolidated statement of changes in shareholders' equity

The Group's management reclassified the presentation of other components of shareholders' equity in relation to the adjustment resulting from reduction of legal reserve and premium on ordinary share to offset the Company's deficit in the past in the consolidated statement of financial position and consolidated statement of change in shareholders' equity, which have been separately presented, by reclassifying to present net with retained earnings - unappropriated (deficits) to conform with the presentation of the separate statement of financial position and separate statement of changes in shareholders' equity. This reclassification did not impact net profit or comprehensive income in the consolidated statement of income and consolidated statement of comprehensive income, including no impact to shareholders' equity in consolidated statement of financial position of the Group.

The reclassification of the presentation is provided below:

(Unit: Million Baht)

	Consolidated statement of financial position		
	As at 31 December 2021		
	As previously reported	Reclassified the presentation	As reclassified the presentation
Total shareholders' equity			
Retained earnings - unappropriated (deficits)	(10,881)	17,650	6,769
Other components of shareholders' equity	17,650	(17,650)	-

(Unit: Million Baht)

	Consolidated statement of changes in total shareholders' equity					
	As at 1 January 2022			As at 1 January 2021		
	As previously reported	Reclassified the presentation	As reclassified the presentation	As previously reported	Reclassified the presentation	As reclassified the presentation
Shareholders' equity						
Retained earnings -						
unappropriated (deficits)	(10,881)	17,650	6,769	(6,733)	17,650	10,917
Other components of						
shareholders' equity	17,650	(17,650)	-	17,650	(17,650)	-

33. Financial instruments

33.1 Derivatives and hedge accounting

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2022</u>	<u>2021</u>
Derivative assets		
Derivative assets designated as hedging instruments	95,234	768,309
Total derivative assets	<u>95,234</u>	<u>768,309</u>
Derivative liabilities		
Derivative liabilities not designated as hedging instruments	17,319	-
Derivative liabilities designated as hedging instruments	80,865	-
Total derivative liabilities	<u>98,184</u>	<u>-</u>

Derivatives not designated as hedging instruments

The Group uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 20 months.

Derivatives designated as hedging instruments

As at 31 December 2022, the Group had the interest rate swap agreements designated as hedging instruments with a notional amount of Baht 15,000 million (2021: Baht 22,000 million) whereby the Group receives a fixed rate of interest as per disclosed in Note 21 to the consolidated financial statements and pays interest at a variable rate equal to THBFIX plus margin or THOR plus margin.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the interest rate swap match the terms of the fixed rate debentures (i.e., notional amount, maturity, payment and reset dates). The Group has established a hedge ratio of 1:1 as the underlying risk of the interest rate swap is identical to the hedged risk component.

Hedge ineffectiveness can arise from:

- Differences in the interest rate curves applied to discount the hedged item and hedging instrument
- Differences in the timing of cash flows of the hedged item and hedging instrument

Details of derivatives (interest rate swap) that are treated as hedging instruments as at 31 December 2022 and 2021, presented by maturity, are as follow:

	Less than 1 year		1 to 5 years		> 5 years		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Notional amount (Million Baht)	6,000	3,000	7,500	12,500	1,500	6,500	15,000	22,000
Floating interest rate (%)	2.14-2.15	1.58-1.61	2.12-3.10	1.52-1.80	2.55-2.56	1.95-2.00	2.12-3.10	1.52-2.00

The impact of the hedging instruments on the statement of financial position as at 31 December 2022 and 2021 is, as follows:

	Notional amount		Carrying amount		Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
Interest rate swap	1,500,000	3,000,000	6,239	55,424	Other current financial assets	(49,185)	55,424
Interest rate swap	6,000,000	19,000,000	88,995	712,885	Other non-current financial assets	(623,890)	(592,786)
Interest rate swap	4,500,000	-	(36,074)	-	Other current financial liabilities	(36,074)	-
Interest rate swap	3,000,000	-	(44,791)	-	Other non-current financial liabilities	(44,791)	-

The impact of the hedged items on the statement of financial position as at 31 December 2022 and 2021 is, as follows:

	Carrying amount		Accumulated fair value adjustments		Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>		<u>2022</u>	<u>2021</u>
Fixed-rate debentures	5,967,624	3,030,259	(29,835)	30,505	Debentures - current portion	(60,340)	30,505
Fixed-rate debentures	8,991,770	19,607,514	(5,293)	616,033	Debentures - net of current portion	621,326	(572,713)

The ineffectiveness recognised in profit or loss was immaterial.

Effect from interest rate benchmark reform

The Group has exposures to benchmark InterBank Offered Rates (“IBORs”) on its financial instruments that will be replaced or reformed. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform will impact its risk management and hedge accounting. In other words, the temporary exceptions specify that for the purpose of determining whether a forecast transaction is highly probable for hedges, it is assumed that the interest rate benchmark on which the hedged are based is not altered as a result of IBOR reform. The Group applies temporary exceptions which enables it to continue hedge accounting during the period of uncertainty.

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participant's expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest will occur. The Group manages the Group's transition to alternative benchmark rates by amended some contracts with counterparties.

33.2 Financial risk management objectives and policies

The Group's financial instruments-principally comprise cash and cash equivalents, trade and other receivables, lease receivable, other financial assets, trade and other payables, short-term loans, long-term loan, debentures, accrued cost of spectrum licenses, lease liabilities and other financial liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade receivables, contract assets, deposits with banks and other financial instruments. Except for derivative financial instruments as disclosed under liquidity risk, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables and contract assets

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables and contract assets are regularly monitored and any sale of products to major dealers are covered by credit insurance obtained from the banks. In addition, the Group does not have high concentrations of credit risk since it has a large customer base.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision for expected credit losses rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off in accordance with the Group's policy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate risk through a counterparty's potential failure to make payments.

Market risk

Foreign currency risk

The Group's exposure to foreign currency risk arised mainly from trade receivables / trade payables - international roaming telephone services and accounts payable from purchasing of equipment transactions that are denominated in foreign currencies.

