

TELEKOM MALAYSIA BERHAD

Reg. No.: 198401016183 (128740-P)

(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 30 September 2024. The Group has restated the comparative figures in our financial statements due to a change in the presentation of Government grants. Details are provided in part A, note 14, in accordance with the relevant financial reporting standards.

UNAUDITED CONSOLIDATED INCOME STATEMENT

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM Million	RM Million (RESTATED)	RM Million	RM Million (RESTATED)
OPERATING REVENUE	2,917.1	2,953.7	8,662.0	8,698.2
OPERATING COSTS				
- depreciation, impairment and amortisation	(524.8)	(568.9)	(1,601.6)	(1,793.4)
- net impairment loss on financial and contract assets	(2.4)	(21.3)	(12.8)	(44.2)
- other operating costs	(1,873.7)	(1,853.2)	(5,358.2)	(5,320.3)
OTHER OPERATING INCOME (net)	32.9	65.7	123.3	139.0
OPERATING PROFIT BEFORE OTHER GAINS AND FINANCE COST	549.1	576.0	1,812.7	1,679.3
OTHER (LOSSES)/GAINS (net)	(2.0)	2.0	2.0	3.3
OPERATING PROFIT BEFORE FINANCE COST	547.1	578.0	1,814.7	1,682.6
FINANCE INCOME	32.5	27.3	91.1	70.0
FINANCE COST	(70.3)	(87.5)	(233.4)	(272.4)
FOREIGN EXCHANGE GAINS/(LOSSES) ON BORROWINGS	158.6	(16.9)	128.6	(75.3)
NET FINANCE INCOME/(COST)	120.8	(77.1)	(13.7)	(277.7)
ASSOCIATE/JOINTLY CONTROLLED ENTITY				
- share of results (net of tax)	0.3	4.1	4.8	9.9
PROFIT BEFORE TAX AND ZAKAT	668.2	505.0	1,805.8	1,414.8
TAX AND ZAKAT (part B, note 5)	(204.0)	37.2	(509.8)	30.2
PROFIT FOR THE FINANCIAL PERIOD	464.2	542.2	1,296.0	1,445.0
ATTRIBUTABLE TO:				
- equity holders of the Company	465.1	538.2	1,286.3	1,437.0
- non-controlling interests	(0.9)	4.0	9.7	8.0
PROFIT FOR THE FINANCIAL PERIOD	464.2	542.2	1,296.0	1,445.0
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	12.1	14.1	33.5	37.6
- diluted	12.1	14.0	33.5	37.4

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3RD QUARTER ENDED		FINANCIAL PERIOD ENDED	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM Million	RM Million	RM Million	RM Million
PROFIT FOR THE FINANCIAL PERIOD	464.2	542.2	1,296.0	1,445.0
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified				
subsequently to income statement:				
- decrease in fair value of equity investments at fair value through other comprehensive income (FVOCI)	-	-	-	(8.0)
Items that may be reclassified				
subsequently to income statement:				
- increase/(decrease) in fair value of investments at fair value through other comprehensive income (FVOCI)	0.4	(0.6)	0.5	0.6
- reclassification adjustments relating to FVOCI investments disposed	#	#	0.2	#
- (decrease)/increase in fair value of receivables at FVOCI	(0.1)	(0.2)	1.3	2.3
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	(54.9)	4.1	(42.5)	27.6
- change in fair value of currency basis	(1.2)	(1.4)	(5.6)	(4.7)
- reclassification of foreign exchange gains/(losses) on borrowings	59.3	(3.5)	48.4	(28.9)
- currency translation differences				
- subsidiaries	(51.8)	0.7	(36.4)	5.1
- associate	(0.5)	#	4.5	0.1
Other comprehensive loss for the financial period	(48.8)	(0.9)	(29.6)	(5.9)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	415.4	541.3	1,266.4	1,439.1
ATTRIBUTABLE TO:				
- equity holders of the Company	416.3	537.3	1,256.7	1,431.1
- non-controlling interests	(0.9)	4.0	9.7	8.0
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	415.4	541.3	1,266.4	1,439.1

