



MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

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 2023 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 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	QUARTER ENDED	+	PERIOD ENDED	PERIOD ENDED	+
		30/06/2023	30/06/2022		30/06/2023	30/06/2022	
RM'm	RM'm	%	RM'm	RM'm	%		
			(Restated)		(Restated)		
Revenue	3	2,470	2,424	1.9	4,996	4,830	3.4
Traffic, device, commissions and other direct costs		(938)	(919)		(1,961)	(1,891)	
Spectrum licence fees		(62)	(67)		(123)	(133)	
Network costs		(144)	(134)		(282)	(266)	
Staff and resource costs		(202)	(194)		(402)	(404)	
Operation and maintenance costs		(94)	(96)		(200)	(183)	
Marketing costs		(43)	(50)		(81)	(89)	
Impairment of receivables and deposits, net		(37)	(26)		(71)	(60)	
Government grant and other income		60	89		120	165	
Other operating expenses		(11)	(18)		(25)	(23)	
Depreciation and amortisation		(431)	(412)		(862)	(829)	
Finance income		8	5		13	13	
Finance costs		(123)	(104)		(240)	(203)	
Profit before tax	20	453	498	(9.0)	882	927	(4.9)
Tax expenses	21	(124)	(176)		(233)	(316)	
Profit for the period		329	322	2.2	649	611	6.2
Attributable to:							
- equity holders of the Company		330	322	2.5	650	611	6.4
- non-controlling interests		(1)	(*)		(1)	(*)	
		329	322		649	611	
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	4.2	4.1		8.3	7.8	
- diluted	28	4.2	4.1		8.3	7.8	

Note:

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/06/2023	QUARTER ENDED 30/06/2022	PERIOD ENDED 30/06/2023	PERIOD ENDED 30/06/2022
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Profit for the period	329	322	649	611
Other comprehensive income				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	3	5	8	7
Total comprehensive income for the period	<u>332</u>	<u>327</u>	<u>657</u>	<u>618</u>
Attributable to:				
- equity holders of the Company	333	327	658	618
- non-controlling interests	(1)	(*)	(1)	(*)
	<u>332</u>	<u>327</u>	<u>657</u>	<u>618</u>

Note:

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/06/2023 RM'm	AS AT 31/12/2022 RM'm (Restated)
Non-current assets			
Property, plant and equipment	9	5,555	5,639
Intangible assets ⁽¹⁾		11,375	11,507
Right-of-use assets ("ROU")		1,842	1,887
Financial assets at fair value through other comprehensive income ("FVOCI")		4	4
Receivables, deposits and prepayments	25	1,285	1,226
Deferred tax assets		1	1
		<u>20,062</u>	<u>20,264</u>
Current assets			
Inventories		27	8
Receivables, deposits and prepayments	25	2,192	2,136
Amounts due from related parties		12	9
Derivative financial instruments	24	6	*
Tax recoverable		*	*
Deposits, cash and bank balances		515	628
		<u>2,752</u>	<u>2,781</u>
Total assets		<u>22,814</u>	<u>23,045</u>
Current liabilities			
Provisions for liabilities and charges		89	144
Payables and accruals		3,824	4,176
Amounts due to related parties		20	32
Borrowings	23	1,055	283
Derivative financial instruments	24	-	6
Taxation		215	171
		<u>5,203</u>	<u>4,812</u>
Net current liabilities		<u>(2,451)</u>	<u>(2,031)</u>

Notes:

