



MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 second quarter ended 30 June 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 30/6/2022	QUARTER ENDED 30/6/2021	+	PERIOD ENDED 30/6/2022	PERIOD ENDED 30/6/2021	+
		RM'm	RM'm (Restated)	%	RM'm	RM'm (Restated)	%
Revenue	3	2,424	2,274	6.6	4,830	4,514	7.0
Traffic, device, commissions and other direct costs		(917)	(829)		(1,886)	(1,621)	
Spectrum licence fees		(67)	(62)		(133)	(132)	
Network costs		(134)	(117)		(266)	(235)	
Staff and resource costs		(194)	(178)		(404)	(361)	
Operation and maintenance costs		(96)	(86)		(183)	(185)	
Marketing costs		(50)	(42)		(89)	(83)	
Impairment of receivables and deposits, net		(26)	(6)		(60)	(19)	
Government grant and other income		89	79		165	124	
Other operating expenses		(18)	(36)		(23)	(45)	
Depreciation and amortisation		(412)	(393)		(829)	(779)	
Finance income		5	5		13	9	
Finance costs		(104)	(125)		(203)	(250)	
Profit before tax	20	500	484	3.3	932	937	(0.5)
Tax expenses	21	(171)	(124)		(305)	(243)	
Profit for the period		329	360	(8.6)	627	694	(9.7)
Attributable to:							
- equity holders of the Company		329	360	(8.6)	627	694	(9.7)
- non-controlling interest		*	-		*	-	
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	4.2	4.6		8.0	8.9	
- diluted	28	4.2	4.6		8.0	8.9	

Notes:

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'm	RM'm	RM'm	RM'm
Profit for the period	329	360	627	694
Other comprehensive income				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	5	(1)	7	9
Total comprehensive income for the period	<u>334</u>	<u>359</u>	<u>634</u>	<u>703</u>
Attributable to:				
- equity holders of the Company	<u>334</u>	<u>359</u>	<u>634</u>	<u>703</u>
- non-controlling interest	<u>*</u>	<u>-</u>	<u>*</u>	<u>-</u>

Notes:

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/6/2022 RM'm	AS AT 31/12/2021 RM'm
Non-current assets			
Property, plant and equipment	9	5,251	5,193
Intangible assets ⁽¹⁾		11,527	11,474
Right-of-use assets ("ROU")		1,827	1,854
Financial assets at fair value through other comprehensive income ("FVOCI")		4	4
Receivables, deposits and prepayments	25	1,149	915
Deferred tax assets		1	*
		<u>19,759</u>	<u>19,440</u>
Current assets			
Inventories		6	5
Receivables, deposits and prepayments	25	1,897	1,807
Amounts due from related parties		5	*
Derivative financial instruments	24	4	*
Tax recoverable		*	*
Deposits, cash and bank balances		853	1,191
		<u>2,765</u>	<u>3,003</u>
Total assets		<u>22,524</u>	<u>22,443</u>
Current liabilities			
Provisions for liabilities and charges		83	137
Payables and accruals		4,180	4,055
Amounts due to related parties		25	20
Borrowings	23	767	2,034
Derivative financial instruments	24	3	9
Taxation		287	19
		<u>5,345</u>	<u>6,274</u>
Net current liabilities		<u>(2,580)</u>	<u>(3,271)</u>

Notes:

⁽¹⁾ Includes intangible assets arising from business combination comprising goodwill and telecommunications licenses of RM9,695 million (2021: RM9,581 million) and spectrum rights of RM1,277 million (2021: RM1,337 million).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 30/6/2022 RM'm	AS AT 31/12/2021 RM'm
Non-current liabilities			
Provisions for liabilities and charges		346	335
Payables and accruals		232	145
Borrowings	23	9,125	8,056
Deferred tax liabilities		883	908
		<u>10,586</u>	<u>9,444</u>
Net assets		<u><u>6,593</u></u>	<u><u>6,725</u></u>
Equity			
Share capital		2,585	2,564
Reserves		4,005	4,161
Equity attributable to equity owners of the Company		<u>6,590</u>	<u>6,725</u>
Non-controlling interest		3	-
Total equity		<u><u>6,593</u></u>	<u><u>6,725</u></u>
Net assets per share attributable to equity holders of the company (RM)		<u><u>0.84</u></u>	<u><u>0.86</u></u>



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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

