



MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

ANNOUNCEMENT

The Board of Directors of Maxis Berhad (“Maxis” or “the Company”) is pleased to announce the following condensed consolidated financial statements for the first quarter ended 31 March 2021 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/3/2021	QUARTER ENDED 31/3/2020	+	PERIOD ENDED 31/3/2021	PERIOD ENDED 31/3/2020	+
		RM'm	RM'm (Restated) <sup>(1)</sup>	%	RM'm	RM'm (Restated) <sup>(1)</sup>	%
Revenue	3	2,228	2,341	-4.8	2,228	2,341	-4.8
Traffic, device, commissions and other direct costs		(792)	(856)		(792)	(856)	
Spectrum licence fees		(70)	(67)		(70)	(67)	
Network costs		(118)	(110)		(118)	(110)	
Staff and resource costs		(183)	(158)		(183)	(158)	
Operation and maintenance costs		(99)	(110)		(99)	(110)	
Marketing costs		(41)	(40)		(41)	(40)	
Impairment of receivables and deposits, net		(13)	(99)		(13)	(99)	
Government grant and other income		45	44		45	44	
Other operating expenses		(9)	(4)		(9)	(4)	
Depreciation and amortisation		(386)	(365)		(386)	(365)	
Finance income		16	23		16	23	
Finance costs		(125)	(125)		(125)	(125)	
Profit before tax	20	453	474	-4.4	453	474	-4.4
Tax expenses	21	(119)	(117)		(119)	(117)	
Profit for the period		334	357	-6.4	334	357	-6.4
Attributable to:							
- equity holders of the Company		334	357	-6.4	334	357	-6.4
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	4.3	4.6		4.3	4.6	
- diluted	28	4.3	4.6		4.3	4.6	

Note:

(1) Comparatives were restated due to the adoption of International Financial Reporting Interpretations Committee (“IFRIC”) Agenda Decision on “Lease Term and Useful Life of Leasehold Improvement” (“IFRIC AD - Lease”) in the fourth quarter ended 31 December 2020.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2021 RM'm	QUARTER ENDED 31/3/2020 RM'm (Restated) <sup>(1)</sup>	PERIOD ENDED 31/3/2021 RM'm	PERIOD ENDED 31/3/2020 RM'm (Restated) <sup>(1)</sup>
Profit for the period	334	357	334	357
<b>Other comprehensive income/(expenses)</b>				
<b>Item that will be reclassified</b>				
<b>subsequently to profit or loss:</b>				
Net change in cash flow hedge	10	(2)	10	(2)
Total comprehensive income for the period	<u>344</u>	<u>355</u>	<u>344</u>	<u>355</u>
Attributable to equity holders of the Company	<u>344</u>	<u>355</u>	<u>344</u>	<u>355</u>

Note:

<sup>(1)</sup> Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	AS AT 31/3/2021 RM'm	AS AT 31/12/2020 RM'm
<b>Non-current assets</b>			
Property, plant and equipment	9	4,785	4,931
Intangible assets <sup>(2)</sup>		11,450	11,461
Right-of-use assets		1,797	1,767
Financial assets at fair value through other comprehensive income ("FVOCI")		4	4
Receivables, deposits and prepayments	25	921	947
Deferred tax assets		*	*
		<u>18,957</u>	<u>19,110</u>
<b>Current assets</b>			
Inventories		5	3
Receivables, deposits and prepayments	25	1,997	2,073
Amounts due from related parties		12	11
Derivative financial instruments	24	3	-
Tax recoverable		*	*
Deposits, cash and bank balances		952	735
		<u>2,969</u>	<u>2,822</u>
<b>Total assets</b>		<u>21,926</u>	<u>21,932</u>
<b>Current liabilities</b>			
Provisions for liabilities and charges		47	130
Payables and accruals		3,777	3,997
Amounts due to related parties		22	17
Borrowings	23	2,319	255
Derivative financial instruments		-	5
Taxation		61	57
		<u>6,226</u>	<u>4,461</u>
<b>Net current liabilities</b>		<u>(3,257)</u>	<u>(1,639)</u>

Notes:

<sup>(2)</sup> Includes telecommunications licenses with allocated spectrum rights and goodwill of RM10,707 million and RM254 million respectively, arising from business combinations.