As at 31 December 2022 and 2021 the Group had the following financial assets and liabilities denominated in foreign currencies:

	Consolidated financial statements as at 31 December			Exchange rate as at 31 December	
	2022 (Million)	2021 (Million)	Foreign currency	2022 (Baht per foreign currency)	2021
<i>Financial assets</i>					
Deposits at banks	1.09	2.31	USD	34.2946	33.1533
Trade receivables - other companies	4.53	3.30	SDRs	46.3147	47.0166
	0.80	0.40	USD	34.2946	33.1533
	0.01	0.01	EUR	36.3344	37.4022
Trade receivables - related companies	0.08	0.36	SDRs	46.3147	47.0166
	0.20	2.50	USD	34.2946	33.1533
<i>Financial liabilities</i>					
Trade payables	5.03	6.41	USD	34.7335	33.5929
	0.10	0.10	EUR	37.2053	38.2813
	16.20	2.70	NOK	3.5343	3.8454
	0.01	0.01	GBP	42.1004	45.5492
	0.43	0.24	SGD	26.0167	25.0254
	1.60	1.33	SDRs	46.3147	47.0166
	0.03	-	CHF	37.7834	36.9045

	Consolidated financial statements			Exchange rate	
	as at 31 December			as at 31 December	
	2022	2021	Foreign currency	2022	2021
	(Million)	(Million)		(Baht per foreign currency)	
Related parties payables	34.37	27.04	NOK	3.5343	3.8454
	0.11	0.03	SDRs	46.3147	47.0166
	0.01	0.01	EUR	37.2053	38.2813
	0.38	-	SGD	26.0167	25.0254
	8.34	-	BDT	0.3367	0.3919
	1.83	1.44	USD	34.7335	33.5929
Total net assets (liabilities)	(4.77)	(2.64)	USD		
	(0.10)	(0.10)	EUR		
	(0.01)	(0.01)	GBP		
	2.90	2.30	SDRs		
	(50.57)	(29.74)	NOK		
	(0.81)	(0.24)	SGD		
	(0.03)	-	CHF		
	(8.34)	-	BDT		

Foreign currency sensitivity analysis

There is no significant impact on the Group's profit before tax arising from the change in the fair value of monetary assets and liabilities due to the possible change in exchange rates of assets and liabilities that are denominated in foreign currencies.

Interest rate risk

The Group's exposure to interest rate risk relate primarily to their deposits at bank, lease receivables, other financial assets, short-term loans, long-term loans, debentures, accrued cost of spectrum licenses, lease liabilities and other financial liabilities. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2022 and 2021, significant financial assets and liabilities (part of these are under derivative instruments as described in Note 21 to the consolidated financial statements) classified by type of interest rate are summarised in the table below.

(Unit: Million Baht)

Items	Note	Consolidated financial statements as at 31 December 2022			Total	Interest rate
		Floating interest rate	Fixed interest rate	Zero interest rate		
Financial assets						
Cash and cash equivalents	7	565	5,005	82	5,652	0.01% - 0.55%
Trade and other receivables	8	-	-	10,342	10,342	-
Lease receivables	23.3	-	4,691	-	4,691	3.64%
Other financial assets		95	-	39	134	-

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2022

Items	Note	Floating	Fixed	Zero	Total	Interest rate
		interest rate	interest rate	interest rate		
<u>Financial liabilities</u>						
Trade and other payables	18	-	-	21,819	21,819	-
Short-term loans	19	3,000	-	-	3,000	-
Long-term loans	20	8,262	-	-	8,262	-
Debentures	21	-	50,299	-	50,299	1.02% - 4.46%
Accrued cost of spectrum licenses		-	30,566	-	30,566	1.79% - 3.13%
Lease liabilities	23.2	-	15,283	-	15,283	1.20% - 4.43%
Other financial liabilities		81	-	17	98	-

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2021

Items	Note	Floating	Fixed	Zero	Total	Interest rate
		interest rate	interest rate	interest rate		
<u>Financial assets</u>						
Cash and cash equivalents	7	772	2,757	46	3,575	0.01% - 0.375%
Trade and other receivables	8	-	-	10,250	10,250	-
Lease receivables	23.3	-	5,777	-	5,777	3.64%
Other financial assets		768	-	42	810	-
<u>Financial liabilities</u>						
Trade and other payables	18	-	-	25,966	25,966	-
Long-term loans	20	14,982	-	-	14,982	-
Debentures	21	-	44,122	-	44,122	1.02% - 4.04%
Accrued cost of spectrum licenses		-	35,245	-	35,245	1.79% - 3.13%
Lease liabilities	23.2	-	19,083	-	19,083	0.77% - 3.84%

Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on that portion of the floating rate derivatives, short-term loans and long-term loans affected as at 31 December 2022 and 2021. Assuming that the amounts of the above floating rate financial instruments and all other factors remain constant over one year. Moreover, the floating legs of these financial instruments are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation are presented below.

Currency	2022		2021	
	Increase/decrease (%)	Effect on profit before tax (Thousand Baht)	Increase/decrease (%)	Effect on profit before tax (Thousand Baht)
Baht	+0.25	(65,750)	+0.25	(92,500)
	-0.25	65,750	-0.25	92,500

Liquidity risk

As of 31 December 2022, the Group has 18% of the interest bearing liabilities, which will mature within one year, based on the carrying value of borrowings reflected in the financial statements (2021: 16%). The Group has assessed the concentration of risk with respect to refinancing its debt and concluded the risk is low. Furthermore, the Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December 2022					
	Note	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives						
Trade and other payables	18	13,098,892	8,655,564	64,052	-	21,818,508
Short-term loans		-	3,020,175	-	-	3,020,175
Long-term loans		-	161,600	8,467,316	-	8,628,916
Debentures		-	7,617,659	34,124,948	15,784,363	57,526,970
Accrued cost of spectrum licenses		-	5,564,800	22,259,200	5,275,200	33,099,200
Lease liabilities		-	5,587,385	10,312,272	305,808	16,205,465
Total non-derivatives		13,098,892	30,607,183	75,227,788	21,365,371	140,299,234

(Unit: Thousand Baht)

	Separate financial statements					
	As at 31 December 2022					
	Note	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives						
Trade and other payables	18	7,461,477	4,477,398	11,774	-	11,950,649
Lease liabilities		-	262,165	97,542	2,110	361,817
Total non-derivatives		7,461,477	4,739,563	109,316	2,110	12,312,466

(Unit: Thousand Baht)

