



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 September 2022.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	3rd Quarter Ended		Financial Period Ended	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
	RM'000	RM'000	RM'000	RM'000
Revenue	7,260,318	6,542,963	20,434,526	18,997,046
Operating costs				
- depreciation, impairment and amortisation	(2,101,416)	(1,983,974)	(5,841,336)	(5,862,339)
- foreign exchange gains/(losses)	77,356	(4,807)	(339,270)	67,403
- domestic interconnect, international outpayment and other direct costs	(668,257)	(573,079)	(1,732,139)	(1,519,129)
- marketing, advertising and promotion	(529,778)	(566,023)	(1,601,290)	(1,616,353)
- other operating costs	(2,223,552)	(1,978,687)	(6,296,330)	(5,833,352)
- staff costs	(608,348)	(551,819)	(1,651,008)	(1,591,776)
- provision for impairment on receivables, net	(26,776)	(13,969)	(41,053)	(74,327)
- other gains - net	5,016	41,723	25,282	64,419
Other income - net	(29,547)	135,243	39,085	239,374
Profit before finance costs	1,155,016	1,047,571	2,996,467	2,870,966
Finance income	58,390	39,153	138,846	110,625
Finance costs	(522,555)	(379,092)	(1,360,770)	(1,118,236)
Foreign exchange losses on financing activities	(424,006)	(47,122)	(959,917)	(238,611)
	(946,561)	(426,214)	(2,320,687)	(1,356,847)
Joint ventures				
- share of results (net of tax)	(3,621)	(4,802)	(7,941)	(6,519)
Associates				
- share of results (net of tax)	5,360	2,576	1,868	6,621
Profit before taxation	268,584	658,284	808,553	1,624,846
Taxation and zakat	(274,964)	(195,162)	(837,576)	(559,467)
(Loss)/Profit for the financial period	(6,380)	463,122	(29,023)	1,065,379

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



AXIATA GROUP BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	3rd Quarter Ended		Financial Period Ended	
	<u>30/9/2022</u>	<u>30/9/2021</u>	<u>30/9/2022</u>	<u>30/9/2021</u>
	RM'000	RM'000	RM'000	RM'000
Other comprehensive income/(expense) (net of tax):				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan (net of tax)	1,889	(1,643)	14,616	5,895
- fair value through other comprehensive income	13,479	1,427	29,724	16,474
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	338,353	183,453	(304,167)	397,561
- net cash flow hedge	(226,220)	76	(380,587)	26,815
- net cost of hedging	2,303	26,575	(7,303)	(67,731)
Other comprehensive income/(expense) for the financial period (net of tax)	129,804	209,888	(647,717)	379,014
Total comprehensive income/(expense) for the financial period	123,424	673,010	(676,740)	1,444,393
(Loss)/Profit for the financial period attributable to:				
- owners of the Company	(52,400)	349,561	(201,755)	702,875
- non-controlling interests	46,020	113,561	172,732	362,504
	(6,380)	463,122	(29,023)	1,065,379
Total comprehensive (expense)/income for the financial period attributable to:				
- owners of the Company	(2,871)	510,934	(814,884)	953,949
- non-controlling interests	126,295	162,076	138,144	490,444
	123,424	673,010	(676,740)	1,444,393
Earnings Per Share (sen) (Part B, Note 12)				
- basic	(0.6)	3.8	(2.2)	7.7
- diluted	(0.6)	3.8	(2.2)	7.7

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



AXIATA GROUP BERHAD
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	<u>30/9/2022</u> RM'000 Unaudited	<u>31/12/2021</u> RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,913,552	13,905,207
Reserves	2,701,996	4,100,117
Total equity attributable to owners of the Company	16,615,548	18,005,324
Non-controlling interests	7,781,544	7,060,505
Total equity	24,397,092	25,065,829
NON-CURRENT LIABILITIES		
Borrowings	20,954,289	14,819,079
Derivative financial instruments	35,251	91,162
Deferred income	592,188	260,360
Deferred gain on sale and leaseback assets	223,626	307,754
Trade and other payables	994,986	1,116,080
Lease liabilities	9,202,548	8,412,149
Provision for liabilities	1,000,769	747,795
Deferred tax liabilities	1,593,728	1,377,516
Total non-current liabilities	34,597,385	27,131,895
	58,994,477	52,197,724

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)		
	<u>30/9/2022</u> RM'000 Unaudited	<u>31/12/2021</u> RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	23,223,152	21,722,687
Contract cost assets	156,077	232,519
Property, plant and equipment	32,606,909	26,975,288
Right-of-use assets	10,265,168	8,983,213
Joint ventures	17,571	25,569
Associates	266,788	257,898
Financial assets at fair value through other comprehensive income	256,300	220,744
Financial assets at fair value through profit or loss	7,400	5,678
Derivative financial instruments	113,640	76,817
Trade and other receivables	1,363,752	1,280,866
Deferred tax assets	329,651	358,530
Total non-current assets	68,606,408	60,139,809
CURRENT ASSETS		
Inventories	258,183	222,747
Trade and other receivables	5,477,927	5,060,933
Derivative financial instruments	43,155	121
Financial assets at fair value through profit or loss	72	65
Tax recoverable	192,228	109,514
Deposits, cash and bank balances	7,741,336	6,969,352
Assets classified as held-for-sale	-	47,889
	13,712,901	12,410,621
LESS: CURRENT LIABILITIES		
Trade and other payables	13,377,058	13,555,061
Deferred gain on sale and leaseback assets	128,977	123,902
Deferred income	10,464	3,609
Lease liabilities	2,138,873	1,758,846
Borrowings	6,890,653	4,231,416
Derivative financial instruments	3,036	20,497
Current tax liabilities	775,771	653,031
Liabilities classified as held-for-sale	-	6,344
Total current liabilities	23,324,832	20,352,706
Net current liabilities	(9,611,931)	(7,942,085)
	58,994,477	52,197,724
Net assets per share attributable to owners of the Company (sen)	181	196