\* Less than RM1 million.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

		AS AT 31/3/2021	AS AT 31/12/2020
	Note	RM'm	RM'm
<b>Non-current liabilities</b>			
Provisions for liabilities and charges		328	326
Payables and accruals		198	188
Borrowings	23	7,760	9,508
Derivative financial instruments	24	13	17
Deferred tax liabilities		392	382
		<u>8,691</u>	<u>10,421</u>
<b>Net assets</b>		<u>7,009</u>	<u>7,050</u>
<b>Equity</b>			
Share capital		2,547	2,547
Reserves		4,462	4,503
<b>Total equity</b>		<u>7,009</u>	<u>7,050</u>
<b>Net assets per share (RM)</b>		<u>0.90</u>	<u>0.90</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 31/3/2021	Note	Share capital	Merger relief <sup>(3)</sup>	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
		RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 1/1/2021		2,547	22,729	(22,729)	49	4,454	7,050
Profit for the period		-	-	-	-	334	334
Other comprehensive income for the period		-	-	-	10	-	10
Total comprehensive income for the period		-	-	-	10	334	344
Dividends for the financial year ended 31 December 2020	7	-	-	-	-	(391)	(391)
Long-term Incentive Plan ("LTIP") and incentive arrangement: - share-based payment expense		-	-	-	6	-	6
At 31/3/2021		2,547	22,729	(22,729)	65	4,397	7,009

Note:

<sup>(3)</sup> Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 31/3/2020	Share capital	Merger relief <sup>(3)</sup>	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
As at 1/1/2020	2,532	22,729	(22,729)	67	4,402	7,001
Profit for the period	-	-	-	-	357	357
Other comprehensive expense for the period	-	-	-	(2)	-	(2)
Total comprehensive (expense)/income for the period	-	-	-	(2)	357	355
Dividends for the financial year ended 31 December 2019	-	-	-	-	(391)	(391)
LTIP and incentive arrangement:						
- share-based payment expense	-	-	-	5	-	5
- shares acquired	-	-	-	(6)	-	(6)
At 31/3/2020	<u>2,532</u>	<u>22,729</u>	<u>(22,729)</u>	<u>64</u>	<u>4,368</u>	<u>6,964</u>

Note:

<sup>(3)</sup> Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	PERIOD ENDED 31/3/2021 RM'm	PERIOD ENDED 31/3/2020 RM'm (Restated) <sup>(1)</sup>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period	334	357
Adjustments for:		
- non-cash items	451	524
- finance costs	125	125
- finance income	(16)	(23)
- tax expenses	119	117
Payments for provision for liabilities and charges	(113)	(105)
Operating cash flows before working capital changes	900	995
Changes in working capital	(132)	(124)
Cash flows from operations	768	871
Interest received	3	4
Tax paid	(104)	(127)
Tax refund	-	1
Net cash flows from operating activities	667	749
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	(154)	(178)
Proceeds from disposal of property, plant and equipment	*	*
Placement of deposits with maturity of more than three months	*	*
Net cash flows used in investing activities	(154)	(178)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	700	-
Repayment of borrowings	(400)	-
Repayment of lease liabilities	(67)	(60)
Payments of finance costs	(139)	(145)
Ordinary share dividends paid	(391)	-
Net cash flows used in financing activities	(297)	(205)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>216</b>	<b>366</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>705</b>	<b>552</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD<sup>(4)</sup></b>	<b>921</b>	<b>918</b>

Notes:

<sup>(1)</sup> Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.

<sup>(4)</sup> The difference between the cash and cash equivalents and deposits, cash and bank balances represent deposits with financial institutions that carry maturity periods of more than three months.

\* Less than RM1 million.



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

## 1. BASIS OF PREPARATION

The quarterly report is unaudited and has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Bursa Securities Listing Requirements”) and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020.

The significant accounting policies and methods of computation adopted for the quarterly report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2020.

### Amendments to MFRS that is applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following amendments to MFRS of which are effective for the financial period beginning on or after 1 January 2022. The Group did not early adopt these amendments to MFRS and they are not expected to have a significant effect on its consolidated financial statements:

- |  |   |
|--|---|
| • Amendments to MFRS 3                         | Reference to Conceptual Framework                       |
| • Amendments to MFRS 101                       | Classification of Liabilities as Current or Non-current |
| • Amendments to MFRS 101                       | Disclosure of Accounting Policies                       |
| • Amendments to MFRS 108                       | Definition of Accounting Estimates                      |
| • Amendments to MFRS 116                       | Proceeds before Intended Use                            |
| • Amendments to MFRS 137                       | Onerous Contracts – Cost of Fulfilling a Contract       |
| • Annual improvements to MFRSs 2018-2020 Cycle |   |

## 2. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors.





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**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)**

### 3. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2021	QUARTER ENDED 31/3/2020	PERIOD ENDED 31/3/2021	PERIOD ENDED 31/3/2020
	RM'm	RM'm	RM'm	RM'm
Telecommunications services and solutions	1,959	1,969	1,959	1,969
Sale of devices	269	372	269	372
Total	<u>2,228</u>	<u>2,341</u>	<u>2,228</u>	<u>2,341</u>
Goods or services transferred:				
- at a point in time	617	791	617	791
- over time	1,611	1,550	1,611	1,550
Total	<u>2,228</u>	<u>2,341</u>	<u>2,228</u>	<u>2,341</u>

### 4. UNUSUAL ITEMS

Save for those disclosed in Note 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the three months ended 31 March 2021.