Consolidated financial statements					
As at 31 December 2021					
Note	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives					
Trade and other payables	18	8,999,293	16,966,268	-	25,965,561
Long-term loans		-	5,225,121	10,202,693	15,427,814
Debentures		-	4,371,050	24,213,025	50,546,475
Accrued cost of spectrum licenses		-	5,564,800	22,259,200	38,664,000
Lease liabilities		-	6,009,371	14,013,801	20,548,557
Total non-derivatives		8,999,293	38,136,610	70,688,719	151,152,407

(Unit: Thousand Baht)

Separate financial statements					
As at 31 December 2021					
Note	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives					
Trade and other payables	18	8,061,061	1,871,672	-	9,932,733
Lease liabilities		-	268,554	376,224	651,755
Total non-derivatives		8,061,061	2,140,226	376,224	10,584,488

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2022

	Note	Carrying value			Fair value
		Fair value through			
		profit or loss	Amortised cost	Total	
Financial liabilities					
Trade and other payables		-	21,818,508	21,818,508	21,818,508
Short-term loans		-	3,000,000	3,000,000	3,000,000
Long-term loans		-	8,261,984	8,261,984	8,261,984
Debentures	33.1	14,959,394	35,339,518	50,298,912	50,321,266
Accrued cost of spectrum licenses		-	30,566,144	30,566,144	30,566,144
Other current financial liabilities					
- Derivative liabilities designated as hedging instruments					
	33.1	36,074	-	36,074	36,074
- Derivative liabilities not designated as hedging instruments					
	33.1	12,012	-	12,012	12,012
Other non current financial liabilities					
- Derivative liabilities designated as hedging instruments					
	33.1	44,791	-	44,791	44,791
- Derivative liabilities not designated as hedging instruments					
	33.1	5,307	-	5,307	5,307
Lease liabilities		-	15,283,316	15,283,316	15,283,316
Total financial liabilities		15,057,578	114,269,470	129,327,048	129,349,402

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2021				
		Carrying value		Fair value
	Note	Fair value through profit or loss	Amortised cost	Total
Financial assets				
Cash and cash equivalents		-	3,575,488	3,575,488
Trade and other receivables		-	10,250,016	10,250,016
Lease receivable		-	5,777,112	5,777,112
Other current financial assets				
- Derivative assets				
designated as hedging instruments	33.1	55,424	-	55,424
Other non-current financial assets				
- Derivative assets				
designated as hedging instruments	33.1	712,885	-	712,885
- Investments in equity instruments of non-listed companies				
		41,522	-	41,522
Total financial assets		809,831	19,602,616	20,412,447
Financial liabilities				
Trade and other payables		-	25,965,561	25,965,561
Long-term loans		-	14,982,132	14,982,132
Debentures	33.1	22,637,774	21,483,838	44,121,612
Accrued cost of spectrum licenses				
		-	35,245,052	35,245,052
Lease liabilities		-	19,082,510	19,082,510
Total financial liabilities		22,637,774	116,759,093	139,396,867

(Unit: Thousand Baht)

Separate financial statements as at 31 December 2022

	Carrying value			Fair value
	Fair value through			
	profit or loss	Amortised cost	Total	
Financial assets				
Cash and cash equivalents	-	1,270,534	1,270,534	1,270,534
Trade and other receivables	-	9,927,225	9,927,225	9,927,225
Loan to subsidiary	-	15,000,000	15,000,000	15,000,000
Other non-current financial assets				
- Investments in equity instruments of non-listed companies	1,800	-	1,800	1,800
Total financial assets	1,800	26,197,759	26,199,559	26,199,559
Financial liabilities				
Trade and other payables	-	11,950,649	11,950,649	11,950,649
Lease liabilities	-	355,273	355,273	355,273
Total financial liabilities	-	12,305,922	12,305,922	12,305,922

(Unit: Thousand Baht)

Separate financial statements as at 31 December 2021

	Carrying value			Fair value
	Fair value through			
	profit or loss	Amortised cost	Total	
Financial assets				
Cash and cash equivalents	-	1,255,455	1,255,455	1,255,455
Trade and other receivables	-	3,805,849	3,805,849	3,805,849
Loan to subsidiary	-	16,500,000	16,500,000	16,500,000
Other non-current financial assets				
- Investments in equity instruments of non-listed companies	1,800	-	1,800	1,800
Total financial assets	1,800	21,561,304	21,563,104	21,563,104
Financial liabilities				
Trade and other payables	-	9,932,733	9,932,733	9,932,733
Lease liabilities	-	633,733	633,733	633,733
Total financial liabilities	-	10,566,466	10,566,466	10,566,466

The fair value of financial instruments is estimated on the following criteria.

- The fair value of derivative instruments has been calculated by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves, a subsidiary has considered to counter party credit risk when determining the fair value of derivatives.

- The fair value of investment in equity instruments of non-listed companies has been determined by analysis and considering change in the invested companies' financial position and operating performance, including other several factors, and concluded that the cost of those investments has appropriately represented the fair value of the investments.
- The fair value of debentures has been determined based on discounted cash flow analysis, by using discount rates equal to the prevailing rates of return as of the end of reporting period for financial instruments having substantially the same terms and characteristics.

During the current year, there was no transfer within the fair value hierarchy.

34. Fair value hierarchy

As at 31 December 2022 and 2021, the Group had the assets that were measured at fair value and liabilities for which fair value were disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	<u>Consolidated financial statements as at 31 December 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value				
Financial assets measured at FVTPL				
- Investments in equity instruments of non-listed companies	-	-	39	39
Derivatives				
- Interest rate swap agreement	-	95	-	95
Liabilities measured at fair value				
Derivatives				
- Interest rate swap agreement	-	81	-	81
- Forward contract	-	17	-	17
Liabilities for which fair value are disclosed				
Debentures	-	50,321	-	50,321

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2021			
Level 1	Level 2	Level 3	Total
Assets measured at fair value			
Financial assets measured at FVTPL			
- Investments in equity instruments			
of non-listed companies	-	-	42
			42
Derivatives			
- Interest rate swap agreement	-	768	-
			768
Liabilities for which fair value are disclosed			
Debentures	-	47,179	-
			47,179

35. Capital management

The primary objective of the Group's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

The Group manages their capital position with reference to Net Interest-Bearing Debt to EBITDA before other incomes and other expenses ratio in the consolidated financial statements in order to comply with a condition in long-term loan agreements with financial institutions. As at 31 December 2022, the aforementioned ratio is 2.33:1 (2021: 2.35:1).