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



AXIATA GROUP BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
	Attributable to equity holders of the Company							Total equity
	Share capital	Share capital	Currency translation differences	Reserves	Retained earnings	Total	NCI	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	9,174,987	13,905,207	(741,705)	(1,913,128)	6,754,950	18,005,324	7,060,505	25,065,829
(Loss)/Profit for the financial period	-	-	-	-	(201,755)	(201,755)	172,732	(29,023)
Other comprehensive (expense)/income:								
-Currency translation differences of subsidiaries	-	-	(263,453)	-	-	(263,453)	(40,714)	(304,167)
-Net cash flow hedge	-	-	-	(380,805)	-	(380,805)	218	(380,587)
-Net cost of hedging	-	-	-	(7,570)	-	(7,570)	267	(7,303)
-Actuarial gains (net of tax)	-	-	-	8,975	-	8,975	5,641	14,616
-Revaluation of financial assets at FVTOCI	-	-	-	29,724	-	29,724	-	29,724
Total comprehensive (expense)/income	-	-	(263,453)	(349,676)	(201,755)	(814,884)	138,144	(676,740)
Transactions with owners:								
-Dilution/accretion of equity interests in subsidiaries	-	-	6,359	(5,250)	(6,993)	(5,884)	5,961	77
-New/additional investments in subsidiaries	-	-	-	-	(74,616)	(74,616)	676,568	601,952
-Rights issue of subsidiaries	-	-	-	-	-	-	31,122	31,122
-Dividends declared to shareholders of the Company	-	-	-	-	(504,724)	(504,724)	-	(504,724)
-Dividends declared to NCI	-	-	-	-	-	-	(131,254)	(131,254)
-Share-based compensation expense	-	-	-	10,332	-	10,332	498	10,830
-Transferred from share-based payment reserve upon vesting	2,042	8,345	-	(8,345)	-	-	-	-
Total transactions with owners	2,042	8,345	6,359	(3,263)	(586,333)	(574,892)	582,895	8,003
At 30 September 2022	9,177,029	13,913,552	(998,799)	(2,266,067)	5,966,862	16,615,548	7,781,544	24,397,092

Non-controlling interests ("NCI") Fair value through other comprehensive income ("FVTOCI")

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company							Total equity
	Share capital	Share capital	Currency translation differences	Reserves	Retained earnings	Total	NCI	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2021	9,169,541	13,883,028	(1,002,020)	(1,822,687)	6,582,821	17,641,142	6,238,288	23,879,430
Profit for the financial period	-	-	-	-	702,875	702,875	362,504	1,065,379
Other comprehensive income/(expense):								
-Currency translation differences of subsidiaries	-	-	271,758	-	-	271,758	125,803	397,561
-Net cash flow hedge	-	-	-	26,561	-	26,561	254	26,815
-Net cost of hedging	-	-	-	(67,731)	-	(67,731)	-	(67,731)
-Actuarial gains (net of tax)	-	-	-	3,920	-	3,920	1,975	5,895
-Revaluation of financial assets at FVTOCI	-	-	-	16,566	-	16,566	(92)	16,474
Total comprehensive income/(expense)	-	-	271,758	(20,684)	702,875	953,949	490,444	1,444,393
Transactions with owners:								
-Dilution of equity interests in subsidiaries	-	-	3,489	(14,935)	114,078	102,632	143,568	246,200
-New/Additional investments in subsidiaries	-	-	-	-	(244)	(244)	582	338
-Dividends declared to shareholders of the Company	-	-	-	-	(825,539)	(825,539)	-	(825,539)
-Dividends declared to NCI	-	-	-	-	-	-	(119,523)	(119,523)
-Share-based compensation expense	-	-	-	16,453	-	16,453	(5,477)	10,976
-Transferred from share-based payment reserve upon vesting	3,170	14,210	-	(14,210)	-	-	-	-
Total transactions with owners	3,170	14,210	3,489	(12,692)	(711,705)	(706,698)	19,150	(687,548)
At 30 September 2021	9,172,711	13,897,238	(726,773)	(1,856,063)	6,573,991	17,888,393	6,747,882	24,636,275



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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Reserves							Total
	Capital contribution	Merger	Hedging	Cost of hedging	Actuarial	Share-based payment	FVTOCI	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022	16,598	346,774	25,226	(82,256)	14,626	29,265	(2,263,361)	(1,913,128)
Other comprehensive (expense)/income:								
-Net cash flow hedge	-	-	(380,805)	-	-	-	-	(380,805)
-Net cost of hedging	-	-	-	(7,570)	-	-	-	(7,570)
-Actuarial gains (net of tax)	-	-	-	-	8,975	-	-	8,975
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	29,724	29,724
Total comprehensive (expense)/income	-	-	(380,805)	(7,570)	8,975	-	29,724	(349,676)
Transactions with owners:								
-Dilution/accretion of equity interests in subsidiaries	-	(12)	-	-	(22)	(5,218)	2	(5,250)
-Share-based compensation expense	-	-	-	-	-	10,332	-	10,332
-Transferred from share-based payment reserve upon vesting	-	-	-	-	-	(8,345)	-	(8,345)
Total transactions with owners	-	(12)	-	-	(22)	(3,231)	2	(3,263)
At 30 September 2022	16,598	346,762	(355,579)	(89,826)	23,579	26,034	(2,233,635)	(2,266,067)
At 1 January 2021	16,598	346,774	18,935	1,163	5,232	44,413	(2,255,802)	(1,822,687)
Other comprehensive income/(expense):								
-Net cash flow hedge	-	-	26,561	-	-	-	-	26,561
-Net cost of hedging	-	-	-	(67,731)	-	-	-	(67,731)
-Actuarial gains (net of tax)	-	-	-	-	3,920	-	-	3,920
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	16,566	16,566
Total comprehensive income/(expense)	-	-	26,561	(67,731)	3,920	-	16,566	(20,684)
Transactions with owners:								
-Dilution of equity interests in subsidiaries	-	-	-	-	(30)	(14,907)	2	(14,935)
-Share-based compensation expense	-	-	-	-	-	16,453	-	16,453
-Transferred from share-based payment reserve upon vesting	-	-	-	-	-	(14,210)	-	(14,210)
Total transactions with owners	-	-	-	-	(30)	(12,664)	2	(12,692)
At 30 September 2021	16,598	346,774	45,496	(66,568)	9,122	31,749	(2,239,234)	(1,856,063)