### 5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the three months ended 31 March 2021.

### 6. DEBT AND EQUITY SECURITIES

Save for the below items, there were no other issuance, repurchase and repayment of debts and equity securities during the three months ended 31 March 2021:

- (a) The Group undertook the following transactions in relation to its RM10.0 billion Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme:
  - (i) partially repurchased the third series that carried a nominal value of RM400 million; and
  - (ii) issued the sixth series for a nominal value of RM300 million, with a 7-year tenure maturing on 1 March 2028 to finance its capital expenditure and general working capital requirements; and
- (b) The Group had drawdown the remaining RM400 million of the term loan facility that was secured in Q4'20 to finance its capital expenditure and general working capital requirements.



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**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)**

**7. DIVIDENDS PAID**

During the three months ended 31 March 2021, fourth and special interim single-tier tax-exempt dividend of 4.0 sen and 1.0 sen, respectively per ordinary share totaling to RM391 million in respect of the financial year ended 31 December 2020 was paid on 31 March 2021.

**8. SEGMENT REPORTING**

Segment reporting is not presented as the Group is primarily engaged in providing converged telecommunications services and solutions in Malaysia.

**9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

There were no revaluations of property, plant and equipment during the three months ended 31 March 2021. As at 31 March 2021, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

**10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There were no material events subsequent to the end of the financial period up to the date of this report.

**11. CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the three months ended 31 March 2021.

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's customers or vendors and indemnities given to financial institutions on bank guarantees. There were no material losses anticipated as a result of these transactions.

Maxis Broadband Sdn. Bhd. ("MBSB"), a wholly owned subsidiary of the Company, was served with the below notices of additional assessment with penalties by Inland Revenue Board ("IRB"). MBSB has appealed and initiated legal proceedings to challenge the basis and validity of these additional assessments:

- (i) In November 2019, the IRB disallowed MBSB from its entitlement to incremental chargeable income exemption for Year of Assessment 2017. A notice of additional assessment of RM37.4 million was issued ("ICI Notice"). The Kuala Lumpur High Court ("High Court") had granted and subsequently extended the interim stay of the enforcement of the ICI Notice until the hearing of MBSB's leave application challenging the ICI Notice;
- (ii) In November 2020, the IRB disallowed MBSB's deduction of interest expenses incurred for the Years of Assessment 2016 and 2017. Notices of additional assessment totalling RM140 million were issued ("2020 Notices"). The High Court had granted and subsequently extended the interim stay of the enforcement of the 2020 Notices until the filing of submissions with the High Court in respect of MBSB's application challenging the 2020 Notices; and



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**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)**

**12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)**

(iii) In the current quarter, the IRB disallowed MBSB's deduction of interest expenses incurred for the Years of Assessment 2018 and 2019. Notices of additional assessment totalling RM230 million were issued ("2021 Notices"). The case is pending at the High Court.

The Directors are of the view that no provision is required in the condensed consolidated financial statements at this juncture based on the facts surrounding the above additional assessments received from the IRB and the legal view obtained from external legal counsel that there is sufficient evidence and case law to support MBSB's appeals and proceedings against the ICI Notice, 2020 and 2021 Notices.

**13. CAPITAL COMMITMENTS**

Capital expenditure contracted for at the end of reporting date but not recognised as liabilities is as follows:

	RM'm
Property, plant and equipment	176

**14. SIGNIFICANT RELATED PARTY DISCLOSURES**

The significant related party transactions, balances and commitments described below were carried out in the ordinary course of business and on agreed commercial terms with the related parties.

	Transactions for the financial period ended <u>31/3/2021</u> RM'm	Balances due from/(to) as at <u>31/3/2021</u> RM'm	Commitments as at <u>31/3/2021</u> RM'm	Total balances due from/(to) and commitments as at <u>31/3/2021</u> RM'm
<b>(a) Sales of goods and services to:</b>				
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>(1)</sup> (telephony and connectivity services to co-market and distribute content products)	22	3	-	3
- Saudi Telecom Company <sup>(2)</sup> (roaming and international calls)	1	*	-	*
- MEASAT Broadband (International) Ltd. <sup>(3)</sup> (revenue share on bandwidth)	1	-	-	-
- Maxis Communications Berhad <sup>(4)</sup> (corporate support services)	*	*	-	*



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**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)**

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended <u>31/3/2021</u> RM'm	Balances due from/(to) as at <u>31/3/2021</u> RM'm	Commitments as at <u>31/3/2021</u> RM'm	Total balances due from/(to) and commitments as at <u>31/3/2021</u> RM'm
<b>(b) Purchases of goods and services</b>				
<b>from:</b>				
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>(1)</sup> (customer acquisition and installation charges)	6	-	-	-
- Saudi Telecom Company <sup>(2)</sup> (roaming and international calls)	*	*	-	*
- MEASAT Global Berhad Group <sup>(3)</sup> (transponder and teleport lease rental)	10	(4)	(49)	(53)
- Tanjong City Centre Property Management Sdn. Bhd. <sup>(5)</sup> (rental, service charge, property service and other utility charges)	10	-	(140)	(140)
- UTSB Management Sdn. Bhd. <sup>(5)</sup> (corporate management services)	7	(2)	(43)	(45)
- SRG Asia Pacific Sdn. Bhd. <sup>(6)</sup> (call handling and telemarketing services)	6	(6)	-	(6)
- Sri Lanka Telecom PLC <sup>(7)</sup> (roaming and international calls)	1	-	-	-

Notes:

The Group has entered into the above related party transactions with parties whose relationships are set out below.