Amount less than RM0.1 million

(The above unaudited consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	AS AT 30/09/2024 RM Million	AS AT 31/12/2023 RM Million (RESTATED)
SHARE CAPITAL	4,070.7	4,070.2
OTHER RESERVES	111.8	141.9
RETAINED PROFITS	5,162.7	4,950.9
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9,345.2	9,163.0
NON-CONTROLLING INTERESTS	154.0	159.6
TOTAL EQUITY	9,499.2	9,322.6
Borrowings	2,366.5	3,536.8
Lease liabilities	1,538.4	1,634.5
Deferred tax liabilities	1,075.1	1,127.0
Trade and other payables	154.1	192.8
NON-CURRENT LIABILITIES	5,134.1	6,491.1
	14,633.3	15,813.7
Property, plant and equipment	11,171.3	11,796.8
Intangible assets	835.3	896.3
Right-of-use assets	1,221.0	1,263.6
Associate/Jointly controlled entity	106.5	100.1
Equity investments at fair value through other comprehensive income (FVOCI)	136.5	136.5
Investments at fair value through profit or loss (FVTPL)	149.1	150.1
Receivables at FVOCI	58.2	49.7
Other non-current receivables/assets	362.0	610.9
Derivative financial instruments	-	149.8
Deferred tax assets	18.9	19.1
NON-CURRENT ASSETS	14,058.8	15,172.9
Inventories	196.6	204.6
Trade and other receivables	2,697.8	2,275.0
Contract assets	744.5	644.3
Contract cost assets	296.6	357.3
Receivables at FVOCI	2.9	2.6
Investments at fair value through other comprehensive income (FVOCI)	73.9	70.4
Investments at fair value through profit or loss (FVTPL)	0.1	3.3
Financial assets at fair value through profit or loss (FVTPL)	2.5	2.3
Derivative financial instruments	101.7	-
Cash and bank balances	2,731.7	2,955.2
CURRENT ASSETS	6,848.3	6,515.0
Trade and other payables	2,779.0	3,033.3
Contract liabilities	1,235.0	1,247.9
Customer deposits	105.6	135.5
Borrowings	1,597.3	1,226.4
Lease liabilities	209.0	223.1
Tax and zakat	347.9	8.0
CURRENT LIABILITIES	6,273.8	5,874.2
NET CURRENT ASSETS	574.5	640.8
	14,633.3	15,813.7
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	243.5	238.8

(The above unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

	Attributable to equity holders of the Company								Total Equity RM Million
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2024	4,070.2	89.5	(8.5)	10.9	12.3	37.7	4,950.9	159.6	9,322.6
Profit for the financial period	-	-	-	-	-	-	1,286.3	9.7	1,296.0
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	-	0.5	-	-	-	-	-	-	0.5
- reclassification adjustments relating to FVOCI investments disposed	-	0.2	-	-	-	-	-	-	0.2
- increase in fair value of receivables at FVOCI	-	1.3	-	-	-	-	-	-	1.3
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	(42.5)	-	-	-	-	-	(42.5)
- change in fair value of currency basis	-	-	-	(5.6)	-	-	-	-	(5.6)
- reclassification of foreign exchange gain on borrowings	-	-	48.4	-	-	-	-	-	48.4
- currency translation differences									
- subsidiaries	-	-	-	-	-	(36.4)	-	-	(36.4)
- associate	-	-	-	-	-	4.5	-	-	4.5
Total comprehensive income/(loss) for the financial period	-	2.0	5.9	(5.6)	-	(31.9)	1,286.3	9.7	1,266.4
Transactions with owners:									
- 2nd interim single-tier dividend paid for the financial year ended 31 December 2023 (part A, note 6)	-	-	-	-	-	-	(402.9)	-	(402.9)
- final single-tier dividend paid for the financial year ended 31 December 2023 (part A, note 6)	-	-	-	-	-	-	(191.9)	-	(191.9)
- interim single-tier cash dividend paid for the financial year ending 31 December 2024 (part A, note 6)	-	-	-	-	-	-	(479.7)	-	(479.7)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	(15.3)	(15.3)
- Long Term Incentive Plan (LTIP):									
- transfer from LTIP reserve upon issuance of shares on vesting (part A, note 5(b))^	0.5	-	-	-	(0.5)	-	-	-	-
Total transactions with owners	0.5	-	-	-	(0.5)	-	(1,074.5)	(15.3)	(1,089.8)
At 30 September 2024	4,070.7	91.5	(2.6)	5.3	11.8	5.8	5,162.7	154.0	9,499.2

^ Issuance of shares pursuant to the Group's LTIP RS.

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023**

	Attributable to equity holders of the Company								Total Equity RM Million
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2023	3,986.5	99.1	(13.2)	16.8	81.9	35.4	3,730.0	152.6	8,089.1
Profit for the financial period	-	-	-	-	-	-	1,437.0	8.0	1,445.0
Other comprehensive income									
Items that will not be reclassified subsequently to income statement:									
- decrease in fair value of equity investments at FVOCI	-	(8.0)	-	-	-	-	-	-	(8.0)
Items that may be reclassified subsequently to income statement:									
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	-	0.6	-	-	-	-	-	-	0.6
- reclassification adjustments relating to FVOCI investments disposed	-	#	-	-	-	-	-	-	#
- increase in fair value of receivables at FVOCI	-	2.3	-	-	-	-	-	-	2.3
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	27.6	-	-	-	-	-	27.6
- change in fair value of currency basis	-	-	-	(4.7)	-	-	-	-	(4.7)
- reclassification of foreign exchange loss on borrowings	-	-	(28.9)	-	-	-	-	-	(28.9)
- currency translation differences									
- subsidiaries	-	-	-	-	-	5.1	-	-	5.1
- associate	-	-	-	-	-	0.1	-	-	0.1
Total comprehensive (loss)/income for the financial period	-	(5.1)	(1.3)	(4.7)	-	5.2	1,437.0	8.0	1,439.1
Transactions with owners:									
- final interim dividend paid for the financial year ended 31 December 2022	-	-	-	-	-	-	(286.6)	-	(286.6)
- interim dividend paid for the financial year ended 31 December 2023	-	-	-	-	-	-	(363.0)	-	(363.0)
- dividends declared to non-controlling interests	-	-	-	-	-	-	-	(7.5)	(7.5)
- Long Term Incentive Plan (LTIP):									
- ordinary shares granted*	-	-	-	-	13.9	-	-	-	13.9
- transfer from LTIP reserve upon issuance of shares on vesting^	78.1	-	-	-	(78.1)	-	-	-	-
Total transactions with owners	78.1	-	-	-	(64.2)	-	(649.6)	(7.5)	(643.2)
At 30 September 2023	4,064.6	94.0	(14.5)	12.1	17.7	40.6	4,517.4	153.1	8,885.0