⁽¹⁾ Includes intangible assets arising from business combination comprising goodwill and telecommunications licenses of RM9,687 million (2022: RM9,687 million), spectrum rights of RM1,158 million (2022: RM1,218 million) and customer relationships of RM6 million (2022: RM8 million)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 30/06/2023 RM'm	AS AT 31/12/2022 RM'm (Restated)
Non-current liabilities			
Provisions for liabilities and charges		385	366
Payables and accruals		409	385
Deferred income		932	913
Borrowings	23	9,001	9,582
Deferred tax liabilities		844	896
		<u>11,571</u>	<u>12,142</u>
Net assets		<u>6,040</u>	<u>6,091</u>
Equity			
Share capital		2,593	2,585
Reserves		3,446	3,504
Equity attributable to equity owners of the Company		<u>6,039</u>	<u>6,089</u>
Non-controlling interests		1	2
Total equity		<u>6,040</u>	<u>6,091</u>
Net assets per share attributable to equity holders of the company (RM)		<u>0.77</u>	<u>0.78</u>



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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

← Attributable to equity holders of the Company →

Period ended 30/6/2023	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 1/1/2023, as previously reported		2,585	22,729	(22,729)	72	3,712	6,369	2	6,371	
Opening balance adjustments		-	-	-	-	(280)	(280)	-	(280)	
Restated at 1/1/2023		2,585	22,729	(22,729)	72	3,432	6,089	2	6,091	
Profit for the period		-	-	-	-	650	650	(1)	649	
Other comprehensive income for the period		-	-	-	8	-	8	-	8	
Total comprehensive income for the period		-	-	-	8	650	658	(1)	657	
Dividends provided for or paid	7	-	-	-	-	(705)	(705)	-	(705)	
Long-term Incentive Plan ("LTIP") and Incentive arrangement										
- shares issued		8	-	-	(8)	-	-	-	-	
- shares-based payment expense		-	-	-	(3)	-	(3)	-	(3)	
Dilution of interest in a subsidiary	11	-	-	-	-	(*)	(*)	*	-	
At 30/6/2023		2,593	22,729	(22,729)	69	3,377	6,039	1	6,040	

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)

← Attributable to equity holders of the Company →

Period ended 30/6/2022	Note	Share Capital	Merger relief ⁽²⁾	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total	Non- controlling interest	Total equity
		RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 1/1/2022, as previously reported		2,564	22,729	(22,729)	64	4,097	6,725	-	6,725
Opening balance adjustments		-	-	-	-	(250)	(250)	-	(250)
Restated at 1/1/2022		2,564	22,729	(22,729)	64	3,847	6,475	-	6,475
Profit for the period		-	-	-	-	611	611	(*)	611
Other comprehensive income for the period		-	-	-	7	-	7	-	7
Total comprehensive income for the period		-	-	-	7	611	618	(*)	618
Dividends provided for or paid		-	-	-	-	(782)	(782)	-	(782)
LTIP and Incentive arrangement									
- shares issued		21	-	-	(21)	-	-	-	-
- shares-based payment expense		-	-	-	13	-	13	-	13
Acquisition of non-controlling interests		-	-	-	-	-	-	3	3
At 30/6/2022		2,585	22,729	(22,729)	63	3,676	6,324	3	6,327

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 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/6/2023 RM'm	PERIOD ENDED 30/6/2022 RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	649	611
Adjustments for:		
- non-cash items	1,015	998
- finance costs	240	203
- finance income	(13)	(13)
- tax expenses	233	316
Government grant relating to costs	28	64
Payments for provision for liabilities and charges	(116)	(130)
Operating cash flows before working capital changes	2,036	2,049
Changes in working capital	(677)	(480)
Cash flows from operations	1,359	1,569
Interest received	13	13
Tax paid	(241)	(61)
Tax refund	*	*
Net cash flows from operating activities	1,131	1,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(472)	(654)
Consideration paid for business combinations	(13)	(108)
Government grant relating to the purchase of assets	96	199
Proceeds from disposal of property, plant and equipment	1	1
Placement of deposits with maturity of more than three months	*	*
Net cash flows used in investing activities	(388)	(562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of borrowings	1,400	1,100
Repayment of borrowings	(1,175)	(1,250)
Repayment of lease liabilities	(153)	(165)
Payments of finance costs	(223)	(200)
Ordinary share dividends paid	(705)	(782)
Net cash flows used in financing activities	(856)	(1,297)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(113)	(338)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	601	1,164
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD⁽³⁾	488	826

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 2023

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 and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 (“FY2022”).