Usaha Tegas Sdn. Bhd. ("UTSB"), Saudi Telecom Company and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over Binariang GSM Sdn. Bhd. ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. BGSM is the ultimate holding company of the Company.

The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in all of the shares of the Company in which UTSB has an interest, PanOcean does not have any economic or beneficial interest in the shares of the Company, as such interest is held subject to the terms of the discretionary trust.

<sup>(1)</sup> Subsidiary of a company which is an associate of UTSB

<sup>(2)</sup> A major shareholder of BGSM, as described above

<sup>(3)</sup> Indirect subsidiary of a company in which TAK has a 100% direct equity interest

<sup>(4)</sup> Subsidiary of BGSM

<sup>(5)</sup> Subsidiary of UTSB

<sup>(6)</sup> Subsidiary of a company whereby a person connected to TAK has a deemed equity interest

<sup>(7)</sup> Associate of UTSB

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**PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)**

**15. FAIR VALUE MEASUREMENTS**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**(a) Financial instruments carried at amortised cost**

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 31 March 2021 except as set out below, measured using Level 3 valuation technique:

	<u>CARRYING AMOUNT</u> RM'm	<u>FAIR VALUE</u> RM'm
Financial liability:		
Borrowings		
- Islamic Medium Term Notes	<u>3,720</u>	<u>3,800</u>

**(b) Financial instruments carried at fair value**

The following table represents the assets/liabilities measured at fair value, using the respective valuation techniques, as at 31 March 2021:

	<u>Level 2</u> RM'm	<u>Level 3</u> RM'm
<u>Assets</u>		
Financial assets at FVOCI	-	4
Derivative financial instruments (forward foreign exchange contracts)	<u>3</u>	<u>-</u>
<u>Liabilities</u>		
Other payables	-	19
Derivative financial instruments (interest rate swap)	<u>13</u>	<u>-</u>



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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE  
BURSA SECURITIES LISTING REQUIREMENTS**

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	1 <sup>st</sup> Quarter 2021 (unaudited)	4 <sup>th</sup> Quarter 2020 <sup>(1)</sup> (unaudited)	1 <sup>st</sup> Quarter 2020 <sup>(1)</sup> (unaudited)	Variance Q1'21 vs Q4'20		Variance Q1'21 vs Q1'20	
				RM'm	%	RM'm	%
Revenue	2,228	2,261	2,341	(33)	(1.5)	(113)	(4.8)
Service revenue <sup>(2)</sup>	1,959	1,970	1,969	(11)	(0.6)	(10)	(0.5)
EBITDA <sup>(3)</sup>	949	924	944	25	2.7	5	0.5
<i>Adjusted for:</i>							
<i>Upfront spectrum assignment ("SA") fees charged out<sup>(4)</sup></i>	<i>15</i>	<i>15</i>	<i>15</i>				
Normalised EBITDA	964	939	959	25	2.7	5	0.5
Normalised EBITDA margin on service revenue (%)	49.2	47.7	48.7	NA	1.5	NA	0.5
Profit before tax	453	431	474	22	5.1	(21)	(4.4)
Profit for the period	334	319	357	15	4.7	(23)	(6.4)
Capital expenditure ("Capex")	136	504	163	(368)	(73.0)	(27)	(16.6)
Operating free cash flow	667	1,139	749	(472)	(41.4)	(82)	(10.9)

Notes:

- (1) Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020 and to conform with current presentation.
- (2) Service revenue is defined as Group revenue excluding sale of devices.
- (3) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
- (4) Charge out of SA renewal costs prepaid for license period.
- \* Less than RM1 million.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational indicators	1 <sup>st</sup> Quarter 2021	4 <sup>th</sup> Quarter 2020	1 <sup>st</sup> Quarter 2020 <sup>(1)</sup>	Variance Q1'21 vs Q4'20		Variance Q1'21 vs Q1'20	
				'000	%	'000	%
				<b>Revenue generating subscriptions ("RGS") ('000)</b>	<b>9,760</b>	9,585	9,397
- <i>Postpaid</i>	<b>3,538</b>	3,508	3,420	30	0.9	118	3.5
- <i>Prepaid</i>	<b>6,084</b>	5,951	5,883	133	2.2	201	3.4
- <i>Wireless Broadband</i>	<b>138</b>	126	94	12	9.5	44	46.8
<b>ARPU (Monthly) (RM)</b>							
- <i>Postpaid</i>	<b>82</b>	83	86	(1)	(1.2)	(4)	(4.7)
- <i>Prepaid</i>	<b>38</b>	39	39	(1)	(2.6)	(1)	(2.6)
- <i>Wireless Broadband</i>	<b>111</b>	104	101	7	6.7	10	9.9
- <i>Blended</i>	<b>55</b>	56	56	(1)	(1.8)	(1)	(1.8)
<b>Market definition subscriptions ('000)</b>							
- <i>Home Connections</i>	<b>423</b>	402	353	21	5.2	70	19.8
- <i>Biz Fibre Connections</i>	<b>42</b>	42	39	-	-	3	7.7
<b>ARPU (Monthly) (RM)</b>							
- <i>Home Fibre</i>	<b>108</b>	107	108	1	0.9	-	-