The Group's capital structure consists of debts that includes short-term loans, long-term loans and debentures disclosed in Note 19 and 21 to the consolidated financial statements, cash and cash equivalents disclosed in Note 7 to the consolidated financial statements and equity attributable to the shareholders as presented in the consolidated statement of changes in shareholders' equity.

No changes were made in the objectives, policies or processes during the years end 31 December 2022 and 2021.

36. Commitments and contingent liabilities

36.1 Operating lease commitments

The Group has entered into several lease agreements for land and building for installation of cell sites and office building spaces. The terms of the agreements are generally between 1 year.

As at 31 December 2022 and 2021, future minimum lease payments under these operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	2022	2021
Payable within:		
In up to 1 year	47	17

As discussed in Note 23.2 to the consolidated financial statements, during the year 2022, the Group recognised rental expenses relating to short-term leases and leases of low-value assets in the statement of income of Baht 9 million and Baht 95 million, respectively (the Company only: leases of low-value assets Baht 23 million) (2021: Baht 7 million and Baht 90 million, respectively (the Company only: leases of low-value assets Baht 15 million)).

36.2 Capital commitments under related agreements

As at 31 December 2022, the Group had capital commitments of Baht 1,229 million and USD 1 million (2021: Baht 2,402 million and USD 1 million) mainly in respect of the purchase of tools and equipment for providing telecommunication services and Baht 142 million and USD 1 million (2021: Baht 733 million, USD 5 million and NOK 1 million) relating to the purchasing of related equipment and relevance software to support the Group's operations.

36.3 Restricted bank deposit

As at 31 December 2022 and 2021, deposit at bank of a subsidiary amounting to Baht 0.1 million is pledged with the bank to secure facilities granted by the bank.

36.4 Bank guarantees

As at 31 December 2022, there were outstanding bank guarantees of Baht 38,053 million (2021: Baht 44,006 million) issued by banks on behalf of the Group in respect of certain performance bonds required in the normal course of business of the Group. Bank guarantees are primarily issued to NBTC to guarantee the payment for the winning bid price of the spectrum licenses, and issued to TOT (currently known as "NT") and CAT (currently known as "NT") to guarantee the compliance with the agreements as discussed in Note 36.6 (c), (d) and (e) to the consolidated financial statements.

36.5 Agreement to install cell site equipment and maintain transmission networks

As at 31 December 2022, the Group had a commitment to BB Technology Co., Ltd., a related company, relating to the installation of cell site equipment and maintenance of transmission networks. This related company will provide transmission engineering network design and configuration, installation and maintenance services for transmission networks. The Group is committed to pay service fees at the rate specified in the agreement.

36.6 Long-term agreement commitment

- a. The Group entered into a purchase and resale agreement with a company that granted the right to distribute products, equipment and support services in Thailand related to that company's mobile phones and tablet computer. The Group is committed to terms indicated in the agreement and to future minimum purchase orders and minimum merchandising and marketing spend stipulated under the agreement.
- b. The Group entered into frame contracts for supply network infrastructure and services for the telecommunication network of the Group. Goods and service prices are set in accordance with the terms and conditions stipulated in the agreements.
- c. On 23 April 2018, dtac TriNet, a subsidiary of the Company, entered into the Domestic Roaming Agreement with TOT Public Company Limited ("TOT") (currently known as "NT") to utilize the domestic data roaming on TOT's 2300 MHz network, who has been granted a license from the National Broadcasting and Telecommunications Commission. In this regard, dtac TriNet shall pay monthly roaming charges to TOT in accordance with details and conditions as specified in the agreement. The agreement period is until 3 August 2025. dtac TriNet provided a bank guarantee of Baht 973 million (31 December 2021: Baht 951 million) to guarantee the performance of such agreement.
- d. On 23 April 2018, TeleAssets Co., Ltd. ("TeleAssets"), a subsidiary of the Company entered into the Telecommunications Equipment Lease Agreement with TOT (currently known as "NT"). TeleAssets agrees to procure, install, and maintain the Telecommunications Equipment (the "Telecommunications Equipment") and agrees to lease such Telecommunications Equipment to TOT, so that TOT is entitled to utilise such Telecommunications Equipment in the provision of the telecommunications services of the 2300 MHz Spectrum. TeleAssets will receive rental and service fees from TOT in accordance with the details and conditions specified in the agreement. The agreement period is until 3 August 2025. TeleAssets provided a bank guarantee of Baht 739 million (31 December 2021: Baht 699 million) to guarantee the performance of such agreement.

- e. On 14 September 2018, the Company and dtac TriNet entered into the Tower Dispute Settlement Agreement and Tower Service Agreement with CAT (currently known as "NT"). Under the agreements, the Company transferred to CAT for the disputed towers that the Company has procured under the agreement to operate and to provide cellular system radio communications services between CAT and the Company. In light of this, CAT agreed to settle disputes related to ownership of all towers and allowed the Company and dtac TriNet to use the towers to operate business based on an 8 year lock-up period which dtac TriNet provided the compensation in accordance with the terms and conditions as stipulated in the agreement. dtac TriNet itself shall procure the land and provide maintenance to the towers. dtac TriNet provided bank guarantees totalling of Baht 503 million to guarantee the performance of Tower Service Agreement.

dtac TriNet also leases telecommunication equipment from CAT under Fiber and other Facilities Service Agreement. The duration of each device varies from one year to three years depending on the type and nature of the device. dtac TriNet has the right to renew the agreement period up to 1 year at a time. dtac TriNet provided a bank guarantee of Baht 120 million to guarantee the performance of Fiber and other Facilities Service Agreement.

- f. On 18 December 2020, dtac TriNet to enter into the Telecommunications Towers Ownership Transfer and Services Agreement with CAT (currently known as "NT"). Under the agreement, dtac TriNet agreed to sell and transfer the ownership of the telecommunications towers to CAT to maximize and improve service quality of telecommunications towers located in areas as specified in the agreement. In light of this, CAT agreed to provide the telecommunications tower services to dtac TriNet for 15 years with option for dtac TriNet to renew the term. dtac TriNet agreed to pay the fees for telecommunications tower services and site management service, including maintenance fee and other fee as per specified in the agreement.