The significant accounting policies and methods of computation adopted for the quarterly report are consistent with those adopted for the audited financial statements for FY2022, except as disclosed as follows:

License holders are required to make contributions to the Universal Service Provision Fund (“USP Fund”) on an annual basis, calculated based on 6% of its weighted net revenue derived from designated services for the previous year. In the current quarter, the cumulative accrual of contribution to the USP Fund is reassessed.

The impact of the above adjustments to the Group’s statements of financial position and statements of profit or loss for the prior financial years are follows:

Statements of Financial Position

	<u>As previously reported</u> RM'million	<u>Adjustments</u> RM'million	<u>Restated</u> RM'million
At 31 December 2022			
Current liabilities – payables and accruals	3,807	369	4,176
Non-current liabilities – deferred tax liabilities	985	(89)	896
Equity – retained earnings	3,712	(280)	3,432
At 1 January 2022			
Current liabilities – payables and accruals	3,527	360	3,887
Non-current liabilities – deferred tax liabilities	908	(110)	798
Equity – retained earnings	4,097	(250)	3,847



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

1. BASIS OF PREPARATION (CONTINUED)

Statements of Profit and Loss and Comprehensive Income

	For the quarter ended 30 June 2022			For the six months ended 30 June 2022		
	As previously <u>reported</u>	<u>Adjustments</u>	<u>Restated</u>	As previously <u>reported</u>	<u>Adjustments</u>	<u>Restated</u>
	RM'million	RM'million	RM'million	RM'million	RM'million	RM'million
Traffic, device, commissions and other direct costs	(917)	(2)	(919)	(1,886)	(5)	(1,891)
Profit before tax	500	(2)	498	932	(5)	927
Tax expenses	(171)	(5)	(176)	(305)	(11)	(316)
Profit after tax	329	(7)	322	627	(16)	611
Total comprehensive income	334	(7)	327	634	(16)	618
Profit after tax attributable to the equity holders of the Company	329	(7)	322	627	(16)	611
Total comprehensive income attributable to the equity holders of the Company	334	(7)	327	634	(16)	618
Earnings per share attributable to equity holders of the Company (sen):						
- basic	4.2	(0.1)	4.1	8.0	(0.2)	7.8
- diluted	4.2	(0.1)	4.1	8.0	(0.2)	7.8



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

1. BASIS OF PREPARATION (CONTINUED)

There is no change in net cash flows from operating, investing and financing activities for the quarter and six months ended 30 June 2022.

Other than above, the Group has adopted the following amendments to MFRS that came into effect on 1 January 2023 which did not have any significant impact on the unaudited quarterly report upon their application.

- | | |
|--|--|
| • 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 |

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 2024. 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 16 | Lease Liability in a Sale and Leaseback |
| • Amendments to MFRS 101 | Non-current Liabilities with Covenants |
| • Amendments to MFRS 107 and MFRS 7 | Supplier Finance Arrangements |

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 30/6/2023	QUARTER ENDED 30/6/2022	PERIOD ENDED 30/6/2023	PERIOD ENDED 30/6/2022
	RM'm	RM'm	RM'm	RM'm
Telecommunications services and solutions	2,064	2,053	4,132	4,059
Sale of devices	357	340	771	716
Revenue from contracts with customers	2,421	2,393	4,903	4,775
Interest revenue (a)	34	16	65	28
Lease income (b)	15	15	28	27
Total	2,470	2,424	4,996	4,830
Goods or services transferred:				
- at a point in time	634	652	1,330	1,345
- over time	1,787	1,741	3,573	3,430
Revenue from contracts with customers	2,421	2,393	4,903	4,775

(a) The interest revenue represents the significant financing component of device-bundled plans that allow customers to pay for the devices over a period of up to 36 months.

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

4. UNUSUAL ITEMS

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the six months ended 30 June 2023.

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 2023.