AXIATA GROUP BERHAD
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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2022</u>	<u>30/9/2021</u>
	RM'000	RM'000
Receipts from customers	20,501,119	18,615,589
Payments to suppliers and employees	(11,570,153)	(9,720,797)
Payments of finance costs	(1,252,843)	(1,170,116)
Payments of income taxes and zakat (net of refunds)	(691,825)	(455,088)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>6,986,298</u>	<u>7,269,588</u>
Proceeds from disposal of property, plant and equipment ("PPE")	13,488	95,498
Purchase of PPE	(7,786,773)	(4,811,468)
Proceeds from disposal of an intangible asset ("IA")	-	3,591
Acquisition of IA	(327,082)	(441,861)
Investments in deposits maturing more than three (3) months	(4,441)	(1,678)
Investments in subsidiaries (net of cash acquired)	(2,788,061)	(42,817)
Additional investments in associates	(4,015)	(2,302)
Additional investments in other investments	(9,796)	(8,012)
Disposal of other investments	232	83
Payments for right-of-use ("ROU") assets	(98,055)	(22,147)
Repayments from/(Advances to) employees	171	(112)
Dividend received from associates	-	5,262
Interests received	132,967	107,338
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(10,871,365)</u>	<u>(5,118,625)</u>
Proceeds from borrowings (net of transaction costs)	9,786,573	2,878,560
Proceeds from Sukuk	1,857,500	-
Repayments of borrowings	(4,146,805)	(2,845,516)
Repayments of Sukuk	(676,860)	(400,000)
Repayments of lease liabilities	(1,404,921)	(1,238,777)
Proceeds from rights issue of subsidiaries	31,122	-
Capital injections in subsidiaries by NCI	70	246,519
Redemption of preference shares	-	(319)
Dividends paid to shareholders	(504,724)	(825,539)
Dividends paid to NCI	(131,014)	(141,672)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	<u>4,810,941</u>	<u>(2,326,744)</u>

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2022</u>	<u>30/9/2021</u>
	RM'000	RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	925,874	(175,781)
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(114,213)	(21,953)
EFFECT OF EXCHANGE RATE CHANGES	(41,229)	149,800
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,312,330	6,722,159
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7,082,762</u>	<u>6,674,225</u>
Deposits, cash and bank balances	7,741,336	7,320,737
Less:		
Deposits pledged and restricted cash	(336,749)	(214,299)
Deposits maturing more than three (3) months	(228,150)	(302,932)
Bank overdraft	(93,675)	(129,281)
Total cash and cash equivalents	<u>7,082,762</u>	<u>6,674,225</u>

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)



AXIATA GROUP BERHAD
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**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN
FINANCIAL REPORTING STANDARD 134**

1. Basis of Preparation

The unaudited financial statements for the financial period ended 30 September 2022 of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting”, International Accounting Standards 34 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021 (“2021 Audited Financial Statements”).

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited financial statements are consistent with those used in the preparation of the 2021 Audited Financial Statements except for the following:

- Annual Improvements to MFRS 9 “Financial Instruments”: Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
- Amendments to MFRS 3 “Business Combinations”: Reference to Conceptual Framework
- Amendments to MFRS 116 “Property, Plant and Equipment”: Proceeds before Intended Use
- Amendments to MFRS 137 “Onerous Contracts”: Cost of Fulfilling a Contract

The above adoptions did not have material impact to the Group during the current quarter and financial period to date.

3. Seasonal or Cyclical Factors

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

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

The Group’s performance has taken into account the following:

- (a) On 2 June 2022, PT XL Axiata Tbk (“XL”) completed the acquisition of PT Hipernet Indodata (“HiperNet”) as disclosed in Part A, 12(f) of this announcement.

During the financial period to date, a total goodwill of RM70.5 million (IDR234.2 billion) [subject to finalisation of Purchase Price Allocation (“PPA”) exercise within twelve (12) months from the date of acquisition of Hipernet] was recognised on the date of acquisition in conjunction with the above acquisition.

- (b) On 22 June 2022, Axiata Investments Indonesia Sdn Bhd (“AI”), a wholly owned subsidiary of the Company and XL completed the acquisition of PT Link Net Tbk (“Link Net”) as disclosed in Part A, 12(g) of this announcement.

During the financial period to date, a total goodwill of RM1.3 billion (IDR4,369.9 billion) [subject to finalisation of PPA exercise within twelve (12) months from the date of acquisition of Link Net] was recognised on the date of acquisition in conjunction with the above acquisition.