36.7 Secretary General of NBTC requesting dtac TriNet to pay an administrative fine for non-compliance of MNP

In 2015, Secretary General of NBTC imposed an administrative fine for dtac TriNet non-compliance with NBTC notification Re: Mobile Number Portability and MNP Porting Process Manual during 18 September 2015 to 4 October 2015, in the amount of Baht 21.1 million. dtac TriNet filed a lawsuit requesting the Central Administrative Court to revoke such order. The case is under the consideration of Central Administrative Court.

Later, on 25 February 2020, dtac TriNet received the Secretary General of NBTC's order informing that dtac TriNet's MNP non-compliance has been continued during 18 September 2015 to 18 September 2017 and requiring dtac TriNet to pay an administrative fine for such period. On 11 March 2020, dtac TriNet sent an appeal letter requesting NBTC and Secretary General of NBTC to reconsider such fine order. On 10 June 2020, dtac TriNet then received NBTC letter informing that NBTC agreed to adjust the end date of administrative fine and requested dtac TriNet to pay an administrative fine from 18 September 2015 to 20 November 2015, in total amount of Baht 79 million. However, on 7 August 2020, dtac TriNet filed a lawsuit with Central Administrative Court requesting to revoke such administrative fine order. Currently, the case is under the consideration of the Central Administrative Court.

Based on external legal counsel opinion of dtac TriNet, dtac TriNet believes that it has no liability to pay such administrative fine to NBTC. However, dtac TriNet has made provision for such administrative fine.

36.8 Order of the Secretary General of NBTC requesting the Company to pay an administrative fine for breach of the Notification regarding maximum rate of service tariff for domestic mobile voice service B.E.2555 (2012)

In 2014, Secretary General of NBTC imposed an administrative fine for the Company non-compliance with Clause 5 of NBTC notification Re: maximum rate of service tariff for domestic mobile voice service from 16 May 2014 onwards. On 6 August 2014, the Company sent an appeal letter requesting NBTC and Secretary General of NBTC to reconsider and revoke such fine order. Later, on 30 September 2020, the Company received NBTC letter informing that NBTC had rejected the Company's appeal and confirmed the fine order of Secretary General of NBTC and requested the Company to pay an administrative fine from 16 May 2014 to 25 August 2015, in total amount of Baht 73 million. On 28 December 2020, the Company filed a lawsuit with Central Administrative Court requesting to revoke such administrative fine order.

Based on external legal counsel opinion of the Company, the Company believes that it has no liability to pay such administrative fine to NBTC. However, the Company has made provision for such administrative fine.

36.9 Order of Secretary General of NBTC regarding the prohibition of charges users for telecommunication services at different rates for the same type or type of telecommunication service (“NTC’s Order No. 19/2553”)

The Secretary General of NBTC issued a letter requesting dtac TriNet to cease actions that were non-complied with NTC's Order No. 19/2553, claiming that certain promotions did not comply with this order. dtac TriNet provided explanations and submitted the related information to the NBTC within the specified timeframe. Later, on 14 February 2022, the Secretary General of NBTC issued a letter to dtac TriNet informing that the notification system implemented by dtac TriNet in order to notify its customers of the difference between On-Net calling and Off-Net calling, is considered an action in compliance with the NBTC's Resolution No. 7/2564. Therefore, dtac TriNet shall be deemed not being in breach of NTC's Order No. 19/2553. The Secretary General of NBTC has ceased to enforce the Administrative measure against dtac TriNet.

37. Court proceedings and commercial dispute between the Company and TOT Plc. (TOT) in relation to the access charge payment (currently NT)

The NTC (currently known as “NBTC”) issued the Interconnection Notification requiring all licensees (who have their own telecommunication networks) (licensees) to allow interconnection by other licensees upon request, in order to ensure good cross-network connections, and the licensees who provide the interconnection is entitled to collect an interconnection charge that reflect its costs. As TOT refused to enter into an interconnection agreement with the Company, on 8 November 2007, the Company sent TOT a notice regarding the interconnection charges informing TOT that it would like to cancel its previous offer in which it agreed to pay TOT the interconnection charges at a rate to be agreed between the parties in good faith and its offer to pay TOT the interconnection charges at a rate specified in TOT's Reference of Interconnect Offer (RIO) which had already been approved by NTC together with the notice to cancel the both Access Charge Agreements. The Company therefore accrued in its financial statements the access charge at the interconnection charge rate for the period from 18 November 2006 to 7 November 2007, amounting to Baht 1,973 million. The Company stopped accruing the access charge from 8 November 2007 in its financial statements based on the view that the obligation to pay the Access Charge was ended. Later, in 2011, TOT filed a claim (black case no. 1097/2554) with the Central Administrative Court demanding CAT and the Company to jointly pay for damages for breach of the signed Access Charge agreements in the total amount of Baht 245,638 million (calculated to 10 July 2014). Nevertheless, on 31 May 2019, the Central Administrative Court issued a verdict dismissing TOT's claim on access charges against the Company in its entirety. The Central Administrative Court ruled that the method for calculation by using the access charge rates is no longer valid and against with the related NTC's Notification.

The operators are required to calculate the interconnection charge rates in accordance with the said NTC Notification. As TOT did not submit its appeal within the timeframe, the case is final as confirmed by the Administrative Court's letter dated 19 July 2019.

Currently, the Company and TOT are in the process of discussion about the interconnection charge settlement which have not been finalised or clearly concluded. However, the Company has made provision, under the conservatism assumption, for expenses that may arise from this issue, in an amount that the Company deems appropriate.

However, before the verdict issued by the Court as said above, the Company has filed 3 lawsuits before the Central Administrative Court requesting TOT to pay Interconnection charges to the Company for the period between 18 November 2006 and 31 July 2013. The Central Administrative Court issued its verdicts in all 3 cases ordering TOT to pay Interconnection charges to the Company in the amount totaling of Baht 1,220 million. In such 3 cases, there included one case where the Company claimed True Corporation Public Company Limited (as the second defendant) to pay Interconnection charges to the Company for the period between 18 November 2006 and 31 December 2010 and the Central Administrative Court issued its verdict ordering that company to pay Interconnection charges to the Company in the amount of Baht 1,832 million. Currently such case is under the consideration of Supreme Administrative Court.