Note:

<sup>(1)</sup> The comparative information of home and biz fibre connections has been restated to conform with current presentation.

(A) Performance of the current quarter against the preceding quarter (Q1'21 vs Q4'20)

For the quarter ended 31 March 2021, service revenue decreased by 0.6% that is RM11 million to RM1,959 million (Q4'20: RM1,970 million).

Postpaid service revenue remain stable at RM974 million (Q4'20: RM975 million). The Postpaid RGS (excluding M2M services) for Q1'21 increased by 0.9% that is 30k to 3,538k compared to Q4'20 of 3,508k due to growth in MaxisONE Plan and Hotlink Postpaid subscriber base. Our Hotlink Postpaid and MaxisONE Share offering continued to attract entry level Postpaid subscribers, as well as those migrating from Prepaid to Postpaid. Postpaid ARPU for Q1'21 declined slightly by 1.2% to RM82 compared to Q4'20 of RM83 mainly due to dilution from increasing Hotlink Postpaid entry level subscribers. Postpaid average data usage per month in Q1'21 decreased by 2.1% to 22.8GB (Q4'20: 23.3GB) due to stabilisation in data usage patterns at home under the new norm and free 1GB/day community offering.



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## 16. ANALYSIS OF PERFORMANCE (CONTINUED)

### (A) Performance of the current quarter against the preceding quarter (Q1'21 vs Q4'20) (continued)

Prepaid service revenue for Q1'21 decreased by 0.9%, that is RM6 million to RM690 million (Q4'20: RM696 million). Prepaid RGS increased by 133k, a 2.2% increase to 6,084k (Q4'20: 5,951k) subscribers. Prepaid was able to show a resilient subscriber base due to the ongoing adoption of attractive Hotlink Prepaid Unlimited product. Prepaid ARPU for Q1'21 reduced by 2.6% to RM38 (Q4'20: RM39) per month. Prepaid data usage per month increased by 8.3% to 20.9GB (Q4'20: 19.3GB). This is in-line with the re-introduction of Movement Control Order ("MCO") on 13 January 2021 and the stay-at-home, work-from-home requirements and free 1GB/day community offering.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 83.2% of the time in key market centres on a comparable peer basis, and achieving 93% population coverage. Both these factors are key differentiators for digital lifestyle seekers.

On fibre, the Group added 21k home fibre connections (market definition) in Q1'21 bringing the total to 465k an increase of 4.7% (Q4'20: 444k) and the Home Fibre ARPU increased to RM108 per month (Q4'20: RM107).

In addition, our complimentary new product, Fixed Wireless Broadband Access ("WBB") 4G/LTE router service, continues to gain momentum and has proven to be very successful in non-fibre coverage areas. The WBB subscriber base (RGS30) grew 9.5% by 12k to end Q1'21 at 138k up from Q4'20 at 126k.

Normalised EBITDA for Q1'21 increased by 2.7% that is RM25 million to RM964 million (Q4'20: RM939 million). The normalised EBITDA margin on service revenue increased to 49.2% (Q4'20: 47.7%). The increase in normalised EBITDA was mainly due to lower device, operation and maintenance costs. Consequently, the Group reported for Q1'21 a net profit of RM334 million, an increase of RM15 million, that is up 4.7% compared to RM319 million in Q4'20, the preceding quarter.

Capex for the current quarter Q1'21 was RM136 million (Q4'20: RM504 million), in-line with our normal phasing of capex which is lower at the start of the financial year.

Operating free cash flow for Q1'21 decreased by RM472 million that is 41.4% to RM667 million (Q4'20: RM1,139 million) as Q4'20 was impacted by one-off material collections from USP and other regulated projects.





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## 16. ANALYSIS OF PERFORMANCE (CONTINUED)

### (B) Performance of the current quarter/year-to-date ("YTD") against the preceding year corresponding quarter/YTD (Q1/YTD 2021 versus Q1/YTD 2020)

The Malaysian Government re-introduced MCO on 13 January 2021 and this then progressively became state-level Conditional MCO/Recovery MCO in February and March 2021. Therefore, the impact from COVID-19 pandemic is seen in Q1'21 and not significantly in Q1'20 as MCO 1.0 started only on 18 March 2020, towards the end of Q1'20. The Covid pandemic effects, include travel restrictions impacting international roaming revenue, decline in foreign workers impacting IDD revenue and reducing disposable income from increasing unemployment impacting both Prepaid and Postpaid segments.