Amount less than RM0.1 million

* The apportionment over the vesting period of the fair value of the Group's granting of TM shares made to eligible employees of TM and its subsidiaries subject to fulfilment of relevant vesting conditions.

^ Issuance of shares pursuant to the Group's LTIP RS.

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL PERIOD ENDED	
	30/09/2024	30/09/2023
	RM Million	RM Million
Receipts from customers	7,981.6	8,797.3
Payments to suppliers and employees	(5,018.4)	(5,581.4)
Payments to suppliers for short-term lease and leases of low-value assets	(21.6)	(29.3)
Payments of finance cost	(167.1)	(221.0)
Payments of income taxes and zakat (net)	(192.2)	(371.8)
CASH FLOWS FROM OPERATING ACTIVITIES	2,582.3	2,593.8
Contribution for purchase of property, plant and equipment	252.0	298.8
Disposal of property, plant and equipment	5.2	0.5
Purchase of property, plant and equipment and intangible assets	(887.1)	(1,887.6)
Investment in a jointly controlled entity	(1.8)	-
Disposal/Maturity of current investments at fair value through other comprehensive income	21.9	5.3
Purchase of current investments at fair value through other comprehensive income	(24.6)	(8.6)
Purchase of investments at fair value through profit or loss	(0.9)	(6.8)
Disposal of financial assets at fair value through profit or loss	4.2	14.0
Long term deposits	(16.6)	(16.6)
Repayments of loans by employees	11.8	13.6
Loans to employees	(18.7)	(14.9)
Disposal of housing loan	-	127.6
Interest/Profit received	75.2	56.7
Dividends received	3.5	6.9
CASH FLOWS USED IN INVESTING ACTIVITIES	(575.9)	(1,411.1)
Proceeds from borrowings	-	30.0
Repayments of borrowings	(623.6)	(597.3)
Repayments of lease liabilities	(310.8)	(385.8)
Dividend paid to shareholders (part A, note 6)	(1,074.5)	(649.6)
Dividend paid to non-controlling interests	(15.4)	(7.5)
CASH FLOWS USED IN FINANCING ACTIVITIES	(2,024.3)	(1,610.2)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17.9)	(427.5)
EFFECT OF EXCHANGE RATE CHANGES	(68.9)	21.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,697.9	2,344.3
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,611.1	1,938.0

(The above unaudited consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 3rd quarter and financial period ended 30 September 2024 of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (MASB), paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2023 audited financial statements, except for the changes arising from the adoption of the amendments to MFRS issued by MASB that are effective for the Group’s financial year beginning on 1 January 2024.

(a) The amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2024

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2024 are as follows:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of the above applicable amendments to published standards has not led to any material impact on the Group’s financial result, position or disclosure for the current or previous periods, nor any of the Group’s significant accounting policies.

(b) New standards and amendments to published standards that have been issued but not yet effective and have not been adopted

The new standards and amendments to published standards that have been issued but are not yet effective and have not been adopted early by the Group are as follows:

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121	Lack of Exchangeability
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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation (continued)

(b) New standards and amendments to published standards that have been issued but not yet effective and have not been adopted (continued)

Effective for annual periods beginning on or after 1 January 2026

Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to MFRS Accounting Standards - Volume 11	(i) Amendments to MFRS 7 Financial Instruments: Disclosures (Gain or loss on derecognition) (ii) Amendments to MFRS 9 Financial Instruments (Lessee derecognition of lease liabilities & transaction price) (iii) Amendments to MFRS 10 Consolidated Financial Statements (Determination of a 'de facto agent') (iv) Amendments to MFRS 107 Statement of Cash Flows (Cost method)

Effective for annual periods beginning on or after 1 January 2027

MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures

Effective for annual periods to be announced by MASB

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of the above applicable new standards and amendments to published standards are not expected to have a material impact on the financial statements of the Group.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. Seasonal or Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical factors.

3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 3rd quarter and financial period ended 30 September 2024.

4. Material Changes in Estimates

There were no material changes in estimates reported in the prior financial year that may have given rise to a material impact on the financials reported by the Group for the 3rd quarter and financial period ended 30 September 2024.

