



MAXIS BERHAD

Company No. (200901024473 (867573-A))
(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 2022 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 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 31/3/2022 RM'm	QUARTER ENDED 31/3/2021 RM'm (Restated)	+ -%	PERIOD ENDED 31/3/2022 RM'm	PERIOD ENDED 31/3/2021 RM'm (Restated)	+ -%
Revenue	3	2,406	2,240	7.4	2,406	2,240	7.4
Traffic, device, commissions and other direct costs		(969)	(792)		(969)	(792)	
Spectrum licence fees		(66)	(70)		(66)	(70)	
Network costs		(132)	(118)		(132)	(118)	
Staff and resource costs		(210)	(183)		(210)	(183)	
Operation and maintenance costs		(87)	(99)		(87)	(99)	
Marketing costs		(39)	(41)		(39)	(41)	
Impairment of receivables and deposits, net		(34)	(13)		(34)	(13)	
Government grant and other income		76	45		76	45	
Other operating expenses		(5)	(9)		(5)	(9)	
Depreciation and amortisation		(417)	(386)		(417)	(386)	
Finance income		8	4		8	4	
Finance costs		(99)	(125)		(99)	(125)	
Profit before tax	20	432	453	(4.6)	432	453	(4.6)
Tax expenses	21	(134)	(119)		(134)	(119)	
Profit for the period		298	334	(10.8)	298	334	(10.8)
Attributable to:							
- equity holders of the Company		298	334	(10.8)	298	334	(10.8)
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	3.8	4.3		3.8	4.3	
- diluted	28	3.8	4.3		3.8	4.3	



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2022	QUARTER ENDED 31/3/2021	PERIOD ENDED 31/3/2022	PERIOD ENDED 31/3/2021
	RM'm	RM'm	RM'm	RM'm
Profit for the period	298	334	298	334
Other comprehensive income				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	2	10	2	10
Total comprehensive income for the period	<u>300</u>	<u>344</u>	<u>300</u>	<u>344</u>
Attributable to equity holders of the Company	<u>300</u>	<u>344</u>	<u>300</u>	<u>344</u>



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/3/2022 RM'm	AS AT 31/12/2021 RM'm
Non-current assets			
Property, plant and equipment	9	5,207	5,193
Intangible assets ⁽¹⁾		11,546	11,474
Right-of-use assets		1,863	1,854
Financial assets at fair value through other comprehensive income ("FVOCI")		4	4
Receivables, deposits and prepayments	25	1,128	915
Deferred tax assets		*	*
		<u>19,748</u>	<u>19,440</u>
Current assets			
Inventories		4	5
Receivables, deposits and prepayments	25	1,832	1,807
Amounts due from related parties		9	*
Derivative financial instruments	24	*	*
Tax recoverable		*	*
Deposits, cash and bank balances		531	1,191
		<u>2,376</u>	<u>3,003</u>
Total assets		<u>22,124</u>	<u>22,443</u>
Current liabilities			
Provisions for liabilities and charges		51	137
Payables and accruals		3,927	4,055
Amounts due to related parties		21	20
Borrowings	23	768	2,034
Derivative financial instruments	24	6	9
Taxation		110	19
		<u>4,883</u>	<u>6,274</u>
Net current liabilities		<u>(2,507)</u>	<u>(3,271)</u>

Notes:

⁽¹⁾ Includes intangible assets arising from business combination comprising goodwill and telecommunications licenses of RM9,689 million (2021: RM9,581 million) and spectrum rights of RM1,307 million (2021: RM1,337 million).