Later within the 4th Quarter of 2021, the Group was informed by the Central Administrative Court that True Corporation Public Company Limited has filed a lawsuit before the Central Administrative Court against the Company and dtac TriNet, requesting the Company to pay Interconnection charges (January 2011 and October 2017), with interest in the approximate amount of Baht 701 Million and requesting dtac TriNet to pay Interconnection charges (May 2013 and October 2017), with interest in the approximate amount of Baht 1,037 Million. Currently, the case is under the legal proceedings process and the consideration of the Central Administrative Court. Based on external legal counsel opinion of the Company and the relevant verdict of Central Administrative Court as discussed in the aforementioned paragraph, the Company's management believes that the Company and dtac TriNet have no liability to pay the Interconnection charges as per the amount requested by True Corporation Public Company Limited and viewed that the effect of these cases that are relevance to this matter will not have any significant impact to the Group's financial position.

In addition, in reference to the Award No. 1/2550 rendered by NTC on the Dispute on Interconnection of Telecommunications Networks, NTC ordered TOT to negotiate an interconnection charge agreement with the Company and imposed an administrative fine, and TOT filed lawsuits requesting the Central Administrative Court to revoke NTC's order. However, the Central Administrative dismissed TOT's claims. On 9 July 2020, the Supreme Administrative Court rendered its decision confirming the decision of Central Administrative Court. The case is final.

38. Litigation and commercial disputes in relation to the revenue sharing according to the agreement to operate cellular telephone services (Concession Agreement) between CAT (currently known as "NT") and the Company, and other legal cases

(a) Dispute between the Company and CAT regarding additional revenue sharing payment (Excise Tax) under the Concession Agreement

In 2008, CAT submitted a dispute to the Arbitration Institute requesting the Company to make additional revenue sharing payments in the 12th - 16th concession years in the aggregate amount of Baht 16,887 million, together with value added taxes and penalties, or an approximate total claim amount of Baht 23,164 million. The statement of claim made by CAT did not mention the reason why the Company did not make the payments in full (the Company expects that such claim amount would be the amount which the Company had paid to the Excise Department and had deducted from its revenue payable to CAT in accordance with the cabinet resolution and CAT's letters).

In 2012, the Arbitral Tribunal has rendered an award in favor of the Company and dismissed CAT's claim. Later, CAT filed a motion with the Central Administrative Court in order to revoke the arbitration award. On 29 January 2016, the Central Administrative Court issued the verdict in favor of the Company and dismissed CAT's petition. However, CAT appealed the Central administrative Court's decision with the Supreme Administrative Court. On 10 January 2023, the Supreme Administrative Court rendered the judgement by upholding the judgement of the Central Administrative Court, resulting to the case is final. The Company does not have any duty to pay such additional revenue sharing, including VAT and penalties to CAT.

However, in 2017, the Company received a notice from CAT informing that the Company had to pay VAT on the reduction of revenue sharing from the deduction of excise tax amounting to Baht 2,756 million with interest. CAT claimed that the Company has liability for any taxes and/or fees under laws which are incurred by Concession. Based on the Company's legal counsel opinion, the Company's management believes that the Company does not have any duty under Concession Agreement to pay VAT on excise tax to CAT with the reference of the judgement of the Supreme Administrative Court on the above case. Therefore, as at 31 December 2022, the Company has not accrued VAT in its financial statements.

(b) Dispute between the Company and CAT regarding revenue share calculation in relation to Interconnection Charge ("IC") revenue after the enforcement of the Interconnection Notification

In 2011, CAT submitted several statements of claim to the Arbitration Institution requesting for the revenue share payment shortfall in respect of the 16th concession year (16 September 2006 - 15 September 2007), in the approximate amount of Baht 4,026 million for all cases, together with interest at the rate of 1.25 percent per month. The reason is that the Company calculated the revenue share payable to CAT by offsetting the IC expenses it paid to other operators against IC income it received from other operators. However, CAT claimed that the Company had to pay CAT the revenue sharing on the IC income the Company received from other operators, without deduction of the IC expenses it paid to other operators. On 25 December 2019, the Company received the award of arbitral tribunal, dismissing CAT's claim for additional revenue sharing on IC for the 16th concession year. CAT submitted its petition to the Central Administrative Court requesting to revoke such arbitral award. The case is under the consideration of Central Administrative Court.

In 2012 - 2015, CAT also filed a statement of claim to the Arbitration Institution requesting for additional revenue sharing for the 17th - 20th concession year in the amount of Baht 3,860 million, Baht 3,340 million, Baht 3,667 million and Baht 3,914 million together with penalty of each concession year, respectively. In addition, in 2019, CAT also filed a statement of claim to the Arbitration Institution on the same matter for the 21st - 27th concession year in the amount of Baht 15,879 million together with penalty. Subsequently, in May 2022, NT requested the arbitration tribunal to increase its principal of revenue sharing for the 21st - 27th to be Baht 16,407 million together with penalty. The arbitration tribunal allowed NT to increase the claimed amount.

On 26 and 27 December 2019, the Company received the awards of arbitral tribunal, deciding that the Company has to pay for additional revenue sharing for the 18th concession year Baht 3,438 million with interest at 7.5 percent per annum and for the 17th concession year Baht 3,957 million with interest at 7.5 percent per annum. Furthermore, on 6 February 2020, the Company received the awards of arbitral tribunal, deciding that the Company has to pay for additional revenue sharing for the 20th concession year Baht 4,346 million with interest at 7.5 percent per annum. The Company disagreed with the awards of arbitral tribunal and submitted petitions requesting the Central Administrative Court to revoke arbitral award for the 17th, 18th and 20th concession years. Subsequently, CAT or NT has submitted a petition to the Central Administrative Court requesting enforcement of the arbitral award for the 17th, 18th and 20th concession year, and those three cases are being considered by the Central Administrative Court.

On 20 May 2021, the Company received the award of arbitral tribunal, deciding that the Company has to pay for additional revenue sharing for the 19th concession year at Baht 3,666 million with interest at 7.5 percent per annum. The Company did not agree with such order and submitted the petition requesting the Central Administrative Court to revoke such arbitral award.

Those aforementioned awards of arbitral tribunal have solely legal effect for specific cases. They do not have any legal and binding effect on the other cases in dispute with CAT. As at 31 December 2022, the Company has not accrued the said additional revenue sharing requested by CAT because, based on the Company's legal counsel, who have thoroughly reviewed the awards and have opined on the opinions to support both of the factual and relevant legal arguments, the Company's management believes that the Arbitration awards for revenue sharing on IC are inconsistent with the principles of Administrative Law and the relevant regulations of NBTC. The Company has no duty to pay such amounts of revenue sharing requested by CAT. Presently, these cases are under the consideration of Central Administrative Court and the arbitration proceedings.