5. Issuances, Repurchases and Repayments of Debt and Equity Securities

(a) Repayment of Islamic Medium-Term Notes (IMTN)

During the current financial period, the Group repaid the following IMTN tranches in full, at its nominal value, upon their maturity dates:

Debt Securities	Date of Issue	Nominal Value (RM Million)	Rate per Annum	Maturity Date
IMTN	21 March 2014	300.0	4.82%	21 March 2024
IMTN	27 June 2014	300.0	4.738%	27 June 2024

The IMTN was issued as part of the RM3.0 billion IMTN Programme, as disclosed in note 17(b) of the Group's audited financial statements for the financial year ended 31 December 2023.

(b) Long Term Incentive Plan (LTIP)

During the current financial period, the Company issued 76,400 new ordinary shares amounting to RM0.5 million pursuant to the vesting of shares from the Restricted Shares and Performance Shares under the LTIP granted to employees as described in note 14 of the audited financial statements for the financial year ended 31 December 2023.

The new ordinary shares were listed and allotted on the Main Market of Bursa Securities on 31 May 2024. There has been no further grant of new LTIP tranches during the current financial period.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

6. Dividends Paid

- (a) The 2nd interim single-tier dividend of 10.5 sen per share amounting to RM402.9 million in respect of the financial year ended 31 December 2023, was declared on 23 February 2024 and paid on 29 March 2024.
- (b) The final single-tier dividend of 5.0 sen per share amounting to RM191.9 million in respect of the financial year ended 31 December 2023, was declared on 23 February 2024 and paid on 19 April 2024.
- (c) An interim single-tier cash dividend of 12.5 sen per share amounting to RM479.7 million in respect of the financial year ending 31 December 2024, was declared on 26 August 2024 and paid on 30 September 2024.

7. Segmental Information

Segmental revenue information for the Group are as follows:

	3rd Quarter Ended		Financial Period Ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM Million	RM Million	RM Million	RM Million
		(RESTATED)		(RESTATED)
Unifi	1,396.3	1,409.9	4,178.7	4,254.3
TM One	710.8	697.7	2,124.4	2,082.0
TM Global	787.0	818.8	2,281.3	2,303.7
Others/Shared Services	65.8	68.4	203.9	255.1
Inter-segment	(42.8)	(41.1)	(126.3)	(196.9)
Total	2,917.1	2,953.7	8,662.0	8,698.2

The prior year comparatives have been restated for better comparability with current year's disclosures.

8. Material Events Subsequent to the End of the Quarter

There are no material events subsequent to the reporting date that require disclosure or adjustment to the unaudited interim financial statements.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. Effects of Changes in the Composition of the Group

There are no other changes in the composition of the Group for the 3rd quarter and financial period ended 30 September 2024 save as disclosed below:

(a) TM DC Educity Sdn. Bhd. (TM DC Educity)

On 21 May 2024, TM DC Educity was incorporated as an indirect wholly-owned subsidiary of Telekom Malaysia Berhad (TM), established as an investment holding company with activities of providing infrastructure for hosting, data processing services and related activities.

(b) ST Dynamo DC Sdn. Bhd. (ST Dynamo DC)

On 18 June 2024, TM announced the execution of a Joint Venture Agreement (JVA) between TM DC Educity, an indirect wholly-owned subsidiary of TM held via TM DC Holdings Sdn. Bhd. (formerly known as Intelsec Sdn. Bhd.) with Nxera MY Pte Ltd, an indirect subsidiary of Singapore Telecommunications Limited, and ST Dynamo to jointly develop, establish and/or operate greenfield data centre facilities in Johor (Proposed JV).

With the completion of the Proposed JV on 30 September 2024, TM indirectly holds 51% of the total issued and paid up capital in ST Dynamo DC, the joint venture company.

10. Changes in Contingent Liabilities Since the Last Annual Balance Sheet Date

Other than the material litigation disclosed in part B, note 10 of this announcement, there were no other material changes in contingent liabilities since the audited financial statements of the Group for the financial period ended 30 September 2024.

11. Capital Commitments

(a)

	Group	
	As at 30/09/2024	As at 31/12/2023
	RM Million	RM Million
		(RESTATED)
Property, plant and equipment:		
Commitments in respect of expenditures approved and contracted for (excluding commitments with approved Government grants)	1,493.2	2,328.0

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. Capital Commitments (continued)

(b)	Group	
	As at 30/09/2024	As at 31/12/2023
	RM Million	RM Million
The Group's remaining capital commitment in a Technology Investment Fund (disclosed as part of the Group's Non-Current Investments at FVTPL)	10.7	14.8

Refer to note 30(c) of the audited financial statements of the Group for the financial year ended 31 December 2023.

- (c) The Group's remaining committed equity funding in ST Dynamo DC, as disclosed in part A, note 9(b) of this announcement, is RM585.9 million.

12. Related Party Transactions

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 20.10% equity interest as at 30 September 2024 and is a related party of the Group. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

The individually significant transactions that the Group entered into with identified related parties and their corresponding balances for the provision of telecommunications-related services as of the respective reporting dates are as follows:

	Total amount of individually significant transactions for the financial period ended		Corresponding outstanding balances as at	
	30/09/2024	30/09/2023	30/09/2024	31/12/2023
	RM Million	RM Million	RM Million	RM Million
Sales and Receivables	571.0	565.5	101.4	47.5

The Group also has individually significant contracts with other Government-related entities where the Group was provided funding for projects of which the amortisation of grants to the income statement in the current financial period was RM21.0 million (YTD September 2023: RM34.2 million) with corresponding receivables of RM118.7 million (31 December 2023: RM329.6 million).