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

		AS AT 31/3/2022	AS AT 31/12/2021
	Note	RM'm	RM'm
Non-current liabilities			
Provisions for liabilities and charges		339	335
Payables and accruals		177	145
Borrowings	23	9,162	8,056
Deferred tax liabilities		923	908
		<u>10,601</u>	<u>9,444</u>
Net assets		<u>6,640</u>	<u>6,725</u>
Equity			
Share capital		2,564	2,564
Reserves		4,076	4,161
Total equity		<u>6,640</u>	<u>6,725</u>
Net assets per share (RM)		<u>0.85</u>	<u>0.86</u>



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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 31/3/2022	Note	Share capital	Merger relief ⁽²⁾	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
		RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 1/1/2022		2,564	22,729	(22,729)	64	4,097	6,725
Profit for the period		-	-	-	-	298	298
Other comprehensive income for the period		-	-	-	2	-	2
Total comprehensive income for the period		-	-	-	2	298	300
Dividends provided for or paid	7	-	-	-	-	(391)	(391)
Long-term Incentive Plan ("LTIP") and incentive arrangement: - share-based payment expense		-	-	-	6	-	6
At 31/3/2022		2,564	22,729	(22,729)	72	4,004	6,640

Note:

⁽²⁾ 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 31/3/2021	Share capital	Merger relief ⁽²⁾	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	4,119	6,715
Profit for the period	-	-	-	-	334	334
Other comprehensive income for the period	-	-	-	10	-	10
Total comprehensive income for the period	-	-	-	10	334	344
Dividends provided for or paid	-	-	-	-	(391)	(391)
LTIP and incentive arrangement: - share-based payment expense	-	-	-	6	-	6
At 31/3/2021	<u>2,547</u>	<u>22,729</u>	<u>(22,729)</u>	<u>65</u>	<u>4,062</u>	<u>6,674</u>

Note:

⁽²⁾ 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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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 31/3/2022	PERIOD ENDED 31/3/2021
	RM'm	RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	298	334
Adjustments for:		
- non-cash items	546	451
- finance costs	99	125
- finance income	(8)	(4)
- tax expenses	134	119
Government grant received	-	6
Payments for provision for liabilities and charges	(130)	(113)
Operating cash flows before working capital changes	939	918
Changes in working capital	(433)	(216)
Cash flows from operations	506	702
Interest received	6	3
Tax paid	(28)	(104)
Tax refund	*	-
Net cash flows from operating activities	484	601
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(299)	(154)
Consideration paid for business combinations	(107)	-
Government grant received	-	66
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	(406)	(88)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,100	700
Repayment of borrowings	(1,250)	(400)
Repayment of lease liabilities	(98)	(67)
Payments of finance costs	(99)	(139)
Ordinary share dividends paid	(391)	(391)
Net cash flows used in financing activities	(738)	(297)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(660)	216
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,164	705
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD⁽³⁾	504	921

Notes:

⁽³⁾ The difference between the cash and cash equivalents and deposits, cash and bank balances represents deposits with financial institutions that carry maturity periods of more than three months.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2022

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 2021.

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 2021, except as disclosed in Note 3.

(i) Restatement of comparative

- Government grants received relating to the purchase of assets of RM66 million in the previous financial period are reclassified from cash flows from operating activities to cash flows from investing activities in the statement of cash flows to conform with the current financial period’s presentation. As a result, the net cash flows from operating activities of RM667 million and the net cash flows used in investing activities of RM154 million as previously reported have been restated to RM601 million and RM88 million respectively.

The Group has adopted the following amendments to MFRS that came into effect on 1 January 2022 which did not have any significant impact on the unaudited quarterly report upon their application.

- Amendments to MFRS 3 Reference to Conceptual Framework
- 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

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 year beginning on or after 1 January 2023. 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 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 31/3/2022 RM'm	QUARTER ENDED 31/3/2021 RM'm (Restated)	PERIOD ENDED 31/3/2022 RM'm	PERIOD ENDED 31/3/2021 RM'm (Restated)
Telecommunications services and solutions	2,006	1,947	2,006	1,947
Sale of devices	376	269	376	269
Revenue from contracts with customers	2,382	2,216	2,382	2,216
Interest revenue (a)	12	12	12	12
Lease income (b)	12	12	12	12
Total	<u>2,406</u>	<u>2,240</u>	<u>2,406</u>	<u>2,240</u>
Goods or services transferred:				
- at a point in time	693	617	693	617
- over time	1,689	1,599	1,689	1,599
Revenue from contracts with customers	<u>2,382</u>	<u>2,216</u>	<u>2,382</u>	<u>2,216</u>

(a) The Group offers devices in bundled contracts that allow customers to pay for the devices over a period of up to 36 months. The interest revenue represents the significant financing component of such contracts. This was presented as finance income in the previous financial period and is reclassified to revenue in the current financial period to provide more relevant revenue information.