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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 2023:

- (a) The Group issued the following series for a total nominal value of RM1.4 billion in relation to its RM10.0 billion Unrated Islamic Medium Term Notes (“Sukuk Murabahah”) Programme to finance its capital expenditure and general working capital requirements:

Series	Tenure (years)	Maturity	Nominal value (RM'm)
Sixteenth	7	January 2030	200
Seventeenth	10	January 2033	300
Eighteenth	5	April 2028	700
Nineteenth	7	April 2030	200

- (b) The Group had partially prepaid RM1.175 million of the Commodity Murabahah Term Financing facility, reducing the outstanding facility to RM765 million.

- (c) 1,928,400 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 2023:

	RM'm
In respect of the financial year ended 31 December 2022:	
- Fourth interim dividend of 5.0 sen per ordinary share, paid on 30 March 2023	392
In respect of the financial year ending 31 December 2023:	
- First interim dividend of 4.0 sen per ordinary share, paid on 28 June 2023	313
	<hr/>
	705
	<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 EBIT (i.e. profit before finance income, finance costs and tax expenses) 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 2023. As at 30 June 2023, 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

- (a) On 3 July 2023, the Group had partially prepaid RM265 million of the Commodity Murabahah Term Financing facility, reducing the outstanding facility to RM500 million.
- (b) On 4 July 2023, Kuala Lumpur High Court had dismissed Maxis Broadband Sdn Bhd's judicial review application and details are as disclosed in Note 12.

Save for the above items, 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 15 June 2023, Maxis Mobile (L) Ltd ("MML"), a wholly-owned subsidiary of the Company was fully wound up. The dissolution of MML does not have any material impact or effect on the business operations, earnings and net assets of the Group for the six month ended 30 June 2023.
- (b) The Group diluted its equity interests in Gurulab Sdn. Bhd from 59% to 56% following the issuance of new ordinary shares by GSB. The dilution did not have any material impact to the Group for the six months ended 30 June 2023.

Save for the above, there were no other changes in the composition of the Group during the six months ended 30 June 2023.

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. MBSB's substantive judicial review application was heard on 9 March 2023 and decision was delivered on 4 July 2023. The High Court had dismissed MBSB's judicial review application and MBSB has filed its appeal to the Court of Appeal against the dismissal of the judicial review application. In the meantime, the High Court has granted an interim stay of enforcement of the ICI Notice until the next case management on 4 September 2023;



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

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

- (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 MBSB's leave application for judicial review 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 had granted and subsequently extended the interim stay of the enforcement of the 2021 Notices until the disposal of MBSB's leave application for judicial review challenging the 2021 Notices;
- (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 had granted the interim stay of the enforcement of the 2022 Notice until the disposal of MBSB's leave application for judicial review challenging the 2022 Notice. In March 2023, MBSB's leave application challenging the 2022 Notice was heard. The leave decision which was scheduled to be delivered on 19 June 2023 has been rescheduled to 21 September 2023; and
- (v) In April 2023, the IRB disallowed MBSB's deduction of interest expenses incurred for the Year of Assessment 2021. Notice of additional assessment totalling RM71.7 million was issued ("2023 Notice"). The High Court had granted an interim stay of the enforcement of the 2023 Notice until the disposal of MBSB's leave application for judicial review challenging the 2023 Notice.

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, 2022 and 2023 Notices.

13. CAPITAL COMMITMENTS

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

	RM'm
Property, plant and equipment	<u>500</u>



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

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 30/6/2023 RM'm	Balances due from/(to) as at 30/6/2023 RM'm	Commitments as at 30/6/2023 RM'm	Total balances due from/(to) and commitments as at 30/6/2023 RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (mobile and internet, business solutions, connectivity services to co-market and distribute content products)	65	11	-	11
- Saudi Telecom Company ⁽²⁾ (roaming and international calls)	4	2	-	2
- Maxis Communications Berhad ⁽³⁾ (corporate support services)	1	*	-	*
- TGV Cinemas Sdn. Bhd. ⁽⁴⁾ (mobile and internet, business solutions and other connectivity services)	2	4	-	4
- Astro Digital 5 Sdn. Bhd. ⁽¹⁾ (mobile and internet, business solutions and other connectivity services)	1	*	-	*
- MEASAT Global Berhad Group ⁽⁵⁾ (mobile and internet, business solutions And other connectivity services)	1	-	-	-
- UTSB management Sdn Bhd ⁽⁴⁾ (mobile and internet, business solutions and other connectivity services)	1	-	-	-

* Less than RM1 million.