← Attributable to equity holders of the Company →

Period ended 30/6/2022	Note	Reserve arising from					Retained earnings	Total	Non-controlling interest	Total equity
		Share Capital	Merger relief ⁽²⁾	reverse acquisition	Other reserves					
		RM'm	RM'm	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	-	6,725	
Profit for the period		-	-	-	-	627	627	*	627	
Other comprehensive income for the period		-	-	-	7	-	7	-	7	
Total comprehensive income for the period		-	-	-	7	627	634	*	634	
Dividends provided for or paid	7	-	-	-	-	(782)	(782)	-	(782)	
Long-term Incentive Plan ("LTIP") and Incentive arrangement										
- shares issued		21	-	-	(21)	-	-	-	-	
- share-based payment expense		-	-	-	13	-	13	-	13	
Acquisition of non-controlling interests		-	-	-	-	-	-	3	3	
At 30/6/2022		<u>2,585</u>	<u>22,729</u>	<u>(22,729)</u>	<u>63</u>	<u>3,942</u>	<u>6,590</u>	<u>3</u>	<u>6,593</u>	

Notes:

⁽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.

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 30/6/2021	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	4,454	7,050
Profit for the period	-	-	-	-	694	694
Other comprehensive income for the period	-	-	-	9	-	9
Total comprehensive income for the period	-	-	-	9	694	703
Dividends provided for or paid	-	-	-	-	(704)	(704)
LTIP and incentive arrangement:						
- share-based payment expense	-	-	-	11	-	11
- shares issued	17	-	-	(17)	-	-
At 30/6/2021	<u>2,564</u>	<u>22,729</u>	<u>(22,729)</u>	<u>52</u>	<u>4,444</u>	<u>7,060</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 SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/6/2022	PERIOD ENDED 30/6/2021
	RM'm	RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	627	694
Adjustments for:		
- non-cash items	1,076	966
- finance costs	203	250
- finance income	(13)	(9)
- tax expenses	305	243
Government grant received	28	46
Payments for provision for liabilities and charges	(130)	(113)
Operating cash flows before working capital changes	2,096	2,077
Changes in working capital	(390)	(500)
Cash flows from operations	1,706	1,577
Interest received	13	8
Tax paid	(61)	(147)
Tax refund	*	-
Net cash flows from operating activities	1,658	1,438
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(654)	(390)
Consideration paid for business combinations	(108)	-
Government grant received	62	123
Proceeds from disposal of property, plant and equipment	1	1
Placement of deposits with maturity of more than three months	*	(1)
Net cash flows used in investing activities	(699)	(267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,100	1,600
Repayment of borrowings	(1,250)	(1,050)
Repayment of lease liabilities	(165)	(132)
Payments of finance costs	(200)	(252)
Ordinary share dividends paid	(782)	(704)
Net cash flows used in financing activities	(1,297)	(538)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(338)	633
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⁾	826	1,338

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 SECOND QUARTER ENDED 30 JUNE 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 (“FY2021”).

The significant accounting policies and methods of computation adopted for the quarterly report are consistent with those adopted for the audited financial statements for FY2021, except as disclosed in Note 3.

(i) Restatement of comparative

- Government grants received relating to the purchase of assets of RM123 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 RM1,561 million and the net cash flows used in investing activities of RM390 million as previously reported have been restated to RM1,438 million and RM267 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 30/6/2022	QUARTER ENDED 30/6/2021	PERIOD ENDED 30/6/2022	PERIOD ENDED 30/6/2021
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Telecommunications services and solutions	2,053	1,976	4,059	3,923
Sale of devices	340	276	716	545
Revenue from contracts with customers	2,393	2,252	4,775	4,468
Interest revenue (a)	16	10	28	22
Lease income (b)	15	12	27	24
Total	2,424	2,274	4,830	4,514
Goods or services transferred:				
- at a point in time	652	613	1,345	1,230
- over time	1,741	1,639	3,430	3,238
Revenue from contracts with customers	2,393	2,252	4,775	4,468

(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 six months ended 30 June 2022.

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 six months ended 30 June 2022.



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

6. DEBT AND EQUITY SECURITIES

Save for the below items, there were no other issuance, repurchase and repayment of debt or equity securities during the six months ended 30 June 2022:

- (a) During the six months ended 30 June 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.

(b) 3,877,700 ordinary shares were issued under the LTIP.