(b) Lease income is recognised on a straight-line basis over the lease term.

4. UNUSUAL ITEMS

Save for those disclosed in Note 11, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the three months ended 31 March 2022.



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

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 2022.

6. DEBT AND EQUITY SECURITIES

During the three months ended 31 March 2022, the Group undertook the following transactions in relation to its RM10.0 billion Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme:

- (i) fully redeemed the third series with a nominal value of RM1,250 million upon maturity;
- (ii) issued the below Sukuk Murabahah series for a total nominal value of RM1,100 million to finance its capital expenditure and general working capital requirements:
 - the eleventh series for a nominal value of RM150 million, with a 5-year tenure maturing in January 2027;
 - the twelfth series for a nominal value of RM600 million, with a 7-year tenure maturing in January 2029; and
 - the thirteenth series for a nominal value of RM350 million, with an 8-year tenure maturing in January 2030.

Save for the above items, there were no other issuance, repurchase and repayment of debts and equity securities during the three months ended 31 March 2022.

7. DIVIDENDS PAID

On 31 March 2022, the Company paid a 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 2021.

8. SEGMENT REPORTING

Segment reporting is not presented as the Group is primarily engaged in providing converged telecommunications services and solutions in Malaysia, whereby the measurement of profit or loss including EBITDA that is used by the chief operating decision-makers is on a Group basis.

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the three months ended 31 March 2022. As at 31 March 2022, 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.



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

11. CHANGES IN THE COMPOSITION OF THE GROUP

On 14 January 2022, the Group acquired the entire share capital of Enterprise Managed Services Sdn. Bhd. (formerly known as Mykris Asia Sdn. Bhd.) ("EMS"), a company that provides managed network services and security solutions, to reinforce the Group's capacity and capabilities to support its corporate customers.

The maximum purchase consideration is RM157.5 million which comprises a base consideration of up to RM115 million and subsequent payments of up to RM42.5 million payable over 3 years upon achieving certain financial performance targets. Acquisition related costs of RM2 million has been recognised as expenses in the statement of profit or loss in the previous financial year. The purchase accounting for this acquisition is in progress as at the date of this report.

The provisional goodwill on the acquisition of EMS are as follows:

	As at date of acquisition
	RM'm
Purchase consideration comprises:	
Cash paid	105
Contingent consideration	7
	<hr/> 112
Net assets:	
Receivables, deposits and prepayments (gross)	14
Property, plant and equipment	2
Contract liabilities	(6)
Payables	(4)
Other net identifiable assets	*
Less: impairment of receivables	(2)
	<hr/> 4
Provisional goodwill	<hr/> <hr/> 108

* Less than RM1 million.

The fair value of the assets and liabilities ensuing from the acquisition had been determined based on provisional fair values assigned to identifiable assets and liabilities on acquisition date. Any adjustments to these provisional fair values upon finalisation of the detailed Purchase Price Allocation exercise will be recognised within 12 months of the acquisition date as permitted by MFRS 3 "Business Combinations". The residual goodwill on acquisition represents the value of assets and earnings that do not form separable assets under MFRS 3 but nevertheless are expected to contribute to the future results of the Group.

Contribution of revenue and expenses to the Group is recognised from the beginning of the financial period in which EMS was acquired. Consequently, EMS' revenue of RM10 million and net profit of RM2 million for the period from 15 January 2022 to 31 March 2022 have been included in the statement of profit or loss of the Group. These results are not significantly different if the acquisition had occurred on 1 January 2022.