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4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (continued)

The Group's performance has taken into account the following: (continued)

- (c) On 19 April 2022, edotco Towers, Inc. [formerly known as ISOC edotco Towers, Inc.] ("edotco Towers"), a subsidiary of the Company via edotco Group Sdn Bhd ("edotco") entered into a Sale and Purchase Agreement ("edotco Towers SPA") with Smart Communications, Inc. and Digitel Mobile Philippines, Inc. ("collectively "Sellers") for the acquisition of all of Sellers' rights, title, benefits and interest in 2,973 telecommunication towers, including the energy and passive infrastructure related assets in the Philippines for a total purchase consideration of PHP42,000.0 million (equivalent to RM3,358.3 million).

edotco Towers had:

- (i) on 1 June 2022 completed the purchase of 1,500 towers with a transaction value of PHP21,190.7 million (RM1,694.4 million);
- (ii) on 1 August 2022 completed the purchase of 503 towers with a transaction value of PHP7,106.0 million (RM566.4 million); and
- (iii) on 3 October 2022 completed the purchase of 200 towers with a transaction value of PHP2,825.4 million (RM229.8 million).

The completion of the remaining towers shall be subject to the completion of, amongst others, the requisite documentation as per the edotco Towers SPA.

- (d) During the current quarter and financial period to date, Smart Axiata Company Limited ("Smart") received a notice from Ministry of Posts and Telecommunications of Cambodia to pay one-off additional fees for the use of the microwave equipment from year 2016 to 2021 amounting to USD24.2 million (RM105.1 million) and penalties of USD16.2 million (RM70.4 million). The fees and penalties to be settled in four (4) equal installments. Smart paid its first installment of USD10.1 million (RM43.9 million) on 19 September 2022 and the remaining installments are due in December 2022, March 2023 and June 2023, respectively.
- (e) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM346.7 million and RM1,299.2 million respectively, mainly arising from the revaluation of USD borrowings and working capital.

Other than the above and as disclosed in Part A, Note 12 of this announcement, there was no other unusual item affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2022.



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5. Estimates

The preparation of unaudited financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial period to date.

In preparing the unaudited financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2021 Audited Financial Statements.

6. Issues, Repurchases and Repayments of Debt and Equity Securities

- (a) During the financial period to date, the Company issued new ordinary shares under the Performance Based Long Term Incentive Plan as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Restricted Share Plan ("RSP") at an issuance price of RM3.90 to RM4.11 being the fair value of RSP issued	2,042	8,345
Total	2,042	8,345

- (b) During the current quarter and financial period to date, XL had:

- (i) fully repaid its IDR110.0 billion (RM32.0 million) Sukuk Ijarah II Tranche II Year 2019 Series B which matured on 8 February 2022, carried an annual fixed Ijarah return of IDR9,515.0 million (payable on quarterly basis) and had a tenure of three (3) years from the date of issuance;
- (ii) fully repaid its IDR191.0 billion (RM55.6 million) Bond I Tranche II Year 2019 Series B which matured on 8 February 2022, carried an annual fixed interest rate of 8.65% (payable on quarterly basis) and had a tenure of three (3) years from the date of issuance;
- (iii) fully repaid its IDR142.0 billion (RM42.0 million) Sukuk Ijarah I Tranche II Year 2017 Series C which matured on 28 April 2022, carried an annual fixed Ijarah return of IDR12,425.0 million (payable on quarterly basis) and had a tenure of five (5) years from the date of issuance;



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6. Issues, Repurchases and Repayments of Debt and Equity Securities (continued)

(b) During the current quarter and financial period to date, XL had: (continued)

(iv) issued a series of Sukuk Ijarah namely Shelf Sukuk Ijarah III XL Axiata Tranche I Year 2022 (“Sukuk Ijarah III, Tranche I”) with maturity period between three (3) to ten (10) years on 1 September 2022 and was registered on Indonesia Stock Exchange (“IDX”) on 2 September 2022.

The details of Sukuk Ijarah III, Tranche I are as follows:

	Annual fixed Ijarah return ¹ IDR'million	Maturity date	IDR'million	Nominal value RM'million
Series A	45,962	1 Sep 2025	680,915	207.7
Series B	31,176	1 Sep 2027	421,300	128.5
Series C	10,676	1 Sep 2029	135,135	41.2
Series D	21,669	1 Sep 2032	262,650	80.1
			1,500,000	457.5

¹Payable on quarterly basis

(v) issued a series of bonds namely Shelf Bond II Tranche I Year 2022 (“Bond II, Tranche I”) with maturity period between three (3) to ten (10) years on 1 September 2022 and was registered on IDX on 2 September 2022.

The details of Bond II, Tranche I are as follows:

	Annual fixed interest rate ¹ %	Maturity date	IDR'million	Nominal value RM'million
Series A	6.75	1 Sep 2025	735,225	224.2
Series B	7.40	1 Sep 2027	411,855	125.6
Series C	7.90	1 Sep 2029	177,915	54.3
Series D	8.25	1 Sep 2032	175,005	53.4
			1,500,000	457.5

¹Payable on quarterly basis

(c) Axiata Digital Capital Sdn Bhd, a subsidiary of the Company had on 18 February 2022 established an asset-backed medium term notes programme (“MTN Programme”) via Salvare Assets Berhad (“Salvare”) involving issuance up to RM300.0 million.

On 31 March 2022, Salvare issued RM39.0 million Class A Senior Notes (“Notes”) pursuant to the MTN Programme. The Notes, which was issued at par, carries a coupon rate of 7.20% p.a. (payable quarterly in arrears) and has a tenure of thirty (30) months from the date of issuance, maturing on 30 September 2024.