The Group recorded a total revenue for Q1'21 of RM2,228 million compared to corresponding Q1'20 of RM2,341 million which represents a 4.8% decrease, that is a RM113 million. The service revenue was down RM10 million, that is 0.5%, to RM1,959 million compared to Q1'20 of RM1,969 million, largely due to lower IDD revenue and temporary lack of international roaming income offset by growth in Enterprise and fibre businesses.

Postpaid service revenue for Q1'21 decreased by RM14 million, that is 1.4%, to RM974 million (Q1'20: RM988 million). The Group grew the postpaid RGS subscriber base (excluding M2M services) by 118k which represents a 3.5% increase to Q1'21: 3,538k versus Q1'20: 3,420k subscribers. The Postpaid APRU decreased by 4.7% year-on-year from Q1'20: RM86 to Q1'21: RM82 per month, largely due to the dilution effect from Hotlink Postpaid and the temporary lack of international roaming income.

Prepaid service revenue for Q1'21 declined by RM24 million, that is 3.4%, to RM690 million (Q1'20: RM714 million). However, the Group's prepaid subscription base increased by 201k, that is a 3.4% increase, from Q1'20: 5,883k to Q1'21: 6,084k which was due to the new Hotlink branding, omnichannel marketing, the new Hotlink Unlimited product, and targeting underserved market segments. All of these factors offsetting the effects of continued SIM consolidation, migration to the Hotlink entry point Postpaid service and a lower foreign worker base. Prepaid ARPU decreased by 2.6% year-on-year from Q1'20: RM39 to Q1'21: RM38.

The Group is proud of its fibre connections growth, adding 73k of home and business fibre connections that is 18.6% to Q1'21: 465k from Q1'20: 392k. On WBB 4G/LTE router service, the subscriber base (RGS30) grew by 44k to end Q1'21 at 138k, up from Q1'20 at 94k.

The Group continued to lead the market in terms of quality and best digital experience. For Q1'21 we achieved a TP-NPS score of 58 compared to 56 at Q1'20.

Demand for data increased across the Group's customer base with an average per month data usage in Prepaid of 20.9GB and Postpaid of 22.8GB for Q1'21. This represents a 23.7% increase of data demand for Prepaid from 16.9GB and 36.5% increase for Postpaid from 16.7GB from a year ago.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter/year-to-date (“YTD”) against the preceding year corresponding quarter/YTD (Q1/YTD 2021 versus Q1/YTD 2020) (continued)

Normalised EBITDA for Q1’21 was up 0.5% to RM964 million (Q1’20: RM959 million) and normalised EBITDA margin on service revenue increased slightly to 49.2% (Q1’20: 48.7%). Net profit for Q1’21 was lower by 6.4% or RM23 million, at RM334 million (Q1’20: RM357 million). The lower net profit was due to higher depreciation in IT investments.

Capex for Q1’21 was RM136 million versus Q1’20 of RM163 million, that is RM27 million or 16.6% lower than the preceding year, with a capex re-focus on protecting the network performance and rebalancing the capacity, and Enterprise business.

Operating free cash flow for the Q1’21 was RM667 million compared to Q1’20 of RM749 million in the preceding year, a decrease of 10.9% that is RM82 million largely due to reduced income offsetting our focus on working capital initiatives.

(C) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM’m unless otherwise indicated)	AS AT 31/3/2021	AS AT 31/12/2020
Total assets	21,926	21,932
Total equity	7,009	7,050
Debt <sup>(1)</sup>	10,092	9,780
Deposits, cash and bank balances	(952)	(735)
Net debt	9,140	9,045
Net debt-to-EBITDA	2.43	2.41

Note:

<sup>(1)</sup> Debt includes derivative financial instruments designated for hedging relationship on borrowings.

The net earnings for the current quarter after a 5 sen dividend distribution reduced the Group’s equity by RM41m to RM7.0 billion.

The net debt-to-EBITDA of the Group remained stable.



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## 17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 ("FY21")

### FY2021 financial outlook

On 19 February 2021, the Prime Minister of Malaysia announced the MyDIGITAL initiative and the Malaysia Digital Economy Blueprint which aims to accelerate the digitalisation of the Malaysian economy and includes bringing 5G to Malaysians in stages starting from the end of 2021. It was announced that a Government's Special Purpose Vehicle ("GOMSPV") will be set up to be given the appropriate spectrum and tasked to own, implement and manage 5G infrastructure. A sum of RM15 billion for 5G deployment over 10 years nationwide was mentioned. All licensed telecommunication companies will have equal access to this infrastructure, in marketing 5G services to their customers. On 1 March 2021, the Ministry of Finance announced Digital Nasional Berhad ("DNB") as the GOMSPV.