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

11. CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

Save for the above, there were no other changes in the composition of the Group during the three months ended 31 March 2022.

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 disposal of hearing of MBSB's leave application challenging the 2020 Notices;
- (iii) In March 2021, 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 High Court has granted and subsequently extended the interim stay of the enforcement of the 2021 Notices until the next case management; and
- (iv) In February 2022, the IRB disallowed MBSB's deduction of interest expenses incurred for the Year of Assessment 2020. Notice of additional assessment totalling RM107 million was initially issued ("2022 Notice") but subsequently reduced to RM104 million. The High Court has granted the interim stay of the enforcement of the 2022 Notice until the next case management.

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, 2021 and 2022 Notices.



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

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	<u>440</u>

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>31/3/2022</u> RM'm	Balances due from/(to) as at <u>31/3/2022</u> RM'm	Commitments as at <u>31/3/2022</u> RM'm	Total balances due from/(to) and commitments as at <u>31/3/2022</u> RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (business solution services, telephony, connectivity services to co-market and distribute content products)	36	9	-	9
- Saudi Telecom Company ⁽²⁾ (roaming and international calls)	2	*	-	*
- Maxis Communications Berhad ⁽³⁾ (corporate support services)	*	-	-	-
- TGV Cinemas Sdn. Bhd. ⁽⁴⁾ (telephony, broadband and business solution services)	1	3	-	3
	<u>1</u>	<u>3</u>	<u>-</u>	<u>3</u>



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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>31/3/2022</u> RM'm	Balances due from/(to) as at <u>31/3/2022</u> RM'm	Commitments as at <u>31/3/2022</u> RM'm	Total balances due from/(to) and commitments as at <u>31/3/2022</u> RM'm
(b) Purchases of goods and services				
from:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (customer acquisition and installation charges)	4	-	-	-
- Saudi Telecom Company ⁽²⁾ (roaming and international calls)	2	-	-	-
- MEASAT Global Berhad Group ⁽⁵⁾ (transponder and teleport lease rental)	8	(10)	(23)	(33)
- Tanjong City Centre Property Management Sdn. Bhd. ⁽⁴⁾ (rental, service charge, property service and other utility charges)	10	-	(118)	(118)
- UTSB Management Sdn. Bhd. ⁽⁴⁾ (corporate management services)	7	(2)	(14)	(16)
- SRG Asia Pacific Sdn. Bhd. ⁽⁶⁾ (call handling and telemarketing services)	6	(5)	-	(5)
- Sri Lanka Telecom PLC ⁽⁷⁾ (roaming and international calls)	*	(*)	-	(*)

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

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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.

- (1) Subsidiary of a company which is an associate of UTSB
- (2) A major shareholder of BGSM, as described above
- (3) Subsidiary of BGSM
- (4) Subsidiary of UTSB
- (5) Indirect subsidiary of a company in which TAK has a 100% direct equity interest
- (6) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest
- (7) Associate of UTSB

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 2022 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>4,384</u>	<u>4,479</u>



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

15. FAIR VALUE MEASUREMENTS (CONTINUED)

(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 2022:

	Level 2 RM'm	Level 3 RM'm
<u>Assets</u>		
Financial assets at FVOCI	-	4
Derivative financial instruments (forward foreign exchange contracts)	*	-
	=====	=====
<u>Liabilities</u>		
Other payables	-	27
Derivative financial instruments (interest rate swap)	6	-
Derivative financial instruments (forward foreign exchange contracts)	*	-
	=====	=====

* Less than RM1 million.