7. DIVIDENDS PAID

The following single-tier tax exempt dividend payments were made during the six months ended 30 June 2022:

	RM'm
In respect of the financial year ended 31 December 2021:	
- Fourth and special interim dividend of 4.0 sen and 1.0 respectively per ordinary share, paid on 31 March 2022	391
In respect of the financial year ending 31 December 2022:	
- First interim dividend of 5.0 sen per ordinary share, paid on 30 June 2022	391
	<hr/>
	782
	<hr/> <hr/>

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 six months ended 30 June 2022. As at 30 June 2022, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.



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

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

On 26 July 2022, Maxis Mobile (L) Ltd ("MML"), a wholly owned subsidiary of the Company, held its member's meeting and resolved that MML will be wound-up voluntarily and a liquidator was appointed. The said voluntary liquidation will not have a material effect to the Group's earnings and net asset.

Save for the above, there were no other 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

- (a) 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.

During the financial year to date, a total provisional goodwill of RM109 million was recognised on the date of acquisition of EMS, considering the fair value of the purchase consideration above, and the fair values assigned to the assets and liabilities ensuing from the acquisition of RM4 million.

- (b) In line with the Group's commitment to foster innovation, the Group acquired the below ventures with a total provisional goodwill of RM4 million recorded:
- (i) On 6 May 2022, the Group acquired 59% share capital of Gurulab Sdn. Bhd. ("GSB"), a new Edutech startup for a cash consideration of RM4.2 million; and
 - (ii) On 30 June 2022, the Group acquired 56% share capital of ComeBy Sdn. Bhd. ("CSB"), a retail solution company for a cash consideration of RM 4.5 million.

The acquisitions above did not have material impact to the Group's revenue and expenses for the six months ended 30 June 2022.

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".

Save for the above, there were no other changes in the composition of the Group during the six months ended 30 June 2022.



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

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"). In July 2022, The Kuala Lumpur High Court ("High Court") granted leave for MBSB's judicial review application. Consequently, the stay of the enforcement of the ICI Notice is extended until the disposal of the judicial review hearing;
- (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>580</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>30/6/2022</u> RM'm	Balances due from/(to) as at <u>30/6/2022</u> RM'm	Commitments as at <u>30/6/2022</u> RM'm	Total balances due from/(to) and commitments as at <u>30/6/2022</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)	74	7	-	7
- Saudi Telecom Company ⁽²⁾ (roaming and international calls)	3	*	-	*
- Maxis Communications Berhad ⁽³⁾ (corporate support services)	1	-	-	-
- TGV Cinemas Sdn. Bhd. ⁽⁴⁾ (telephony, broadband and business solution services)	2	4	-	4
	<u>2</u>	<u>4</u>	<u>-</u>	<u>4</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>30/6/2022</u> RM'm	Balances due from/(to) as at <u>30/6/2022</u> RM'm	Commitments as at <u>30/6/2022</u> RM'm	Total balances due from/(to) and commitments as at <u>30/6/2022</u> RM'm
(b) Purchases of goods and services				
from:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (customer acquisition and installation charges)	12	-	-	-
- Saudi Telecom Company ⁽²⁾ (roaming and international calls)	3	-	-	-
- MEASAT Global Berhad Group ⁽⁵⁾ (transponder and teleport lease rental)	15	(11)	(27)	(38)
- Tanjong City Centre Property Management Sdn. Bhd. ⁽⁴⁾ (rental, service charge, property service and other utility charges)	21	-	(112)	(112)
- UTSB Management Sdn. Bhd. ⁽⁴⁾ (corporate management services)	15	(5)	(7)	(12)
- SRG Asia Pacific Sdn. Bhd. ⁽⁶⁾ (call handling and telemarketing services)	10	(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 30 June 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>4,381</u>	<u>4,446</u>



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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 30 June 2022:

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

* Less than RM1 million.



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BURSA SECURITIES LISTING REQUIREMENTS

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	2 nd Quarter 2022 (unaudited)	1 st Quarter 2022 (unaudited)	2 nd Quarter 2021 (unaudited)	Variance Q2'22 vs Q1'22		Variance Q2'22 vs Q2'21	
				RM'm	%	RM'm	%
				Revenue ⁽¹⁾	2,424	2,406	2,274
Service revenue ⁽¹⁾⁽²⁾	2,084	2,030	1,998	54	2.7	86	4.3
- <i>Consumer business</i>	1,698	1,642	1,627	56	3.4	71	4.4
- <i>Enterprise business</i>	386	388	371	(2)	(0.5)	15	4.0
EBITDA ⁽¹⁾⁽³⁾	1,014	930	1,006	84	9.0	8	0.8
EBITDA margin on service revenue (%) ⁽¹⁾	48.7	45.8	50.4	NA	2.9	NA	(1.7)
Profit before tax	500	432	484	68	15.7	16	3.3
Profit for the period	329	298	360	31	10.4	(31)	(8.6)
Capital expenditure ("Capex")	241	171	180	70	40.9	61	33.9
Operating free cash flow ⁽¹⁾	1,174	484	837	690	>100.0	337	40.3