Maxis is fully supportive of the objectives of MyDIGITAL and JENDELA and we remain committed to play our part to offer the best 5G innovation to benefit the people and businesses in the country with our expertise and resources. This is aligned to Maxis' own accelerated strategy of being Malaysian's leading converged solutions provider. The 5G launch details when announced, could affect our execution approaches, timelines and future financial performance. The Group has started engaging with the Malaysian Communications and Multimedia Commission ("MCMC") and DNB for more details and is in the preliminary stages of assessing the impact based on the limited information available.

The COVID-19 pandemic continues to raise concern. At this stage, it is hard to reliably predict how long it will take to contain the virus, the impact it has on the Malaysian and the global economy, the impact on the demand for the services and solutions provided by the Group, locally and internationally and hence the Group's business operations. Furthermore, the Government is currently setting MCO and Recovery MCO status on a state level. So locally, the high unemployment rates since the initial MCO, the GDP recovery growth outlook, the occurrence of third wave of COVID-19 outbreak, the vaccine rollout, and the continuation of loan repayment moratorium only to targeted groups from October 20, creates an unpredictable environment for our business in 2021.

Given these uncertainties, the Group considered it prudent not to disclose a financial outlook for FY2021. The Group is gathering more details about the announcement and closely monitoring and assessing the impact of COVID-19 and when it becomes appropriate to disclose any material information, it will be made in accordance with the Main Market Listing Requirements.

### Confident in our Convergence Strategy and ahead of structural industry changes

We remain confident in our convergence strategy, driven by our differentiated network and the resilience of our people despite the unprecedented social and economic challenges brought by COVID-19. We are building upon our critical scale and size in the core mobiles business, our partnerships with global Information and Communication Technologies solution providers, our accredited and motivated talent, to build a strong first market advantage in converged service and continue to expand our offering of converged solutions to individuals, homes and businesses; and delivering differentiated and unmatched personalised experience.



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## 17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 ("FY21") (CONTINUED)

### **Strong Financial Position**

The Group remains in a good financial position to weather the crisis created by the COVID-19 pandemic.

Our balance sheet remains healthy and our funding and liquidity are well positioned. The Group has taken action to protect the safety of its employees, customers, the broader Malaysian economy and its core operations and remains alert to opportunities to strengthen and grow its business during this period of uncertainty.

### **Stay Safe, Stay Connected**

The Group is conscious of the importance of its connectivity network when movements are restricted and people are separated. As an essential service provider, Maxis remains open for business whilst executing our business continuity plan. Measures have been put in place to ensure both fixed and mobile networks remain uninterrupted despite a dramatic increase in demand. We maintain our network performance leadership that our customers expect. As Malaysia's leading mobile operator, we are in a strong position to fully support our customers, our suppliers, our communities and our staff throughout this pandemic and beyond.

Internally, our employees who are in customer facing and critical functions such as network field and retail staff are supported with best practice safety measures and all have the correct personal protective equipment. To mitigate the spread of COVID-19 virus, we ensure safe physical-social distancing. Internal and external physical meetings are replaced by virtual alternatives as we are developing a world class organisation through digitalisation.

## 18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast.

## 19. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2020.



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**20. PROFIT BEFORE TAX**

The following items have been (credited)/charged in arriving at the profit before tax:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2021	QUARTER ENDED 31/3/2020	PERIOD ENDED 31/3/2021	PERIOD ENDED 31/3/2020
	RM'm	RM'm	RM'm	RM'm
Fair value gains on forward foreign exchange contracts	*	(4)	*	(4)
Losses on foreign exchange (net)	3	5	3	5
Property, plant and equipment:				
- losses/(gains) on disposal	*	*	*	*
- write-offs/impairment losses	3	3	3	3

Note:

\* Less than RM1 million.

Other than as presented in the statements of profit or loss and as disclosed above, there were no material gains/losses on disposal of quoted and unquoted investments or properties and other exceptional items for the current quarter ended 31 March 2021.

**21. TAX EXPENSES**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2021	QUARTER ENDED 31/3/2020	PERIOD ENDED 31/3/2021	PERIOD ENDED 31/3/2020
	RM'm	RM'm (Restated) <sup>(1)</sup>	RM'm	RM'm (Restated) <sup>(1)</sup>
Current tax	108	153	108	153
Deferred tax:				
- origination and reversal of temporary differences	11	(36)	11	(36)
<b>Total</b>	<b>119</b>	<b>117</b>	<b>119</b>	<b>117</b>

The Group's effective tax rates for the current quarter was 26.3%, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

Note:

<sup>(1)</sup> Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.



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## 22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at the date of this report.