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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 st Quarter 2022 (unaudited)	4 th Quarter 2021 (unaudited)	1 st Quarter 2021 (unaudited)	Variance Q1'22 vs Q4'21		Variance Q1'22 vs Q1'21	
				RM'm	%	RM'm	%
				Revenue ⁽¹⁾	2,406	2,456	2,240
Service revenue ⁽¹⁾⁽²⁾	2,030	2,016	1,971	14	0.7	59	3.0
- <i>Consumer business</i>	<i>1,642</i>	<i>1,617</i>	<i>1,603</i>	<i>25</i>	<i>1.5</i>	<i>39</i>	<i>2.4</i>
- <i>Enterprise business</i>	<i>388</i>	<i>399</i>	<i>368</i>	<i>(11)</i>	<i>(2.8)</i>	<i>20</i>	<i>5.4</i>
EBITDA ⁽¹⁾⁽³⁾	930	932	961	(2)	(0.2)	(31)	(3.2)
EBITDA margin on service revenue (%) ⁽¹⁾	45.8	46.2	48.8	NA	(0.4)	NA	(3.0)
Profit before tax	432	384	453	48	12.5	(21)	(4.6)
Profit for the period	298	289	334	9	3.1	(36)	(10.8)
Capital expenditure ("Capex")	171	597	136	(426)	(71.4)	35	25.7
Operating free cash flow ⁽¹⁾	484	1,188	601	(704)	(59.3)	(117)	(19.5)

Notes:

⁽¹⁾ Comparative information has been restated as disclosed in Note 1 and 3.

⁽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.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

Connectivity related operational indicators	1 st Quarter 2022	4 th Quarter 2021	1 st Quarter 2021	Variance Q1'22 vs Q4'21		Variance Q1'22 vs Q1'21	
				'000	%	'000	%
CONSUMER BUSINESS							
Subscriptions ('000)	9,522	9,689	9,520	(167)	(1.7)	2	*
- <i>Postpaid</i>	3,189	3,139	2,920	50	1.6	269	9.2
- <i>Prepaid</i>	5,718	5,959	6,084	(241)	(4.0)	(366)	(6.0)
- <i>Home Connectivity</i>	615	591	516	24	4.1	99	19.2
ARPU (Monthly) (RM)							
- <i>Postpaid</i>	78	79	82	(1)	(1.3)	(4)	(4.9)
- <i>Prepaid</i>	38	37	38	1	2.7	-	-
- <i>Home Connectivity</i>	111	113	110	(2)	(1.8)	1	0.9
ENTERPRISE BUSINESS							
Subscriptions ('000)							
- <i>Postpaid</i>	636	633	618	3	0.5	18	2.9
ARPU (Monthly) (RM)							
- <i>Postpaid</i>	80	81	83	(1)	(1.2)	(3)	(3.6)

* Less than 1%.

(A) Performance of the current quarter against the preceding quarter (Q1'22 vs Q4'21)

The Group recorded a total revenue for Q1'22 of RM2,406 million compared to Q4'21 of RM2,456 million which represents a 2.0% decrease, that is RM50 million, on the back of lower device sales after the New Year Sales and new high-end smartphone launches in Q4'21. The service revenue for Q1'22 of RM2,030 million compared to Q4'21 of RM2,016 million represents a 0.7% increase, that is RM14 million higher, on the back of better contribution from Consumer Business.

Consumer revenue for Q1'22 was RM1,642 million, an increase of RM25 million, 1.5% compared to Q4'21 of RM1,617 million. Consumer subscribers, for Postpaid, Prepaid and Home Connectivity (Fibre and Wireless Broadband ("WBB")) was in total 9,522k at Q1'22 down by 167k, or 1.7% compared to Q4'21 of 9,689k. Q1'22 vs Q4'21 saw Consumer subscriber levels for Postpaid and Home Connectivity both up, 1.6% and 4.1% respectively, whereas Prepaid was down 4.0% due to clean up of non-active accounts. Consumer Postpaid ARPU was at RM78 (Q4'21: RM79), that is 1.3% lower; Consumer Home Connectivity ARPU, being the blended Home Fibre and WBB ARPU was at RM111 (Q4'21: RM113), down slightly by 1.8% whereas Consumer Prepaid ARPU was RM38 (Q4'21: RM37), up by 2.7%.