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6. Issues, Repurchases and Repayments of Debt and Equity Securities (continued)

- (d) During the current quarter and financial period to date, Celcom Axiata Berhad (“Celcom”) had:
- (i) fully repaid its RM400.0 million Sukuk Murabahah Series 6 (“Series 6 Sukuk”) which matured on 29 August 2022. The Series 6 Sukuk carried a coupon rate of 4.20% per annum (payable semi-annually) and had a tenure of ten (10) years from the date of issuance; and
 - (ii) fully repaid its RM200.0 million Sukuk Murabahah Series 9 (“Series 9 Sukuk”) which matured on 29 August 2022. The Series 9 Sukuk carried a coupon rate of 4.85% per annum (payable semi-annually) and had a tenure of five (5) years from the date of issuance.
- (e) During the current quarter and financial period to date, edotco via its subsidiary edotco Malaysia Sdn Bhd (“edotco Malaysia”) established an Islamic medium-term note programme involving issuance of up to RM3.0 billion (“Sukuk Programme”). On 9 September 2022, edotco Malaysia has successfully issued RM1.4 billion series of Sukuk at par with maturity period between three (3) to ten (10) years.

The details of the Sukuk are as follows:

	<u>Annual fixed interest rate</u> ¹ %	<u>Maturity date</u>	<u>Nominal value</u> RM'million
Sukuk T1	3.93	9 Sep 2025	100.0
Sukuk T2	4.27	9 Sep 2027	600.0
Sukuk T3	4.44	9 Sep 2029	300.0
Sukuk T4	4.54	9 Sep 2032	400.0
			<u>1,400.0</u>

¹payable semi-annually

Aside from the above, there was no other significant issues, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2022.

7. Dividends Paid

The Company declared and paid the dividends during the financial period as below:

Date of payment	Description	Per ordinary share	Total
28 March 2022	Tax exempt dividend under single tier in respect of financial year ended 31 December 2021	Sen 5.5	RM'000 504,724



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8. Segmental Information

The Group has completed the acquisition of Link Net on 22 June 2022 where its core business is fixed broadband in Indonesia. Accordingly, the management has introduced and presented a new segment under Segmental Information, Fixed Broadband segment which has a consolidation of Link Net's financial results for the current quarter and financial period ended 30 September 2022.

For the financial period ended 30 September 2022

Segment	Mobile						Fixed BB ¹	Infrastructure	Others ²	Consolidation adjustments/ eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Indonesia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	5,025,611	6,413,822	3,045,806	1,866,014	1,050,872	1,219,777	320,934	1,804,966	892,718	-	21,640,520
Inter-segment ³	(7,293)	(5,659)	(63,199)	(7,011)	(3,001)	(24,799)	-	(906,732)	(188,300)	-	(1,205,994)
External operating revenue	5,018,318	6,408,163	2,982,607	1,859,003	1,047,871	1,194,978	320,934	898,234	704,418	-	20,434,526
Earnings before interest, tax, depreciation and amortisation ("EBITDA") ⁴	2,288,310	3,087,236	1,331,813	608,925	551,048	593,727	173,921	1,264,816	(317,055)	(470,035)	9,112,706
Finance income	45,576	16,455	2,323	19,975	13,229	13,837	237	18,723	91,088	(82,597)	138,846
Finance cost	(234,057)	(567,365)	(160,416)	(44,579)	(82,120)	(21,113)	(16,901)	(188,895)	(303,847)	258,523	(1,360,770)
Depreciation of PPE	(585,677)	(1,352,650)	(526,914)	(308,404)	(199,884)	(210,372)	(93,157)	(388,105)	(9,490)	18,763	(3,655,890)
Depreciation of ROU assets	(331,321)	(911,662)	(122,198)	(23,024)	(13,034)	(47,011)	(14,848)	(209,076)	(11,160)	351,931	(1,331,403)
Amortisation of IA	(49,430)	(1,124)	(232,297)	(38,537)	(101,159)	(10,184)	(4,774)	(52,754)	(31,718)	(190,436)	(712,413)
Joint ventures:											
- share of results (net of tax)	-	-	-	-	-	-	-	-	(7,941)	-	(7,941)
Associates:											
- share of results (net of tax)	13,367	2,859	-	(903)	-	(10,592)	-	-	(2,863)	-	1,868
Impairment of PPE (net of reversal)	-	(13)	(22,270)	(387)	-	-	(1,024)	(30,969)	-	-	(54,663)
Other income/(expense) ⁵	84,245	93,052	(202,625)	(554,539)	29,799	(79,344)	(3,070)	(112,604)	(573,511)	(3,190)	(1,321,787)
Taxation	(364,471)	(63,324)	(40,065)	(83,011)	(51,241)	(88,985)	(9,112)	(165,110)	(21,424)	49,167	(837,576)
Segment profit/(loss) for the financial period	866,542	303,464	27,351	(424,484)	146,638	139,963	31,272	136,026	(1,187,921)	(67,874)	(29,023)



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8. Segmental Information (continued)

For the financial period ended 30 September 2021

Segment	Mobile						Infrastructure	Others ²	Consolidation adjustments/eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,874,255	5,722,256	2,959,768	2,186,680	1,084,544	1,060,026	1,447,342	856,850	-	20,191,721
Inter-segment ³	(14,949)	(13,804)	(71,234)	(27,421)	(8,283)	(20,288)	(876,976)	(161,720)	-	(1,194,675)
External operating revenue	4,859,306	5,708,452	2,888,534	2,159,259	1,076,261	1,039,738	570,366	695,130	-	18,997,046
EBITDA ⁴	2,025,347	2,885,777	1,216,548	907,288	635,612	575,344	892,957	(312,987)	(463,777)	8,362,109
Finance income	52,058	18,166	3,397	5,773	7,714	7,368	17,734	227,675	(229,260)	110,625
Finance cost	(260,597)	(521,168)	(146,330)	(30,495)	(71,158)	(21,226)	(79,870)	(428,733)	441,341	(1,118,236)
Depreciation of PPE	(1,008,241)	(1,272,024)	(543,489)	(364,375)	(203,251)	(191,837)	(286,882)	(10,282)	25,558	(3,854,823)
Depreciation of ROU assets	(306,170)	(862,259)	(110,291)	(34,289)	(13,113)	(43,415)	(172,267)	(11,984)	320,370	(1,233,418)
Amortisation of IA	(46,388)	-	(216,171)	(60,220)	(98,494)	(9,730)	(24,277)	(25,654)	(175,735)	(656,669)
Joint venture:										
- share of results (net of tax)	(3,779)	-	-	-	-	-	-	(2,740)	-	(6,519)
Associates:										
- share of results (net of tax)	7,947	1,832	-	(281)	-	(1,701)	-	(1,176)	-	6,621
Impairment of PPE (net of reversal)	-	(7,655)	2,605	7,262	-	-	4,629	-	-	6,841
Other income/(expense)	191,321	145,273	(64,534)	(138,319)	7,159	(35,614)	3,532	(123,319)	22,816	8,315
Taxation	(138,914)	(74,756)	(60,475)	(32,512)	(83,805)	(58,821)	(127,117)	(17,313)	34,246	(559,467)
Segment profit/(loss) for the financial period	512,584	313,186	81,260	259,832	180,664	220,368	228,439	(706,513)	(24,441)	1,065,379