The Group also has transactions with other Government-related entities for the provision of telecommunication services and procurement of related equipment. These transactions are not individually significant but are collectively important and occur in the normal course of business.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

13. Fair Value

The disclosure should be read in conjunction with note 48 of the Group's audited financial statements for the financial year ended 31 December 2023.

(a) Financial Instruments Carried at Fair Value

The following table presents the Group's financial assets that are measured at fair value as at the respective reporting date. There were no liabilities measured at fair value at the end of the period ended and comparative year.

	As at 30/09/2024				As at 31/12/2023			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Assets								
Financial assets at fair value through profit or loss								
- quoted securities	2.5	-	-	2.5	2.3	-	-	2.3
Derivatives accounted for under hedge accounting	-	101.7	-	101.7	-	149.8	-	149.8
Investments at fair value through OCI	-	73.9	-	73.9	-	70.4	-	70.4
Investments at fair value through profit or loss	-	91.9	57.3	149.2	-	93.1	60.3	153.4
Equity investments at fair value through OCI	-	-	136.5	136.5	-	-	136.5	136.5
Receivables at fair value through OCI	-	-	61.1	61.1	-	-	52.3	52.3
Total	2.5	267.5	254.9	524.9	2.3	313.3	249.1	564.7

There have not been any changes to the valuation techniques applied for the different financial instruments since 31 December 2023 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.

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13. Fair Value (continued)

(b) Financial Instruments Other Than Those Carried at Fair Value

There have not been any significant changes in the differences between the carrying amount and fair value of financial instruments carried at other than fair value from the disclosures in note 48(b) of the Group's audited financial statements for the financial year ended 31 December 2023, other than below:

	As at 30/09/2024		As at 31/12/2023	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
Liabilities				
Borrowings	3,963.8	4,132.7	4,763.2	4,883.8

14. Changes in Accounting Policies

(a) Changes to Presentation of Government Grant

During the 1st quarter ended 31 March 2024, the Group changed its accounting policy by revising the presentation of Government grants. Government grants, which were previously deferred and recognised in the Income Statement over the financial period necessary to match them with the costs they were intended to compensate, are now deducted from the corresponding costs in the Income Statement. Government grants relating to the purchase of assets, which were previously included as deferred income and credited to the Income Statement on a straight-line basis over the estimated useful lives of the related assets, are now deducted from the cost of the related assets and recognised in the Income Statement over the lives of the depreciable assets by way of reduced depreciation charges.

The change in the presentation provides more reliable and relevant information on the Group's financial position and financial performance. In addition, this strategically aligns the accounting policy with the core business objectives of the Group.

(b) Impact from Changes in Presentation of Government Grant

The change has been applied retrospectively in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors, and the impact on the comparative disclosures is as follows:

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14. Changes in Accounting Policies (continued)

(b) Impact from Changes in Presentation of Government Grant (continued)

Income Statement for Financial Period Ended	As previously reported (RM Million)	Effect of the changes (RM Million)	As restated (RM Million)
<u>30 September 2023</u>			
OPERATING REVENUE	9,126.3	(428.1)	8,698.2
OPERATING COSTS			
- depreciation, impairment and amortisation	(2,088.1)	294.7	(1,793.4)
- other operating costs	(5,422.2)	101.9	(5,320.3)
OTHER OPERATING INCOME (net)	107.5	31.5	139.0
<u>Statement of Financial Position</u>			
	As previously reported (RM Million)	Effect of the changes (RM Million)	As restated (RM Million)
<u>As at 31 December 2023</u>			
<u>Non-current Liabilities</u>			
Deferred income	1,414.8	(1,414.8)	-
Trade and other payables	25.9	166.9	192.8
<u>Non-current Assets</u>			
Property, plant and equipment	13,026.4	(1,229.6)	11,796.8
Intangible assets	903.0	(6.7)	896.3
Right-of-use assets	1,275.2	(11.6)	1,263.6

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14. Changes in Accounting Policies (continued)

(b) Impact from Changes in Presentation of Government Grant (continued)

Statement of Financial Position	As previously reported (RM Million)	Effect of the changes (RM Million)	As restated (RM Million)
<u>As at 1 January 2023</u>			
<u>Non-current Liabilities</u>			
Deferred income	1,630.7	(1,630.7)	-
Trade and other payables	24.6	60.6	85.2
<u>Non-current Assets</u>			
Property, plant and equipment	13,547.0	(1,555.1)	11,991.9
Intangible assets	745.8	(0.4)	745.4
Right-of-use assets	1,153.7	(14.6)	1,139.1

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

(a) 3rd Quarter 2024 vs 3rd Quarter 2023

(i) Group Performance

The Group's operating revenue for the current quarter was RM2,917.1 million, 1.2% (RM36.6 million) lower than the RM2,953.7 million revenue in the same quarter last year. The marginal decline was reflective of the challenging competitive landscape in 2024.