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14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended <u>30/6/2023</u> RM'm	Balances due from/(to) as at <u>30/6/2023</u> RM'm	Commitments as at <u>30/6/2023</u> RM'm	Total balances due from/(to) and commitments as at <u>30/6/2023</u> RM'm
(b) Purchases of goods and services				
from:				
- MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (customer acquisition and installation charges)	6	-	-	-
- Saudi Telecom Company ⁽²⁾ (roaming and international calls)	4	-	-	-
- MEASAT Global Berhad Group ⁽⁵⁾ (transponder and teleport lease rental)	16	(5)	(16)	(21)
- Tanjong City Centre Property Management Sdn. Bhd. ⁽⁴⁾ (rental, service charge, property service and other utility charges)	22	-	(91)	(91)
- UTSB Management Sdn. Bhd. ⁽⁴⁾ (corporate management services)	15	(3)	(12)	(15)
- SRG Asia Pacific Sdn. Bhd. ⁽⁶⁾ (call handling and telemarketing services)	11	(5)	-	(5)

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⁾ Company whereby TAK and/or a person connected to TAK has a deemed equity interest



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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 2023 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>6,205</u>	<u>6,220</u>

(b) Financial instruments carried at fair value

The following table represents the assets/liabilities measured at fair value, using the respective valuation techniques, as at 30 June 2023:

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



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BURSA SECURITIES LISTING REQUIREMENTS

16. ANALYSIS OF PERFORMANCE

Financial Indicators (RM'm unless otherwise indicated)	2 nd Quarter 2023	1 st Quarter 2023	2 nd Quarter 2022	Variance Q2'23 vs Q1'23		Variance Q2'23 vs Q2'22		YTD		Variance YTD 2023 vs YTD 2022	
				RM'm	%	RM'm	%	2023	2022	RM'm	%
Revenue	2,470	2,526	2,424	(56)	(2.2)	46	1.9	4,996	4,830	166	3.4
Service revenue ⁽²⁾	2,113	2,112	2,084	1	<0.0	29	1.4	4,225	4,114	111	2.7
- Consumer business	1,751	1,747	1,698	4	0.2	53	3.1	3,498	3,340	158	4.7
- Enterprise business	362	365	386	(3)	(0.8)	(24)	(6.2)	727	774	(47)	(6.1)
EBITDA ⁽¹⁾⁽⁴⁾	1,002	972	1,012	30	3.1	(10)	(1.0)	1,974	1,939	35	1.8
EBITDA margin on service revenue (%)	47.4%	46.0%	48.6%	NA	1.4	NA	(1.2)	46.7%	47.1%	NA	(0.4)
EBIT ⁽³⁾⁽⁴⁾	568	541	597	27	5.0	(29)	(4.9)	1,109	1,117	(8)	(0.7)
EBIT margin on service revenue (%)	26.9%	25.6%	28.6%	NA	1.3	NA	(1.7)	26.2%	27.2%	NA	(1.0)
Profit before tax	453	429	498	24	5.6	(45)	(9.0)	882	927	(45)	(4.9)
Profit after tax	329	320	322	9	2.8	7	2.2	649	611	38	6.2
Capital expenditure ("Capex")	166	130	241	36	27.7	(75)	(31.1)	296	412	(116)	(28.2)
Operating free cash flow ("OFCF")	950	181	1,099	769	>100	(149)	(13.6)	1,131	1,521	(390)	(25.6)