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q1'22 vs Q4'21) (continued)

Enterprise Revenue for Q1'22 was RM388 million, a decrease of RM11 million, or 2.8% compared to Q4'21 of RM399 million due to the billing profile to customers including one-time charges in Q4'21.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 88% 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 and supports the execution of Maxis' converged services strategy for Consumer Business and Enterprise Business.

EBITDA for Q1'22 decreased slightly by 0.2% that is down by RM2 million to RM930 million (Q4'21: RM932 million). The EBITDA margin on service revenue decreased to 45.8% (Q4'21: 46.2%).

The Group reported for Q1'22 a net profit of RM298 million, an increase of RM9 million, that is up 3.1% compared to RM289 million in Q4'21.

Capex for the current quarter Q1'22 was RM171 million (Q4'21: RM597 million), in-line with our normal phasing of capex which is lower at the start of the financial year.

Operating free cash flow for Q1'22 decreased by RM704 million that is 59.3% to RM484 million (Q4'21: RM1,188 million) mainly due to higher payments, in the quarter, of regulatory compliance costs and capex that was incurred in Q4'21.

(B) Performance of the current quarter/year-to-date ("YTD") against the preceding year corresponding quarter/YTD (Q1/YTD 2022 versus Q1/YTD 2021)

The Group recorded a total revenue for Q1'22 of RM2,406 million compared to corresponding Q1'21 of RM2,240 million which represents a 7.4% increase, that is RM166 million. The service revenue for Q1'22 of RM2,030 million compared to corresponding period of Q1'21 of RM1,971 million which represents a 3.0% increase, that is RM59 million, on the back of better contribution from Postpaid, Home Connectivity and Enterprise Business. As compared to Q1'21, all economic sectors in Malaysia were reopened in Q1'22 when movement restrictions were fully lifted in January 2022.

Consumer revenue for Q1'22 was RM1,642 million, an increase of RM39 million, or 2.4% compared to Q1'21 of RM1,603 million. Consumer subscribers, for Postpaid, Prepaid and Home Connectivity was in total 9,522k at Q1'22 up 2k, compared to Q1'21 of 9,520k. The Group is proud of its steady Home Connectivity growth, adding 99k, that is 19.2% to 615k for Q1'22 compared to 516k for Q1'21.



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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 2022 versus Q1/YTD 2021) (continued)

Enterprise revenue for Q1'22 was RM388 million, an increase of RM20 million, or 5.4% compared to Q1'21 of RM368 million. This is in line with building the foundation for the business and momentum in new business accounts and growing Enterprise postpaid subscribers for Q1'22 of 636k versus Q1'21 of 618k.

The Group continued to lead the market in terms of quality and best digital experience. For Q1'22 we achieved a solid TP-NPS score of 63.

EBITDA was at RM930 million for Q1'22 a decrease of RM31 million, 3.2% compared to Q1'21, mainly due to increased contracted device volume driving device subsidies which will provide consistent revenue over the contract period in the coming months.

Consequently, net profit for Q1'22 was RM298 million, lower by 10.8% that is RM36 million, compared to RM334 million for Q1'21. The decrease in net profit was due to higher depreciation and amortisation charges mainly from the spectrum rights amortisation.

Capex for Q1'22 was RM171 million versus Q1'21 of RM136 million, that is RM35 million or 25.7% higher than the preceding year. The capex focus was on protecting the network performance, rebalancing capacity and supporting the Enterprise Business.

Operating free cash flow for Q1'22 was RM484 million compared to Q1'21 of RM601 million in the preceding year, a decrease of 19.5% that is RM117 million mainly due to payments for higher capex investments that were made in Q4'21.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 31/3/2022	AS AT 31/12/2021
Total assets	22,124	22,443
Total equity	6,640	6,725
Debt ⁽¹⁾	9,936	10,098
Deposits, cash and bank balances	(531)	(1,191)
Net debt	9,405	8,907
Net debt-to-EBITDA	2.45	2.32

Note:

⁽¹⁾ Debt includes derivative financial instruments designated for hedging relationship on borrowings.