Operating profit before other gains and finance cost declined 4.7% (RM26.9 million), from RM576.0 million to RM549.1 million primarily due to foreign exchange losses on operations in the current quarter, compared to foreign exchange gains in the third quarter of 2023.

The Group's profit after tax and non-controlling interests (PATAMI) for the quarter ended was RM465.1 million, 13.6% (RM73.1 million) decreased from RM538.2 million in 3rd quarter 2023, which included the recognition of tax credit from prior year losses.

(ii) Revenue by Customer Segments

Unifi

Unifi reported operating revenue of RM1,396.3 million in the current quarter, demonstrating resilience despite the 1.0% (RM13.6 million) decline from RM1,409.9 million in the same quarter last year, amidst the intense competition in the retail segment.

TM One

TM One recorded operating revenue of RM710.8 million in the current quarter, 1.9% (RM13.1 million) increase compared to RM697.7 million in the same quarter last year, primarily driven by customer projects and other telecommunications services.

TM Global

TM Global's operating revenue for the current quarter of RM787.0 million decreased 3.9% (RM31.8 million) compared to RM818.8 million in the same period last year, mainly from reduction in international voice services, cushioned by stronger performance in data and other services.

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1. Review of Performance (continued)

(b) Year-on-Year

(i) Group Performance

During the financial period under review, the Group reported operating revenue of RM8,662.0 million, a modest 0.4% (RM36.2 million) decline compared to RM8,698.2 million last year.

Despite this, the Group's operating profit before other gains and finance cost improved 7.9% (RM133.4 million) to RM1,812.7 million, up from RM1,679.3 million in the 3rd quarter of 2023 driven by lower operating expenses from the Group's ongoing cost management initiatives.

The Group's profit after tax and non-controlling interests (PATAMI) for the current financial period was RM1,286.3 million, 10.5% (RM150.7 million) decline from RM1,437.0 million in the corresponding period last year. The prior financial period PATAMI included one-off recognition of tax credit, while current period benefited from lower finance costs and foreign exchange gains on borrowings.

(ii) Segment Performance

Unifi

Amidst intense competition, Unifi continues to record an increase in cumulative broadband subscribers during the current financial period. This cushioned the impact of decline in voice and mobile device revenue, with operating revenue of RM4,178.7 million in the current period, 1.8% (RM75.6 million) lower than RM4,254.3 million in the same period last year.

TM One

TM One recorded operating revenue of RM2,124.4 million, 2.0% (RM42.4 million) increase from RM2,082.0 million in the same period last year. The growth was contributed by one-off revenue recognition from an arbitration settlement and other telecommunication services.

TM Global

TM Global recorded operating revenue of RM2,281.3 million for the current financial period ended 30 September 2024, 1.0% (RM 22.4 million) lower from RM2,303.7 million reported in the previous financial period, mainly from decline in international voice services, mitigated by strong performance in data products.

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2. Comparison with Preceding Quarter's Results

The Group's operating revenue of RM2,917.1 million in the current quarter increased 0.3% (RM9.2 million) from the RM2,907.9 million recorded in the preceding quarter, driven by growth in Internet and multimedia, and other telecommunication related services.

Foreign exchange losses on operations in the current quarter contributed to a 10.4% (RM63.6 million) decline in operating profit before other gains and finance cost, which stood at RM549.1 million compared to RM612.7 million in the previous quarter.

Despite this, the Group achieved PATAMI of RM465.1 million in the current quarter, 17.3% (RM68.7 million) increase from RM396.4 million in the preceding quarter driven by foreign exchange gains on borrowings.

3. Prospects for the Current Financial Year

Economic Outlook

Malaysia's GDP grew by 5.3%¹ in Q3 2024, supported by strong investment activities, higher exports, increased tourism spending, and robust household consumption driven by positive labour market conditions and policy support. Inflation remained stable at 1.9%¹, with higher diesel and insurance costs offset by lower food price inflation. Looking ahead, Malaysia's economy is set for steady growth, supported by strong domestic demand, ongoing investments, sector recoveries, and stable inflation. Malaysia's GDP for 2024 is forecast to expand between 4.8% - 5.3%².

Business Outlook

TM maintained resilience in Q3 2024, despite facing competitive pressures and a challenging operating environment. The Group continues to optimise costs with EBIT for the first 9-month improved compared to the previous year, reflecting better financial performance with an aim to deliver optimal return to shareholders. This improvement is supported by the strong balance sheet and cash reserves, reinforcing the Group's healthy financial position.

As we approach the final quarter of 2024, TM will take a more proactive approach to boost revenue emphasizing fixed-mobile convergence (FMC) and leveraging new technologies such as 5G, Artificial Intelligence (AI) and cloud solutions to enhance customer experiences. TM is also committed to improving profitability through a strong focus on cost efficiency, ensuring sustainable growth and competitiveness in the challenging operating environment.

Looking ahead, our strategic investments in new submarine cables and expanded data centre portfolio will drive long-term growth, reinforcing our position as a leading digital hub in the ASEAN region. In line with the Government's 5G dual network initiative, TM remains committed to providing seamless and reliable 5G services to our customers. As a leading fibre infrastructure provider, TM is well-positioned to meet the growing needs for fibre backhaul, to enhance the benefits of 5G technology.