⁽¹⁾ For reference purposes, the EBITDA is derived as below:

Profit before tax ⁽⁴⁾	453	429	498	24	5.6	(45)	(9.0)	882	927	(45)	(4.9)
Add / (less):											
- Depreciation and amortisation	431	431	412	-	-	19	4.6	862	829	33	4.0
- Finance costs	123	117	104	6	5.1	19	18.3	240	203	37	18.2
- Finance income	(8)	(5)	(5)	(3)	60.0	(3)	60.0	(13)	(13)	-	-
- Allowance for write down of identified network costs	3	*	3	3	>100	-	-	3	(7)	10	>100
EBITDA ⁽⁴⁾	1,002	972	1,012	30	3.1	(10)	(1.0)	1,974	1,939	35	1.8

Notes:

⁽²⁾ Service revenue is defined as Revenue excluding sale of devices.

⁽³⁾ Defined as profit before finance income, finance costs and tax expenses.

⁽⁴⁾ Comparative information has been restated as disclosed in Note 1

* Less than RM1 million.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

Connectivity related operational indicators	2 nd Quarter 2023	1 st Quarter 2023	2 nd Quarter 2022	Variance Q2'23 vs Q1'23		Variance Q2'23 vs Q2'22		YTD		Variance YTD 2023 vs YTD 2022	
				RM'm	%	RM'm	%	2023	2022	RM'm	%
Consumer Business Revenue	1,751	1,747	1,698	4	0.2	53	3.1	3,498	3,340	158	4.7
<u>Postpaid Revenue</u>	871	864	810	7	0.8	61	7.5	1,735	1,595	140	8.8
- Subscriptions ('000)	3,449	3,397	3,245	52	1.5	204	6.3	NA	NA	NA	NA
- ARPU (RM)	77.9	78.4	79.0	(0.5)	(0.6)	(1.1)	(1.4)	NA	NA	NA	NA
<u>Prepaid Revenue</u>	651	661	679	(10)	(1.5)	(28)	(4.1)	1,312	1,336	(24)	(1.8)
- Subscriptions ('000)	5,684	5,686	5,811	(2)	(0.0)	(127)	(2.2)	NA	NA	NA	NA
- ARPU (RM)	38.2	38.4	39.1	(0.2)	(0.5)	(0.9)	(2.3)	NA	NA	NA	NA
<u>Home Connectivity Revenue</u>	229	222	209	7	3.2	20	9.6	451	409	42	10.3
- Connections ('000)	706	688	638	18	2.6	68	10.7	NA	NA	NA	NA
- Home blended ARPU (RM)*	108.2	108.4	110.9	(0.2)	(0.2)	(2.7)	(2.4)	NA	NA	NA	NA
Enterprise Business Revenue	362	365	386	(3)	(0.8)	(24)	(6.2)	727	774	(47)	(6.1)

* Inclusive of fibre and Wireless Broadband ("WBB")

(A) Performance of the current quarter against the preceding quarter (Q2'23 vs Q1'23)

Q2'23 service revenue was stable at RM2,113 million, driven by growth from consumer businesses.

In consumer business, the increase in Postpaid revenue and Home Connectivity revenue was attributed by Maxis' well executed strategy for fixed-mobile convergence. This was offset slightly by the decrease in Prepaid revenue as we continue to observe the trend of Prepaid customers migrating to Postpaid.

Enterprise revenue remained stable at RM362 million in Q2'23, supported by the growth in cloud and IoT solutions.

EBITDA and EBIT was higher in the current quarter due to lower devices costs as there are lesser device launches and promotions in Q2'23. Increase of Profit After Tax was in line with EBIT. Q2'23 OFCF was healthy at RM950 million, with cash and bank balances at RM515 million in the current quarter. Capex for the current quarter was RM164 million, in line with usual trend.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (Q2'23 vs Q2'22)

Year-on-year, Service Revenue excluding wholesale voice improved by RM65 million (3.2%), driven by the growth in Consumer and Enterprise businesses, particularly in core mobile connectivity.