The net earnings for the current quarter after dividend distribution reduced the Group's equity by RM85 million to RM6.6 billion. Net debt-to-EBITDA increased from 2.32x as at 31 December 2021 to 2.45x as at 31 March 2022 as a result of lower deposits, cash and bank balances.



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17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 ("FY2022")

FY2022 financial outlook

On 16 March 2022, the Cabinet of the Malaysian Government announced their decision to continue with the 5G Single Wireless Network (SWN) under Digital Nasional Berhad ("DNB"). The Group welcomes this decision together with the announced option for mobile network operators to take up an equity stake in DNB. The Group is engaging with the Ministry of Finance, Ministry of Communications and Multimedia, Malaysian Communications and Multimedia Commission and key industry players on further implementation details of the model, including the proposed shareholding offer and the transaction process. We remain committed to realising the country's digital ambitions and believe in the benefits that 5G will bring. We are also of the view that a successful 5G deployment for Malaysia will be built on the principles of transparency, sustainability and security.

The then Prime Minister of Malaysia in February 2021 unveiled the MyDIGITAL initiative and the Malaysia Digital Economy Blueprint to accelerate the digitalisation of the Malaysian economy. The Group is fully supportive of the objectives of MyDIGITAL and JENDELA and we remain committed to play our part to offer the best 5G innovation and build additional fibre and 4G coverage to benefit the people and businesses in the country with our expertise and resources. This is aligned to our own accelerated strategy of being Malaysia's leading converged solutions provider. However, the commercial 5G launch details remain under industry-wide negotiation and when finalised, could affect our execution approaches, timelines and future financial performance. The Group is assessing the impact based on the information available.

Given the above uncertainties and the potential emergence of a more infectious COVID-19 variant which could temper the recovery of the Malaysian and the global economy, the Group considers it prudent not to disclose a financial outlook for FY2022. The Group is closely monitoring and assessing the impact of equity participation in DNB, 5G commercial launch and COVID-19 and when it becomes appropriate to disclose any material information, this will be made in accordance with the Main Market Listing Requirements.

Confident in our Convergence Strategy ahead of structural industry changes

Our track record of offering mobile and fibre converged services demonstrates that our convergence strategy is delivering results. Our differentiated network, service, innovative offerings and the resilience of our people have delivered sustainable results. We have increased our market share leadership and continue to expand our offering of converged solutions to individuals, homes and businesses, delivering differentiated and unmatched personalised experience by building upon our:

- critical scale and size in the core mobiles business;
- first market advantage in converged service;
- partnerships with global Information and Communication Technologies solution providers; and
- accredited and motivated talent.



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17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2022 ("FY2022") (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.

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 2021.

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2022 RM'm	QUARTER ENDED 31/3/2021 RM'm	PERIOD ENDED 31/3/2022 RM'm	PERIOD ENDED 31/3/2021 RM'm
Fair value gains on forward foreign exchange contracts	(1)	(*)	(1)	(*)
Losses on foreign exchange (net)	1	3	1	3
Property, plant and equipment:				
- (gains)/losses on disposal	(*)	*	(*)	*
- (reversal)/impairment losses/write-offs	(2)	3	(2)	3

* 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 2022.



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21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2022	QUARTER ENDED 31/3/2021	PERIOD ENDED 31/3/2022	PERIOD ENDED 31/3/2021
	RM'm	RM'm	RM'm	RM'm
Current tax	119	108	119	108
Deferred tax:				
- origination and reversal of temporary differences	15	11	15	11
Total	134	119	134	119

The Group's effective tax rate for the current quarter was 31.0% mainly due to the one-off increase in corporate tax rate to 33% on chargeable income that exceeds RM100 million for year of assessment 2022.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