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 after including government grant income but before finance income, finance costs, tax, depreciation (including ROU depreciation), amortisation and allowance for write down of identified network costs.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

Connectivity related operational indicators	2 nd Quarter 2022	1 st Quarter 2022	2 nd Quarter 2021	Variance Q2'22 vs Q1'22		Variance Q2'22 vs Q2'21	
				'000	%	'000	%
				CONSUMER BUSINESS			
Subscriptions ('000)	9,694	9,522	9,501	172	1.8	193	2.0
- Postpaid	3,245	3,189	3,019	56	1.8	226	7.5
- Prepaid	5,811	5,718	5,942	93	1.6	(131)	(2.2)
- Home Connectivity	638	615	540	23	3.7	98	18.1
ARPU (Monthly) (RM)							
- Postpaid	79.0	78.0	81.2	1.0	1.3	(2.2)	(2.7)
- Prepaid	39.1	37.7	38.0	1.4	3.7	1.1	2.9
- Home Connectivity	110.9	110.7	110.8	0.2	0.2	0.1	0.1
ENTERPRISE BUSINESS							
Subscriptions ('000)							
- Count by Business Registration Number ("BRN")	89.0	87.7	85.6	1.3	1.5	3.4	4.0

(A) Performance of the current quarter against the preceding quarter (Q2'22 vs Q1'22)

The Group recorded an increase of 0.7% in total revenue to RM2,424 million, attributed by growth in service revenue and offset by a slight decline in device revenue. Service revenue grew 2.7% to RM2,084 million on the back of better contribution from Consumer Business.

Consumer Business revenue increased 3.4% to RM1,698 million, a result of both higher number of subscriptions and higher ARPU across Postpaid, Prepaid and Home Connectivity (Fibre and Wireless Broadband). Enterprise Business revenue slightly declined by 0.5% to RM386 million, due to the billing profile to customers including one-time charges in Q1'22.

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 increased 9.0% to RM1,014 million, while EBITDA margin on service revenue also increased to 48.7% (Q1'22: 45.8%). The Group reported a profit of RM329 million for Q2'22, a 10.4% increase from Q1'22.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q2'22 vs Q1'22) (continued)

Capex for the current quarter was RM241 million (Q1'22: RM171 million), in-line with our normal phasing of capex which is lower at the start of the financial year.

Operating free cash flow for Q2'22 increased by >100% to RM1,174 million (Q1'22: RM484 million) mainly due to Q1'22 being unusually low, due to Universal Service Provision contribution ("USP") payments and higher payments of preceding capex.

(B) Performance of the current quarter against the preceding year corresponding quarter (2nd Quarter 2022 versus 2nd Quarter 2021)

The Group recorded a 6.6% year-on-year increase in total revenue to RM2,424 million, attributed by growth in both service revenue and device revenue. Service revenue increased 4.3% to RM2,084 million, on the back of better contribution from both Consumer and Enterprise Business. As compared to Q2'21, all economic sectors in Malaysia were reopened in Q2'22 when movement restrictions were fully lifted in April 2022.

Consumer revenue increased 4.4% to RM1,698 million, noting a steady growth in Postpaid and Home Connectivity, offset by a slight decline in Prepaid. Enterprise revenue also increased 4.0% to RM386 million. In line with building the foundation for the business and creating momentum, Enterprise business accounts grew 4.0% to 89k BRNs as of Q2'22.

The Group continued to lead the market in terms of quality and best digital experience. For Q2'22 we achieved a solid TP-NPS score of 64.

EBITDA was 0.8% higher at RM1,014 million, while EBITDA margin on service revenue declined slightly to 48.7% (Q2'21: 50.4%). This is mostly due to the successful postpaid contracting with device campaign in 2022, resulting in higher device costs, higher costs for network expansion as well as the impairment loss of accounts receivable ("PFDD") reverting to prudent pre-COVID levels.