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3. Prospects for the Current Financial Year (continued)

Business Outlook (continued)

The Group is maintaining a positive outlook to close the year, aligning with the market guidance we issued for 2024.

¹Bank Negara Malaysia (BNM) Quarterly Bulletin 3Q 2024 dated 15 November 2024

²Belanjawan 2025 Economic Outlook released on 18 October 2024

4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 3rd quarter and financial period ended 30 September 2024.

5. Tax

The tax charge for the Group comprises:

	3rd Quarter Ended		Financial Period Ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
Income Tax:				
Current year	31.8	40.9	404.2	90.7
Prior year	123.3	34.2	140.3	32.9
Deferred tax (net)	39.1	(114.5)	(52.4)	(161.4)
	194.2	(39.4)	492.1	(37.8)
<u>Overseas</u>				
Income Tax:				
Current year	2.6	0.7	6.3	2.8
Prior year	(0.4)	0.1	(0.3)	0.5
Deferred tax (net)	0.7	-	0.7	-
	2.9	0.8	6.7	3.3
Taxation	197.1	(38.6)	498.8	(34.5)
Zakat	6.9	1.4	11.0	4.3
Taxation and Zakat	204.0	(37.2)	509.8	(30.2)

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6. Status of Corporate Proposals

(a) **Joint Venture between TM DC Educuity Sdn. Bhd. (TM DC Educuity) and Nxera My Pte. Ltd. (Nxera MY) (JV)**

TM has announced on 18 June 2024 that its wholly-owned subsidiary, TM DC Educuity has on 18 June 2024 entered into a conditional joint venture agreement with Nxera MY and ST Dynamo DC Sdn. Bhd. (ST Dynamo) to jointly develop, establish and/or operate greenfield data centre facilities in Johor, Malaysia through the JV Company for purposes of the Proposed Joint Venture (JVA).

Following thereto, on 14 August 2024, TM announced that there is no condition precedent to the JVA to be fulfilled as an extraordinary general meeting (EGM) is no longer required based on the review of the applicable percentage ratio. The Joint Venture share subscription transaction was completed on 30 September 2024 in accordance with the terms and conditions of the JVA.

(b) **Share Subscription Agreement between Minister of Finance Incorporated, (MoF Inc.), Digital Nasional Berhad (DNB) and Telekom Malaysia Berhad (TM)**

On 1 December 2023, TM announced that it has signed a conditional Share Subscription Agreement with MoF Inc. and DNB (SSA). TM had on 18 July 2024 sought an extension of its Longstop Date of 21 August 2024 to fulfil the Conditions Precedents under the SSA, which was not accepted by DNB. Upon receipt of DNB's letter dated 23 August 2024, not accepting TM's appeal dated 14 August 2024 which also contained a termination notice of TM's SSA, TM duly announced the termination of SSA on 23 August 2024.

7. Group Borrowings and Debt Securities

(a) **Analysis of the Group's borrowings and debt securities is as follows:**

	As at 30/09/2024		As at 31/12/2023	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Unsecured	1,597.3	2,366.5	1,226.4	3,536.8
Total Borrowings	1,597.3	2,366.5	1,226.4	3,536.8

(b) **Foreign currency borrowings and debt securities are as follows:**

	As at 30/09/2024 RM Million	As at 31/12/2023 RM Million
Foreign Currency		
US Dollar	1,509.6	1,685.6
Canadian Dollar	1.6	1.9
Total	1,511.2	1,687.5

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- (c) There have not been any significant changes in the Group's borrowings since the end of the previous financial year (as disclosed in note 17 of the Group's audited financial statements for financial year ended 31 December 2023) except for the impact of foreign exchange translation for the financial period ended, as well as the repayment of certain borrowing as disclosed in part A, note 5.

8. Derivative Financial Instruments

- (a) Analysis of the Group's Derivative Financial Instruments is as follows:

		Fair value as at 30/09/2024	Fair value as at 31/12/2023
Derivatives (by maturity)	Contract or notional amount RM Million	Assets RM Million	Assets RM Million
<u>Cross Currency Interest Rate Swaps (CCIRS)</u>			
- less than 1 year	310.5	101.7	149.8
Total	310.5	101.7	149.8

- (b) **Financial Risk Management Objectives and Policies**

There have been no changes since the end of the previous financial year in respect of the following:

- (i) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and
- (ii) The risk management policies are in place for mitigating and controlling the risks associated with these derivative financial instrument contracts.

The details on the above, the valuation and the financial effects of derivative financial instruments that the Group has entered into are discussed in notes 4, 20 and 47 to 50 to the Group's audited financial statements for the financial year ended 31 December 2023.

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The related accounting policies of the Group in respect of derivative financial instruments and hedge accounting are disclosed in note 2 to the Group's audited financial statements for the financial year ended 31 December 2023.