¹ Fixed broadband

² Others include the Company, digital businesses, special purpose vehicles and other entities.

³ Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

⁴ EBITDA consolidation adjustments/eliminations mainly due to inter-segment elimination for leases under MFRS 16.

⁵ Included in other expense is unrealised foreign exchange losses mainly arising from the revaluation of USD borrowings and working capital.



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9. Valuation of PPE

The Group does not adopt a revaluation policy on its PPE.

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM7,559.0 million mainly for its telecommunication network equipment and capital work in progress. Included in the additional PPE is a universal service provision assets of a subsidiary amounting to RM214.0 million and acquisition of telecommunication towers by a subsidiary amounting to RM2,447.9 million (including the capitalisation of asset retirement obligation provision and transaction costs).

11. Events after the Interim Period

(a) Mandatory Tender Offer (“MTO”) of Link Net

In conjunction with the acquisition of Link Net as disclosed in Part A, Note 4(b) of this announcement, All was obligated to conduct a tender offer by buying 934,845,500 ordinary shares of Link Net. The MTO ran from 30 August 2022 to 28 September 2022. On 6 October 2022, All completed the MTO for a total 921,503,429 ordinary shares of Link Net. As a result, All and XL, collectively hold an equity interest of 99.52% in Link Net.

(b) Incorporation of Smart Pay Limited (“Smart Pay”)

Robi Axiata Limited (“Robi”), a subsidiary of the Company, had on 3 October 2022 completed the incorporation of Smart Pay (Registration No C-184259/2022), a private company limited by shares, under the Bangladesh Companies Act 1994.

Smart Pay was incorporated with an issued and paid-up share capital of BDT200.0 million (RM9.2 million). The principal activity of Smart Pay is to establish and run a fintech-driven electronic payments and other related services for customers.

(c) Acquisition of Equity Interest in Headstart Private Limited (“Headstart”) by Dialog Axiata Digital Innovation Fund (Private) Limited (“DADIF”)

DADIF, a subsidiary of Digital Holdings Lanka (Private) Limited (“DHL”) which in turn an indirect subsidiary of the Company via Dialog Axiata Plc (“Dialog”), had on 7 October 2022, completed the acquisition of 1,000 ordinary shares representing 37.99% of the issued share capital of Headstart from R.A.C. Human Capital (Private) Limited, Hasitha Dela and Kanishka Senadheera (collectively known as “Existing Shareholders”) at a purchase consideration of SLR51.1 million (RM0.6 million).

(d) Dilution of Equity Interest in DADIF

DADIF had on 31 October 2022, issued 10,580 preference shares out of which 7,610 were issued to DHL and the remaining shares were issued to individual shareholders. Accordingly, DHL’s equity interest in DADIF decreased from 92.72% to 92.40%.



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11. Events after the Interim Period (continued)

(e) Signing of Access Agreement by Celcom Networks Sdn Bhd (“Celcom Networks”) with Digital Nasional Berhad (“DNB”)

On 31 October 2022, Celcom Networks, a wholly owned subsidiary of Celcom has entered into an Access Agreement with DNB to allow Celcom wholesale access to DNB’s 5G network for a period of ten (10) years.

(f) Members’ Voluntary Winding Up of Axiata Investments 2 (India) Limited (“AI2”)

AI2, a wholly owned subsidiary of the Company via Axiata Investments 1 (India) Limited, had on 17 November 2022, commenced the members’ voluntary winding up pursuant to the Companies Act 2001 of Mauritius. In relation thereto, Andrew Stephenson, Insolvency Practitioner of A3 Trochetia, Avenue Ylang Ylang, Quatre Bornes, Republic of Mauritius was appointed as the liquidator for AI2.

Barring any unforeseen circumstances, the winding up process is expected to be completed between six (6) to nine (9) months from the date of appointment of the liquidator.

Other than the above and as disclosed in Part A, Note 4(c)(iii), Part B, Note 6(a), 6(c) and Note 10 of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 18 November 2022.

12. Effects of Changes in the Composition of the Group

(a) Acquisition of Equity Interest in Infront Consulting Group (M) Sdn Bhd (“Infront Malaysia”)

On 26 August 2021, Celcom entered into the following agreements for the proposed acquisition and proposed subscription of a total of 362,827 ordinary shares in Infront Malaysia representing 60.00% of the enlarged issued and paid-up share capital of Infront Malaysia for a total cash consideration of RM5.5 million:

- (i) a conditional Share Purchase Agreement dated 26 August 2021 (“Infront Malaysia SPA”) entered into between Celcom and Redynamics Asia Sdn Bhd (“Vendor”) for the proposed acquisition of 258,115 Infront Malaysia shares from the Vendor for a total cash consideration of RM4.0 million, comprising an initial payment of RM2.0 million subject to adjustments in accordance with the terms of the Infront Malaysia SPA and deferred payments of RM2.0 million upon certain profit guarantee targets being achieved;
- (ii) a conditional Share Subscription Agreement dated 26 August 2021 (“SSA2”) entered into between Celcom as investor, Infront Malaysia as issuer and the Vendor for the proposed subscription by Celcom of 104,712 new Infront Malaysia shares at a subscription price of RM1.5 million; (hereinafter referred to as the “Proposed Infront Malaysia Acquisition”).