EBITDA and EBIT decreased RM10 million (1.0%) and RM29 million (4.9%) respectively. The reduction in EBITDA was due to lower USP income following lower project fulfilments in 2023, while the reduction in EBIT was further impacted by amortisation costs from spectrum and software. Profit After Tax increased as the declined in EBIT was offset by the discontinuation of Prosperity Tax in 2023.

RM164 million of Capex spent in the current quarter was lower than Q2'22, as the Group is prudent in network Capex investments following the maturity of its 4G network.

(C) PERFORMANCE OF THE CURRENT YEAR AGAINST THE PRECEEDING YEAR (year-to-date "YTD" June '23 versus YTD June '22)

Service Revenue excluding wholesale voice grew RM189 million (4.7%), driven by RM158 million (4.7%) increase in Consumer business and RM31 million (4.7%) increase in Enterprise business.

EBITDA increased in line with the increase of Service Revenue, offset by lower USP income as there were lower project fulfilments in 2023. The reduction in EBIT was due to higher amortisation costs from spectrum and software. The increase in Profit After Tax was due to the discontinuation of Prosperity Tax in 2023.

YTD June 2023, OFCF was healthy at RM1,131 million, supporting the 4 sen dividend per share declared in the current quarter, and cumulative 8 sen dividend per share declared for the YTD June 2023.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(D) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 30/6/2023	AS AT 31/12/2022 (Restated)
Total assets	22,814	23,045
Equity attributable to equity owners of the Company	6,039	6,089
Debt	10,056	9,865
Deposits, cash and bank balances	(515)	(628)
Net debt	9,541	9,237
Net debt-to-EBITDA	2.41	2.35

The lower equity position to RM6,039 million is mainly due to dividend distribution for the financial year ending 31 December 2023.

Net debt-to-EBITDA increased from 2.35x as at 31 December 2022 to 2.41x as at 30 June 2023 as a result of higher net debt position.



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17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 (“FY2023”)

FY2023 financial outlook

Maxis remains focused and confident in becoming the leading integrated telco in Malaysia by delivering our convergence strategy. Maxis has been continuously delivering outstanding results in our convergence strategy space and will continue to deliver a good track record of our mobile and fibre converged services. We have expanded our market share leadership and will continue to enhance our product offerings of converged solutions to individuals, homes and businesses delivering sustainable growth.

On 14 July 2023, Maxis announced that it intends to execute the Access Agreement (“AA”) with Digital Nasional Berhad (“DNB”), subject to shareholders approval at the Extraordinary General Meeting (“EGM”) on 14 August 2023, to gain access to the 5G products and services on a wholesale basis. Maxis welcomes the Government’s decision on 3 May 2023 to transition towards a two 5G network model, and will provide our support for DNB to achieve its target of 80% coverage of populated areas (CoPA) by end of 2023.

Our guidance for the financial year ending 31 December 2023 is:

- a low single digit increase in service revenue; and
- EBITDA* and Capex at similar levels to financial year 2022

* before any potential financial impact for 5G



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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 2022.

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2023 RM'm	QUARTER ENDED 30/6/2022 RM'm	PERIOD ENDED 30/6/2023 RM'm	PERIOD ENDED 30/6/2022 RM'm
Fair value gains on forward foreign exchange contracts	(5)	(5)	(2)	(6)
Losses on foreign exchange (net)	4	6	6	7
Property, plant and equipment and right-of use assets:				
- gain on disposal/termination	(1)	(3)	(1)	(11)
- impairment losses/write-offs/ (reversal) (net)	4	6	4	4
	<u>4</u>	<u>6</u>	<u>4</u>	<u>4</u>

* 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 2023.