(d) Losses Arising from Fair Value Changes of Financial Instruments

The amount of losses arising from fair value changes of derivative financial instruments for the current and cumulative quarters ended 30 September 2024 are as follows:

Derivatives (by maturity)	Contract or notional value RM Million	Fair value RM Million	Losses arising from fair value changes for the quarter RM Million	Losses arising from fair value changes for the period RM Million
Financial Assets				
<u>Cross Currency Interest Rate Swaps (CCIRS)*</u>				
- 1 year to 3 years	310.5	101.7	(56.1)	(48.1)
Total	310.5	101.7	(56.1)	(48.1)

* Cash flow hedges accounted for under hedge accounting.

The fair values of existing interest rate swaps arise from the changes in present value of their respective future cash flows against the prevailing market interest rates. The fair values of existing forward foreign exchange components of the contracts are determined by comparing forward exchange market rates at the balance sheet date against prevailing foreign exchange rates.

The Mark to Market (MTM) on the IRS is positive when the expectation of relevant future interest rates increases and vice versa. The MTM on a forward contract is positive when the expectation of USD against RM currency is strengthened and vice versa.

The MTM on the CCIRS is positive when the expectation of the relevant foreign currency against RM strengthens or the expectation of future RM interest rate increases and vice versa.

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Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 3rd quarter and financial period ended 30 September 2024:

	3rd Quarter Ended		Financial Period Ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM Million	RM Million	RM Million	RM Million
Inventory charges for write off and obsolescence	(3.8)	(2.7)	(6.5)	(18.0)
Gains on disposal of fixed income securities	#	#	0.3	#
(Losses)/Gains on foreign exchange on settlements and placements	(104.4)	14.2	(76.0)	60.6

Amount less than RM0.1 million

10. Material Litigation

The following is the update on the Group's existing material litigation as disclosed in note 51 to the Group's audited financial statements for the year ended 31 December 2023, subsequent to the financial year end:

(a) In the Matter of Arbitration between MYTV Broadcasting Sdn. Bhd. (MYTV) and TM Technology Services Sdn. Bhd. (TM Tech)

On 29 August 2024, the Arbitral Tribunal has ordered the termination of the arbitral proceedings pursuant to Section 34(2)(b) of the Arbitration Act 2005 and Article 36 of the applicable rules of arbitration.

Pursuant to the said order for termination of the arbitration proceedings, the claims brought by MYTV against TM and the counterclaims brought by TM against MYTV are brought to an end.

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On 18 July 2024, TM submitted its Proof of Debt to the Liquidators.

On 10 September 2024, the Liquidators held a Creditor's Meeting and passed a resolution stating that VPL does not possess sufficient funds to satisfy its debt to the creditors. The Liquidators will submit the resolution to the Official Receiver and request to draw down the remaining balance of SGD9,510.74 from VPL's Liquidation Account to cover the Liquidators' fees and disbursements of SGD35,428.49. The Liquidators will thereafter apply for their discharge, and VPL will subsequently be dissolved.

Based on the said development, this matter has effectively come to an end.

Save as disclosed above, neither TM nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on TM's and/or its subsidiaries' financial position or business of TM Group and TM Board is not aware of any proceedings, pending or threatened against TM and/or its subsidiaries, or of any facts likely to give rise to any proceedings which may materially affect TM's and/or its subsidiaries' financial position or business of TM Group.

11. Earnings per Share (EPS)

	3rd Quarter Ended		Financial Period Ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
(a) Basic earnings per share				
Profit attributable to equity holders of the Company (RM million)	465.1	538.2	1,286.3	1,437.0
Weighted average number of ordinary shares (million)	3,837.7	3,823.4	3,837.7	3,822.3
Basic earnings per share (sen) attributable to equity holders of the Company	12.1	14.1	33.5	37.6

Basic earnings per share was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares during the financial period.

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	3rd Quarter Ended		Financial Period Ended	
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
(b) Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	465.1	538.2	1,286.3	1,437.0
Weighted average number of ordinary shares (million)	3,837.7	3,823.4	3,837.7	3,822.3
Adjustment for dilutive effect of Long Term Incentive Plan (million)	0.5	14.6	0.5	15.7
Adjusted weighted average number of ordinary shares (million)	3,838.2	3,838.0	3,838.2	3,838.0
Diluted earnings per share (sen) attributable to equity holders of the Company	12.1	14.0	33.5	37.4

Diluted earnings per share for the current quarter and financial period ended were calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares adjusted for potential conversion of all dilutive ordinary shares from shares granted to employees under the Group's Long Term Incentive Plan (LTIP), as disclosed in note 14 to the Group's audited financial statements for financial year ended 31 December 2023.

12. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2023 were not subject to any qualification.

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13. Dividends

- (a) On 26 August 2024, the Board of Directors declared an interim single-tier cash dividend of 12.5 sen per share for the financial year ending 31 December 2024 (2023: an interim single-tier cash dividend of 9.5 sen per share). The dividend was paid on 30 September 2024 to shareholders whose names appear in the Register of Members and Record of Depositors on 11 September 2024.

- (b) No dividend is declared for the current quarter ended 30 September 2024.

By Order of the Board

Hamizah Abidin (LS0007096) (Practising Certificate No. 201908001071)

Group Company Secretary

Kuala Lumpur

26 November 2024