Profit for Q2'22 was 8.6% lower at RM329 million (Q2'21: RM360 million) impacted by higher depreciation and amortisation charges due to the revision of the spectrum rights' useful life from indefinite to a finite life effective from July 2021 as previously disclosed. It is also impacted by the one-off increase in corporate tax rate to 33% on chargeable income that exceeds RM100 million for year of assessment 2022 ("Prosperity Tax").

Capex for Q2'22 was RM241 million (Q2'21: RM180 million), a 33.9% increase from the preceding year. The capex focus was on protecting the network performance, rebalancing capacity and supporting the Enterprise Business.

Operating free cash flow for Q2'22 was 40.3% higher at RM1,174 million, mainly driven by better working capital management initiatives and USP payments that were made in Q2'21.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (year-to-date “YTD” June 2022 versus YTD June 2021)

Financial indicators (RM'm unless otherwise indicated)	YTD 2022	YTD 2021	Variance	% Variance
Revenue ⁽¹⁾	4,830	4,514	316	7.0
Service revenue ⁽¹⁾⁽²⁾	4,114	3,969	145	3.7
- Consumer business	3,340	3,230	110	3.4
- Enterprise business	774	739	35	4.7
EBITDA ⁽¹⁾⁽³⁾	1,944	1,967	(23)	(1.2)
EBITDA margin on service revenue (%) ⁽¹⁾	47.3	49.6	N/A	(2.3)
Profit before tax	932	937	(5)	(0.5)
Profit for the period	627	694	(67)	(9.7)
Capital expenditure (“Capex”)	412	316	96	30.4
Operating free cash flow ⁽¹⁾	1,658	1,438	220	15.3

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 after including government grant income but before finance income, finance costs, tax, depreciation (including ROU depreciation), amortisation and allowance for write down of identified network costs.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (year-to-date "YTD" June 2022 versus YTD June 2021) (continued)

Connectivity related operational indicators	YTD 2022	YTD 2021	Variance	% Variance
CONSUMER BUSINESS				
Subscriptions ('000)	9,694	9,501	193	2.0
- <i>Postpaid</i>	3,245	3,019	226	7.5
- <i>Prepaid</i>	5,811	5,942	(131)	(2.2)
- <i>Home Connectivity</i>	638	540	98	18.1
ARPU (Monthly) (RM)				
- <i>Postpaid</i>	79.0	81.2	(2.2)	(2.7)
- <i>Prepaid</i>	39.1	38.0	1.1	2.9
- <i>Home Connectivity</i>	110.9	110.8	0.1	0.1
ENTERPRISE BUSINESS				
Subscriptions ('000)				
- <i>BRNs</i>	89.0	85.6	3.4	4.0

The Group recorded a total revenue of RM4,830 million for YTD 2022, a 7.0% increase compared to corresponding YTD 2021 of RM4,514 million, on the back of higher service revenue and higher device revenue. Service revenue increased 3.7% to RM4,114 million, on the back of higher contribution from both Consumer and Enterprise businesses.

Consumer business revenue increased 3.4% to RM3,340 million, a result of higher contribution from Postpaid and Home Connectivity, offset by slight decline in Prepaid. Enterprise business revenue increased 4.7% to RM774 million.

EBITDA declined 1.2% to RM1,944 million, while EBITDA on service revenue margin was 47.3% (YTD 2021: 49.6%), due to successful postpaid contracting with device campaign in 2022, resulting in higher device costs, higher costs for network expansion as well as PFDD reverting to prudent pre-COVID levels in 2022.

YTD 2022 profit was RM67 million or 9.7% lower at RM627 million (YTD 2021: RM694 million) impacted by both higher depreciation and amortisation charges due to the spectrum rights' useful life revision and the one-off Prosperity Tax.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (year-to-date "YTD" June 2022 versus YTD June 2021) (continued)

Capex for YTD 2022 was 30.4% higher at RM412 million, due to the focus on improving 4G coverage connectivity following full 3G shutdown in 2021.

Operating free cash flow for YTD 2022 was 15.3% higher at RM1,658 million, driven by better working capital management initiatives.

(D) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 30/6/2022	AS AT 31/12/2021
Total assets	22,524	22,443
Equity attributable to equity owner of the Company	6,590	6,725
Debt ⁽¹⁾	9,895	10,098
Deposits, cash and bank balances	(853)	(1,191)
Net debt	9,042	8,907
Net debt-to-EBITDA ⁽²⁾	2.35	2.30

Note:

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

⁽²⁾ Comparative information has been restated as disclosed in Note 1 and 3.