## 23. BORROWINGS

RM denominated	AS AT 31 MARCH 2021			AS AT 31 DECEMBER 2020		
	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm
<b>Secured</b>						
Lease liabilities	259	1,716	1,975	255	1,687	1,942
<b>Unsecured</b>						
Term loans <sup>(1)</sup>	-	1,593	1,593	-	1,192	1,192
Commodity Murabahah						
Term Financing	-	2,293	2,293	-	2,293	2,293
Islamic Medium						
Term Notes	2,060	1,660	3,720	-	3,838	3,838
Business Financing-i	-	498	498	-	498	498
	<b>2,319</b>	<b>7,760</b>	<b>10,079</b>	255	9,508	9,763
Excluding lease liabilities:						
- weighted average interest rate			3.82%			3.95%
- proportion of borrowings between fixed and floating interest rates			52% : 48%			55% : 45%

Note:

<sup>(1)</sup> Partially hedged using Interest Rate Swap ("IRS") as disclosed in Note 24.

Material changes to borrowings for the three months ended 31 March 2021 are disclosed in Note 6.

Subsequent to the end of the financial period, the Group partially repurchased its third series Sukuk Murabahah that carried a nominal value of RM650 million.



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24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 31 March 2021 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
<b><u>Current assets</u></b>		
<b>Derivatives designated in hedging relationship (cash flow hedge):</b>		
Forward foreign exchange contracts:		
- less than one year	146	3
<b>Derivatives not designated in hedging relationship:</b>		
Forward foreign exchange contracts:		
- less than one year	51	*
	<u>197</u>	<u>3</u>
<b><u>Non-current liabilities</u></b>		
<b>Derivatives designated in hedging relationship (cash flow hedge):</b>		
IRS:		
- between one and two years	500	(13)
	<u>697</u>	<u>(10)</u>

Note:

\* less than RM1 million

There have been no changes since the end of the previous financial year ended 31 December 2020 in respect of the following:

- (i) the market risk and credit risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

(b) Gains/losses arising from fair value changes of financial liabilities

The Group determines the fair values of the derivative financial instruments relating to the IRS and forward foreign exchange contracts using a valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value of the IRS contract is calculated as the present value of estimated future cash flow using an appropriate market-based yield curve. The fair values of forward foreign exchange contracts are determined using the forward exchange rates as at each reporting date.



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25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 31/3/2021	AS AT 31/12/2020
	RM'm	RM'm
<u>Non-current assets</u>		
At net of impairment:		
- Trade receivables	85	105
- Finance lease receivables	3	6
- Contract assets	65	58
Prepayments	647	662
Contract cost assets, net of amortisation	121	116
	<u>921</u>	<u>947</u>
<u>Current assets</u>		
At net of impairment:		
- Trade receivables	1,022	1,105
- Other receivables and deposits	416	471
- Finance lease receivables	19	23
- Contract assets	164	140
Prepayments	222	190
Contract cost assets, net of amortisation	154	144
	<u>1,997</u>	<u>2,073</u>
	<u>2,918</u>	<u>3,020</u>

The Group's credit policy provides trade receivables with credit periods of up to 60 days. In addition, selected eligible customers are allowed to purchase devices on monthly installment scheme up to 24 months.

The ageing analysis of the Group's gross trade receivables as at 31 March 2021 is as follows:

	RM'm
Current	998
1 to 90 days past due	161
More than 90 days past due	102
	<u>1,261</u>





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## 26. MATERIAL LITIGATION

There is no material litigation as at the date of this report.

## 27. DIVIDENDS

The Board of Directors has declared a first interim single-tier tax-exempt dividend of 4.0 sen per ordinary share in respect of the financial year ending 31 December 2021, to be paid on 30 June 2021. The entitlement date for the dividend payment is 31 May 2021.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred to the depositor's securities account before 4.30 pm on 31 May 2021 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends declared for the three months ended 31 March 2021 is 4.0 sen per ordinary share (2020: 4.0 sen).



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28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/3/2021	QUARTER ENDED 31/3/2020 (Restated) <sup>(1)</sup>	PERIOD ENDED 31/3/2021	PERIOD ENDED 31/3/2020 (Restated) <sup>(1)</sup>
<b>(a) Basic earnings per share</b>					
Profit attributable to the equity holders of the Company	(RM'm)	<u>334</u>	<u>357</u>	<u>334</u>	<u>357</u>
Weighted average number of issued ordinary shares	('m)	<u>7,823</u>	<u>7,820</u>	<u>7,823</u>	<u>7,820</u>
Basic earnings per share	(sen)	<u>4.3</u>	<u>4.6</u>	<u>4.3</u>	<u>4.6</u>
<b>(b) Diluted earnings per share</b>					
Profit attributable to the equity holders of the Company	(RM'm)	<u>334</u>	<u>357</u>	<u>334</u>	<u>357</u>
Weighted average number of issued ordinary shares	('m)	<u>7,823</u>	<u>7,820</u>	<u>7,823</u>	<u>7,820</u>
Adjusted for LTIP	('m)	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
Adjusted weighted average number of ordinary shares	('m)	<u>7,826</u>	<u>7,823</u>	<u>7,826</u>	<u>7,823</u>
Diluted earnings per share	(sen)	<u>4.3</u>	<u>4.6</u>	<u>4.3</u>	<u>4.6</u>

Note:

<sup>(1)</sup> Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

23 April 2021

Kuala Lumpur