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



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23. BORROWINGS

RM denominated	AS AT 31 MARCH 2022			AS AT 31 DECEMBER 2021		
	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm
Secured						
Lease liabilities	268	1,743	2,011	262	1,762	2,024
Unsecured						
Term loans ⁽¹⁾	500	593	1,093	500	593	1,093
Commodity Murabahah						
Term Financing	-	1,943	1,943	-	1,943	1,943
Islamic Medium Term Notes	-	4,384	4,384	1,272	3,259	4,531
Business Financing-i	-	499	499	-	499	499
	768	9,162	9,930	2,034	8,056	10,090
Excluding lease liabilities:						
- weighted average interest rate			3.61%			3.76%
- proportion of borrowings between fixed and floating interest rates			61% : 39%			62% : 38%

Note:

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

Material changes to borrowings for the three months ended 31 March 2022 are disclosed in Note 6.



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24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 31 March 2022 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
<u>Current assets</u>		
Derivatives designated in hedging relationship (cash flow hedge):		
Forward foreign exchange contracts:		
- less than one year	57	*
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	21	*
	78	*
<u>Current liabilities</u>		
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- less than one year	500	(6)
Forward foreign exchange contracts:		
- less than one year	54	(*)
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	20	(*)
	574	(6)
	652	(6)

* Less than RM1 million.

There have been no changes since the end of the previous financial year ended 31 December 2021 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.



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24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(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.

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 31/3/2022 <u>RM'm</u>	AS AT 31/12/2021 <u>RM'm</u>
<u>Non-current assets</u>		
At net of impairment:		
- Trade receivables	198	137
- Finance lease receivables	*	*
- Contract assets	59	63
Deposits	151	-
Prepayments	597	601
Contract cost assets, net of amortisation	123	114
	<u>1,128</u>	<u>915</u>
<u>Current assets</u>		
At net of impairment:		
- Trade receivables	915	879
- Other receivables and deposit	301	346
- Finance lease receivables	6	9
- Contract assets	210	203
Prepayments	237	204
Contract cost assets, net of amortisation	163	166
	<u>1,832</u>	<u>1,807</u>
	<u>2,960</u>	<u>2,722</u>

* Less than RM1 million.



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The Group's credit policy provides trade receivables with credit periods of up to 120 days. In addition, selected eligible customers are allowed to purchase devices on monthly installment scheme up to 36 months under bundled contracts.

The ageing analysis of the Group's gross trade receivables as at 31 March 2022 is as follows:

	RM'm
Current	994
1 to 90 days past due	175
More than 90 days past due	63
	<hr/>
	1,232
	<hr/> <hr/>

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 5 sen per ordinary share in respect of the financial year ending 31 December 2022, to be paid on 30 June 2022. The entitlement date for the dividend payment is 31 May 2022.

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 2022 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 2022 is 5 sen per ordinary share (2021: 4.0 sen).



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28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/3/2022	QUARTER ENDED 31/3/2021	PERIOD ENDED 31/3/2022	PERIOD ENDED 31/3/2021
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>298</u>	<u>334</u>	<u>298</u>	<u>334</u>
Weighted average number of issued ordinary shares	('m)	<u>7,826</u>	<u>7,823</u>	<u>7,826</u>	<u>7,823</u>
Basic earnings per share	(sen)	<u>3.8</u>	<u>4.3</u>	<u>3.8</u>	<u>4.3</u>
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>298</u>	<u>334</u>	<u>298</u>	<u>334</u>
Weighted average number of issued ordinary shares	('m)	<u>7,826</u>	<u>7,823</u>	<u>7,826</u>	<u>7,823</u>
Adjusted for LTIP	('m)	<u>4</u>	<u>3</u>	<u>4</u>	<u>3</u>
Adjusted weighted average number of ordinary shares	('m)	<u>7,830</u>	<u>7,826</u>	<u>7,830</u>	<u>7,826</u>
Diluted earnings per share	(sen)	<u>3.8</u>	<u>4.3</u>	<u>3.8</u>	<u>4.3</u>

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

28 April 2022

Kuala Lumpur