The net earnings for the current quarter after dividend distribution reduced the equity attributable to equity owner of the Company by RM148 million to RM6.6 billion.

Net debt-to-EBITDA increased from 2.30x as at 31 December 2021 to 2.35x as at 30 June 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 commercial 5G launch details remain under industry-wide negotiation and the details when finalised, could affect our execution approaches, timelines and future financial performance. The Group is assessing the impact based on the information available.

Notwithstanding the above uncertainties, the Group considers it is now appropriate to disclose the financial outlook for FY2022 as Malaysia entered into the COVID-19 endemic transition phase in Q2’22. After considering the domestic and global economic outlook, rising inflation and interest rates, our guidance for financial year ending 31 December 2022 is as follows:

- service revenue to be a low to mid single digit increase; and
- EBITDA to be flat to a low single digit increase versus FY2021.

The Group remains focused and 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.

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.



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20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'm	RM'm	RM'm	RM'm
Fair value gains on forward foreign exchange contracts	(5)	(2)	(6)	(2)
Losses on foreign exchange (net)	6	*	7	3
Property, plant and equipment:				
- (gains)/losses on disposal	(*)	1	(*)	1
- impairment losses/write-offs (net)	6	12	4	15

* 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 and six months ended 30 June 2022.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER	QUARTER	PERIOD	PERIOD
	ENDED	ENDED	ENDED	ENDED
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'm	RM'm	RM'm	RM'm
Current tax	210	72	329	180
Deferred tax:				
- origination and reversal of temporary differences	(39)	52	(24)	63
Total	171	124	305	243

The Group's effective tax rate for the current quarter and six months ended 30 June 2022 was 34.2% and 32.7% respectively 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.



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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

	AS AT 30 JUNE 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
RM denominated						
<u>Secured</u>						
Lease liabilities	267	1,708	1,975	262	1,762	2,024
<u>Unsecured</u>						
Term loans ⁽¹⁾	500	594	1,094	500	593	1,093
Commodity Murabahah						
Term Financing	-	1,943	1,943	-	1,943	1,943
Islamic Medium						
Term Notes	-	4,381	4,381	1,272	3,259	4,531
Business Financing-i	-	499	499	-	499	499
	767	9,125	9,892	2,034	8,056	10,090
Excluding lease liabilities:						
- weighted average interest rate			3.72%			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 six months ended 30 June 2022 are disclosed in Note 6.



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24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 30 June 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	104	2
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	51	2
	155	4
<u>Current liabilities</u>		
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- less than one year	500	(3)
Forward foreign exchange contracts:		
- less than one year	50	(*)
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	11	(*)
	561	(3)
	716	1

* 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 30/6/2022 <u>RM'm</u>	AS AT 31/12/2021 <u>RM'm</u>
<u>Non-current assets</u>		
At net of impairment:		
- Trade receivables	249	137
- Finance lease receivables	*	*
- Contract assets	52	63
Deposits	147	-
Prepayments	570	601
Contract cost assets, net of amortisation	131	114
	<u>1,149</u>	<u>915</u>
<u>Current assets</u>		
At net of impairment:		
- Trade receivables	954	879
- Other receivables and deposit	397	346
- Finance lease receivables	3	9
- Contract assets	193	203
Prepayments	192	204
Contract cost assets, net of amortisation	158	166
	<u>1,897</u>	<u>1,807</u>
	<u>3,046</u>	<u>2,722</u>

* Less than RM1 million.



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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 30 June 2022 is as follows:

	RM'm
Current	1,089
1 to 90 days past due	111
More than 90 days past due	136
	<u>1,336</u>

26. MATERIAL LITIGATION

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

27. DIVIDENDS

The Board of Directors has declared a second 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 September 2022. The entitlement date for the dividend payment is 30 August 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 30 August 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 six months ended 30 June 2022 is 10 sen per ordinary share (2021: 8.0 sen).



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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2022	QUARTER ENDED 30/6/2021	PERIOD ENDED 30/6/2022	PERIOD ENDED 30/6/2021
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>329</u>	<u>360</u>	<u>627</u>	<u>694</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>4.2</u>	<u>4.6</u>	<u>8.0</u>	<u>8.9</u>
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>329</u>	<u>360</u>	<u>627</u>	<u>694</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>-</u>	<u>-</u>	<u>-</u>	<u>-</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>4.2</u>	<u>4.6</u>	<u>8.0</u>	<u>8.9</u>

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

28 July 2022

Kuala Lumpur