Both the Infront Malaysia SPA and the SSA2 shall be contemporaneous and conditional upon one another.

Upon completion of the Proposed Infront Malaysia Acquisition on 3 January 2022, Celcom has effectively owned 60.00% of Infront Malaysia resulting in Celcom becoming the beneficial owner of the said equity interest. As at 20 January 2022, Celcom became the legal owner of the 60.00% equity interest.

The acquisition above did not have material impact to the Group during the financial period to date.



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12. Effects of Changes in the Composition of the Group (continued)

(b) Acquisition of Equity Interest in Bridgenet Solutions Sdn Bhd (“Bridgenet Solutions”)

On 15 November 2021, Celcom entered into the following agreements for the proposed subscription and proposed acquisition of a total of 1,308,297 ordinary shares in Bridgenet Solutions representing 51.00% of the enlarged issued and paid-up share capital of Bridgenet Solutions for a total cash consideration of RM36.1 million:

- (i) a conditional Share Subscription Agreement dated 15 November 2021 (“Share Subscription Agreement”) entered into between Celcom, Bridgenet Solutions as issuer and Pang Cheng Hing, Leong Kin Man, Loy Kuang Haow and Queenie Lee Wei Leng (collectively known as “Existing Shareholders”) for the proposed subscription by Celcom of 565,289 new Bridgenet Solutions’ shares at a subscription price of RM15.6 million. As a result of the issuance of the subscriptions shares, Bridgenet Solutions’ issued ordinary shares will increase to 2,565,289 shares (“Enlarged Share Capital”);
- (ii) a conditional Share Sale Agreement dated 15 November 2021 (“SSA1”) entered into between Celcom and Existing Shareholders for the proposed acquisition of 743,008 of Enlarged Share Capital from the Existing Shareholders for a total cash consideration of RM20.5 million subject to adjustments in accordance with the terms of the SSA1; (hereinafter referred to as the “Proposed Bridgenet Solutions Acquisition”).

Both the Share Subscription Agreement and SSA1 shall be contemporaneous and conditional upon one another.

Upon completion of the Proposed Bridgenet Solutions Acquisition on 8 January 2022, Celcom has effectively owned 51.00% of Bridgenet Solutions resulting in Celcom becoming the beneficial owner of the said equity interest. As at 15 February 2022, Celcom became the legal owner of the 51.00% equity interest.

The acquisition above did not have material impact to the Group during the financial period to date.

(c) Accretion of Equity Interest in DADIF

DADIF, a subsidiary of DHL which in turn an indirect subsidiary of the Company via Dialog had:

- (i) from 1 January to 31 March 2022 (“Q1’22”), issued 30,754 preference shares out of which 30,276 were issued to DHL and the remaining shares were issued to an individual shareholder; and
- (ii) from 1 April to 30 June 2022 (“Q2’22”), issued 140,663 preference shares out of which 139,026 were issued to DHL and the remaining shares were issued to an individual shareholder.
- (iii) from 1 July to 30 September 2022 (“Q3’22”), issued 74,347 preference shares out of which 74,300 were issued to DHL and the remaining shares were issued to an individual shareholder.

Accordingly, DHL’s equity interest in DADIF increased from 89.04% to 89.67% in Q1’22, from 89.67% to 91.83% in Q2’22 and from 91.83% to 92.72% in Q3’22.

The accretion above did not have material impact to the Group during the current quarter and financial period to date.



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12. Effects of Changes in the Composition of the Group (continued)

(d) Accretion of Equity Interest in edotco Towers

edotco via its wholly owned subsidiary, edotco Investments (Labuan) Limited ("EIL") had on 13 April 2022 completed the subscription of 250,000,000 common shares of Philippines Peso ("PHP") 1.00 each representing 49.00% of the issued and paid-up share capital of edotco Towers for a cash consideration of PHP1.4 billion (RM113.6 million). Accordingly, EIL's equity interest in edotco Towers increased from 51.00% to 100.00%.

The accretion above did not have material impact to the Group during the financial period to date.

(e) Accretion of Equity Interest in Headstart

Headstart, a subsidiary of DHL which in turn an indirect subsidiary of the Company via Dialog, issued 608 ordinary shares to DHL on 24 May 2022 pursuant to the conversion of a loan granted by Dialog to Headstart to equity. Accordingly, DHL's equity interest in Headstart increased from 50.59% to 62.01%.

The accretion above did not have material impact to the Group during the financial period to date.

(f) Acquisition of Equity Interest in Hipernet

On 2 June 2022, XL completed the acquisition of 2,805 ordinary shares in Hipernet representing 51.00% of the issued and paid-up share capital of Hipernet for a cash consideration of IDR335.3 billion (RM100.9 million). Effectively, Hipernet became a subsidiary of the Group.

The impact of the acquisition is disclosed in Part A, Note 4(a) of this announcement.

(g) Acquisition of Equity Interest in Link Net

On 27 January 2022, All and XL signed a conditional share purchase agreement to jointly acquire an aggregate 1,816,735,484 ordinary shares representing 66.03% equity interest in Link Net from Asia Link Dewa Pte Ltd and PT First Media Tbk at IDR4,800 per ordinary share in Link Net for a total consideration of IDR8,720.3 billion (RM2.6 billion). The acquisition was completed on 22 June 2022 and Link Net became a subsidiary of the Group.