- (c) NBTC letter requesting the Company to pay an additional payment for Remedy period and relevant cases.

On 10 April 2019, the Company made a minimum rate payment during the remedy period amounting of Baht 603 million to NBTC in accordance with NBTC notification Re: Remedial Measure in case of Concession Expiration, B.E. 2556 (2013). However, NBTC issued an order requesting the Company to make an additional payment amounting of Baht 264 million (with interest) because NBTC not allowing the Company to deduct some costs and expenses from the Company's revenue. The Company did not agree with such NBTC

order, therefore, in 2020, the Company has filed a lawsuit with the Central Administrative Court requesting to revoke such NBTC order.

On 14 April 2020, the Company received a letter from the NBTC informing the Company that the NBTC revoked its previous decision due to the difference on calculation of the expenses. Therefore, NBTC revised its additional payment request to Baht 134 million (with interest). However, the Company still did not agree with such NBTC order and submitted its statement informing the Central Administrative Court on such difference on calculation and requesting the Court to include this issue in the previous statement of claim. Currently, the case is under the consideration of Central Administrative Court.

On 10 June 2021, NBTC filed a petition to the Central Administrative Court requesting the Company to make an additional payment of Baht 134 million together with interest at 7.5 percent per annum. The Company has submitted the statement of defense to the Central Administrative Court. Currently, the case is under the consideration of the Central Administrative Court.

As at 31 December 2022, the Company has not accrued such additional payment claimed by NBTC in the financial statements. Based on the Company's external legal counsel opinion, the Company believes that the Company completely submitted payment during the remedy period and has no liability to pay such additional payment to NBTC.

(d) Other legal cases

The Company and dtac TriNet have several cases regarding the employment and other commercial agreements total amount of Baht 19 million. The cases are currently under the consideration of Court. The Company's management believes that the outcomes of the disputes and legal cases as referred above will have no significant impact to the Company's financial position.

39. Regulatory risks concerning the telecommunication business

39.1 Reform of telecommunication regulatory regime

The National Broadcasting and Telecommunications Commission (hereinafter referred to as the "NBTC") is an authority to regulate the radio and television broadcasting and telecommunications business including to allocate and administer the use of spectrum by the Act on the Organisation for Allocation of Frequency and Regulation of Radio and Television Broadcasting Business and Telecommunications Business, B.E. 2553 (2010). NBTC has authority to issue relevant regulations in accordance with telecommunications business operation, for instance, regulations on service fee and service standard, for consumer protections etc. Such regulations would have impact to the Group in several aspects, both in implementing its business strategies and adjustment to any changes in market conditions

including the management under spectrum licenses at appropriate costs in order to operate in the mobile telecommunication business and will impact their business strategy including the amount of additional investment required to enable them to derive maximise benefit from their utilisation of existing spectrums.

39.2 The 3rd Amendment to the Concession Agreement

The Company Concession was amended 3 times and such amendments were challenged based on non-compliance with the Act on Private Sector Undertaking of State Businesses, B.E. 2535 (1992) ("PUS Act"). In May 2007, the Council of State opined that the amendments did not comply with PUS Act. Later, the issue was then considered by the Section 22 Committee under the PUS Act ("Section 22 Committee") which has already given its preliminary opinion to the Ministry of Information and Communication Technology ("MICT"), disapproved the 3rd amendment with respect to the reduction of revenue sharing. In 2011, the issue was raised to the Cabinet for a decision.

Currently, the PUS Act was repealed and was replaced by Public Private Partnership Act B.E. 2556 (2013) ("PPP Act"). However, at the present time, there is no updating progress of this matter and it is unknown to the Company to what extent the PPP Act would affect this matter. Further, the final conclusion or the discretion of the Cabinet would exercise on this matter is still unknown to the Company. The Company is not, therefore, in a position to evaluate the potential impacts from this matter.

Nevertheless, as a result of the Disputes Settlement Agreement between CAT (currently known as "NT"), the Company and dtac TriNet, the risk from being requested by CAT for the revision of the revenue sharing in relation to the 3rd Concession Amendment is eliminated.

39.3 Risk from legal or contractual restrictions on foreign ownership

The Company's business is subject to the foreign shareholding restrictions pursuant to the Foreign Business Act, B.E. 2542 (1999) (the "FBA").

Violation of foreign shareholding structure would cause the Company and/or its subsidiary companies to be revoked their telecommunications business licenses or could not operate telecommunications businesses.

However, Section 4 of the FBA provides to the effect that a company is considered a Thai company if less than 50 percent of its shares are held by non-Thai nationals.

From the register of shareholders of the Company, less than 50 percent of the total issued shares of the Company are held by non-Thai nationals. The Company is therefore considered a Thai company and the Company obtained a written confirmation from the Ministry of Commerce, in charge of the FBA in September 2012, confirming that the Company is a Thai company under Section 4 of the FBA.

Nevertheless, the Company views that there is not a clear policy in the interpretation and enforcement of the FBA in respect of the foreign investment shareholdings. The Company might face a risk to its business operation as the FBA has been enforced for more than 20 years but there has been no Supreme Court precedent or clear guideline issued by the Ministry of Commerce relating to nominees under Section 36 of the FBA so that the Company can apply to evaluate or assess the impact of the enforcement or interpretation of such provisions of the FBA that may have on the Group.

As a result of the unclear in interpretation and enforcement of the FBA, on 14 June 2011, a company submitted a criminal allegation to the Royal Thai Police against the Company (including directors and some shareholders of the Company and directors of the said shareholders) claiming that the Company operated telecommunication business in violation of the FBA, which is under process by the Royal Thai Police. On 22 September 2011, one of the Company's minority shareholders (holding 100 shares) filed a complaint against state agency, including NBTC, with the Central Administrative Court citing that the Company is a "foreigner" under the FBA.

On 26 November 2015, the Central Administrative Court ruled that it cannot revoke the Company's right to operate. However, the court has ordered NBTC to perform its duty by investigating whether the Company is in breach of the Foreign Dominance Notification and whether such task shall be accomplished within 90 days from the date the verdict of this Court becomes final. The NBTC and the Company have filed an appeal to the Supreme Administrative Court. Currently, these two cases are under proceedings of the Royal Thai Police and the Supreme Administrative Court.