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21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2023	QUARTER ENDED 30/6/2022	PERIOD ENDED 30/6/2023	PERIOD ENDED 30/6/2022
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Income tax				
- current tax	163	210	285	329
Deferred tax:				
- origination and reversal of temporary differences	(39)	(34)	(52)	(13)
Total	124	176	233	316

The Group's effective tax rate for the current quarter and six months ended 30 June 2023 was 27.4% and 26.4% respectively which is above the statutory tax rate of 24% due to certain expenses non-deductible for tax purposes.

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 30 JUNE 2023			AS AT 31 DECEMBER 2022		
	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm
<u>Secured</u>						
Lease liabilities	288	1,701	1,989	283	1,755	2,038
<u>Unsecured</u>						
Term loans	-	595	595	-	594	594
Commodity Murabahah						
Term Financing	767	-	767	-	1,944	1,944
Islamic Medium						
Term Notes	-	6,205	6,205	-	4,789	4,789
Business Financing-i	-	500	500	-	500	500
	1,055	9,001	10,056	283	9,582	9,865
Excluding lease liabilities:						
- weighted average interest rate			4.13%			4.02%
- proportion of borrowings between fixed and floating interest rates			77% : 23%			61% : 39%

Material changes to borrowings for the six months ended 30 June 2023 are disclosed in Note 6.



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24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 30 June 2023 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
<u>Current assets</u>		
Forward foreign exchange contracts:		
- designated in hedging relationship (cash flow hedge)	117	4
- not designated in hedging relationship	49	2
	166	6
	166	6

There have been no changes since the end of the previous financial year ended 31 December 2022 in respect of the following:

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

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

The Group determines the fair values of the forward foreign exchange contracts using the forward exchange rates from recognised financial information sources as at each reporting date.



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25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 30/6/2023 RM'm	AS AT 31/12/2022 RM'm
<u>Non-current assets</u>		
At net of impairment:		
- Trade receivables	410	334
- Finance lease receivables	*	1
- Contract assets	56	45
Deposits	163	164
Prepayments	507	541
Contract cost assets, net of amortisation	149	141
	<u>1,285</u>	<u>1,226</u>
<u>Current assets</u>		
At net of impairment:		
- Trade receivables	1,184	1,080
- Other receivables and deposit	484	573
- Finance lease receivables	*	*
- Contract assets	184	187
Prepayments	176	139
Contract cost assets, net of amortisation	164	157
	<u>2,192</u>	<u>2,136</u>
	<u><u>3,477</u></u>	<u><u>3,362</u></u>

* Less than RM1 million.

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 under bundled contracts on monthly installment schemes of up to 36 months.

The ageing analysis of the Group's gross trade receivables as at 30 June 2023 is as follows:

	RM'm
Current	1,588
1 to 90 days past due	85
More than 90 days past due	82
	<u>1,755</u>



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26. MATERIAL LITIGATION

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

27. DIVIDENDS

The Board of Directors has declared a second interim single-tier tax-exempt dividend of 4 sen per ordinary share in respect of the financial year ending 31 December 2023, to be paid on 29 September 2023. The entitlement date for the dividend payment is 30 August 2023.

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 2023 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 2023 is 8 sen per ordinary share (2022: 10 sen).



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28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2023	QUARTER ENDED 30/6/2022 (Restated)	PERIOD ENDED 30/6/2023	PERIOD ENDED 30/6/2022 (Restated)
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>330</u>	<u>322</u>	<u>650</u>	<u>611</u>
Weighted average number of issued ordinary shares	('m)	<u>7,830</u>	<u>7,826</u>	<u>7,830</u>	<u>7,826</u>
Basic earnings per share	(sen)	<u>4.2</u>	<u>4.1</u>	<u>8.3</u>	<u>7.8</u>
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>330</u>	<u>322</u>	<u>650</u>	<u>611</u>
Weighted average number of issued ordinary shares	('m)	<u>7,830</u>	<u>7,826</u>	<u>7,830</u>	<u>7,826</u>
Adjusted for LTIP	('m)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>4.2</u>	<u>4.1</u>	<u>8.3</u>	<u>7.8</u>

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

9 August 2023

Kuala Lumpur