Based on the Company's external legal counsel opinion, the Company's management believes that the Company is not in breach of the NBTC Notification on Foreign Dominance B.E. 2554 that could lead to revocation of the right to operate the telecommunications business of the Group.

The Company believes that the Company is not a "foreigner" and has fully complied with the FBA. However, if, finally, the Company is ordered (by the Supreme Court's judgment) not being a Thai entity under the FBA and the Telecommunications Business Act, and such event is not remedied, it would cause NBTC to revoke the Group's right to operate its telecommunications business.

39.4 The NBTC Notification on Foreign Dominance, B.E. 2555 (2012)

NBTC has issued the NBTC Notification on Foreign Dominance, B.E. 2555 (2012) ("FD Notification") which became effective on 24 July 2012. Under the FD notification, the term "foreign dominance" is defined as "foreigners having controlling power or influential power, either directly or indirectly, by foreigner in policy making, management, operations, appointment of directors, or appointment of senior executives, that may affect the management or the business operation of a holder of a license or an applicant for a license by way of (a) holding shares with voting rights a half or more of the total voting rights, (b) having the authority to control the majority votes at a shareholders' meeting or (c) the appointment or removal of a half or more of the total directors".

The Company is of the view that:

- (a) at the date NBTC issued the FD Notification, it would not be applicable to the Company who has rights to operate mobile services under the Concession Agreement and the Company's rights are protected by Section 305 (1) of the Constitution of the Kingdom of Thailand B.E. 2550 (2007) and the first paragraph of Section 80 of the TBA; the Company's legal advisor also has the opinion in line with the Company's view, however, the Company therefore has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification until the end of the Company's Concession Agreement in 2018 and currently, the Company is holding type one telecommunication business license from NBTC only, as the result, the Company is not subject to the FD Notification.
- (b) in case of the Company's subsidiary (namely dtac TriNet), since dtac TriNet is an IMT 700MHz, 900 MHz, 1800 MHz, 2.1GHz and 26GHz spectrum licensee and type three telecommunications business licensee, it has already submitted a certificate of compliance with the FD Notification to NBTC as required by the FD Notification.

Nevertheless, NBTC may not agree with the Company's view mentioned above. However, based on NBTC's explanation during the public hearing of the FD Notification, in particular, on the definition of "foreign dominance" in 2012, the Company is of the view that the Company and dtac TriNet are not considered foreign dominant companies. However, this still has a risk on uncertainty of the enforcement of the FD Notification and could cause adverse impact to the business of the Group.

40. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Group has two reportable segments as follows:

- (1) Mobile telephone service and related services, and
- (2) Sales of handsets and starter kits.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is considered on the group operating profit or loss and total assets, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Below is the revenue, gross profit (loss) and total assets of the Group's segments for the years ended 31 December 2022 and 2021 by segments.

(Unit: Thousand Baht)

	For the year ended 31 December 2022				
	Mobile telephone service and related services			Sales of handsets and starter kits	Consolidated
	Mobile telephone service	Other	Total		
Revenues					
External customers	56,633,737	15,009,555	71,643,292	8,956,511	80,599,803
Total revenue	56,633,737	15,009,555	71,643,292	8,956,511	80,599,803
Operating result					
Gross profit (loss) of segments			21,721,643	(1,802,522)	19,919,121
Other incomes					56,325
Selling, distribution and service expenses					(3,731,368)
Administrative expenses					(9,482,430)
Gain from fair value measurement of derivative instruments and net position of hedging					3,885
Finance cost					(2,891,018)
Profit before income tax expenses					3,874,515
Income tax expenses					(755,358)
Profit for the year					3,119,157
Segment total assets					
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets			14,334,712	-	14,334,712

(Unit: Thousand Baht)

For the year ended 31 December 2021

	Mobile telephone service and related services				Consolidated
	Mobile telephone service	Other	Total	Sales of handsets and starter kits	
Revenues					
External customers	57,824,290	14,649,166	72,473,456	8,846,547	81,320,003
Total revenue	57,824,290	14,649,166	72,473,456	8,846,547	81,320,003
Operating result					
Gross profit (loss) of segments			22,296,890	(1,763,829)	20,533,061
Other incomes					138,053
Selling, distribution and service expenses					(4,184,207)
Administrative expenses					(9,560,945)
Loss from fair value measurement of derivative instruments and net position of hedging					(148,215)
Finance cost					(2,829,609)
Profit before income tax expenses					3,948,138
Income tax expenses					(592,205)
Profit for the year					3,355,933
Segment total assets					
Additions to non-current assets other than financial instruments, deferred tax assets, and other non-current assets			18,369,901	-	18,369,901

The following table presents segment assets of the Group's operating segments as at 31 December 2022 and 2021:

(Unit: Thousand Baht)

Segment assets	Mobile telephone service and related services	Sales of handsets and starter kits	Total segments	Unallocated assets	Consolidated
At 31 December 2022	131,877,276	1,758,049	133,635,325	18,899,994	152,535,319
At 31 December 2021	142,679,082	1,958,233	144,637,315	19,677,340	164,314,655

Geographic information

The Group is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers' information

For the year 2022 and 2021, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

41. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed to the employees at a rate of 2 - 15 percent and the Company at a rate of 5 percent of their employees' salaries. The accumulated contributions of the employee and the Company and the fund earnings from the contributions will be paid to the employees upon termination in accordance with the rules of the fund. The fund is managed by Eastspring Asset Management (Thailand) Company Limited (2021: TMB Asset Management Company Limited). For the year ended 31 December 2022, Baht 83 million (2021: Baht 86 million) has been contributed to the fund by the Company.

42. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve of at least 5 percent of its net income after deducting accumulated deficits brought forward (if any), until the reserve reaches 10 percent of the registered share capital. The statutory reserve is not available for dividend distribution.

43. Event after the reporting period

Interim dividend

The Company's Board of Director Meeting on 26 January 2023 has approved the interim dividend payment of Baht 1.22 per share to the ordinary shareholders, from the Company's retained earnings as of 30 September 2022. The payment will be made on 22 February 2023.

44. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 31 January 2023.