The impact of the acquisition is disclosed in Part A, Note 4(b) of this announcement.

(h) Dilution of Equity Interest in PT Princeton Digital Group Data Centers ("PDGDC")

On 4 August 2022, XL's equity interest in PDGDC decreased from 30.00% to 14.82% following to the issuance of new ordinary shares by PDGDC which were wholly acquired by Princeton Digital Group (Indonesia Alpha) Pte Ltd.

The dilution above did not have material impact to the Group during the current quarter and financial period to date.



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12. Effects of Changes in the Composition of the Group (continued)

(i) Acquisition of Equity Interest in Boost Biz Sdn Bhd (formerly known as ADS Digital Ventures Sdn Bhd) (“Boost Biz”) by Boost Holdings Sdn Bhd (“BHSB”)

BHSB, a subsidiary of Axiata Digital Services Sdn Bhd (“ADSSB”) which in turn is a subsidiary of the Company, had on 9 August 2022, completed the acquisition of 100 ordinary shares, representing the entire share capital of Boost Biz from ADSSB at a purchase consideration of RM1,000.

The acquisition above did not have material impact to the Group during the current quarter and financial period to date.

(j) Accretion of Equity Interest in Axiata Digital Services Sdn Bhd (“ADSSB”)

ADSSB, a subsidiary of the Company, issued an additional 166,386 ordinary shares to the Company on 30 September 2022 by way of conversion of the shareholder loan made by the Company to ADSSB to equity. Accordingly, the Company’s equity interest in ADSSB increased from 96.47% to 96.56%.

The accretion above did not have material impact to the Group during the current quarter and financial period to date.

(k) Dilution of Equity Interest in Dialog

On 30 September 2022, the Group’s equity interest in Dialog decreased from 82.74% to 82.27% following the issuance of new ordinary shares by Dialog to its eligible employees under Dialog’s Performance-Based Long-Term Incentive Plan.

The dilution above did not have material impact to the Group during the current quarter and financial period to date.

Other than the above, there was no other change in the composition of the Group for the financial period ended 30 September 2022.



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13. Significant Changes in Contingent Assets or Contingent Liabilities

The following is the material change in the Group's contingent liabilities since the last disclosed in the 2021 Audited Financial Statements and other than as disclosed in Part B, Note 10 of this announcement:

(a) Robi Tax Position

During the financial period to date, Robi received favourable outcome on its appeal from the National Board of Revenue of Bangladesh on certain disputed items in its tax provision computations for FY 2015 and FY 2017. In addition, an assessment order was also received for Robi's provisional tax computation for FY 2018. Consequently, Robi's potential exposure increased from BDT2,907.0 million (RM133.2 million) to BDT3,195.3 million (RM146.4 million).

Given that the remaining disputed items are consistent with prior year, based on the external legal advice received in the past, the Board of Directors are of the view that Robi has good prospects of succeeding on the remaining claims.

14. Capital Commitments

As at	Group	
	30 September 2022	31 December 2021
	RM'000	RM'000
<u>PPE</u> Commitments in respect of expenditure approved and contracted for	4,862,775	3,797,885



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15. Related Party Transactions

All related party transactions are entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124 “Related Party Disclosure”.

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

- receiving telecommunications services, including interconnection revenue/charges
- purchasing of goods, including use of public utilities and amenities, and
- placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

Set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	30 September 2022	30 September 2021
	RM'000	RM'000
Sale of telecommunication services to joint ventures	184,866	214,055
Sale of telecommunication services to associates	10,040	-
Purchase of network related services from associates	(104,878)	(93,115)
Revenue sharing with a joint venture	(409)	(1,028)
	30 September 2022	31 December 2021
Receivables from joint ventures	9,229	21,853
Receivables from associates	1,746	4,262
Payable to associates	(20,220)	(6,107)
Lease payable to associates	(123,419)	(123,316)



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16. Financial Instruments at Fair Value Measurements

The Group's financial instruments that were measured at fair value as at reporting date were as follow:

- Derivative financial instruments (assets and liabilities); and
- Securities

The Group measured the financial instruments based on:

- Level 1 (traded in active markets): Quoted market prices
- Level 2 (not traded in active markets): Valuation techniques such as quoted market prices or dealer quotes for similar instruments, present value of the estimated future cash flows based on observable market curves and forward exchange rates at reporting date with the resulting value discounted back to present value
- Level 3 (unobservable inputs): underlying assets' significant inputs are not available from observable market data

The Group's financial instruments were grouped as below:

Financial instruments	30 September 2022				31 December 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at FVTPL:								
-Trading securities	72	-	-	72	65	-	-	65
-Unquoted securities	-	-	7,400	7,400	-	-	5,678	5,678
-Non-hedging derivatives	-	45,653	-	45,653	-	45,653	-	45,653
-Derivative used for hedging	-	111,142	-	111,142	-	31,285	-	31,285
Financial assets at FVTOCI ¹ :								
-Equity securities	-	-	256,300	256,300	-	-	220,744	220,744
Liabilities								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(38,287)	-	(38,287)	-	(111,659)	-	(111,659)
Total	72	118,508	263,700	382,280	65	(34,721)	226,422	191,766

¹ Fair value of these instruments are obtained mainly from independent valuations.



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

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

1. Review of Performance

(a) Quarter-on-Quarter (Q3'22 vs Q3'21)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/09/2022	30/09/2021		
	RM'million	RM'million	RM'million	%
Revenue	7,260.3	6,543.0	717.3	11.0
EBITDA	3,203.6	2,859.4	344.2	12.0
EBIT ¹	1,102.2	875.4	226.8	25.9
PAT ²	(6.4)	463.1	(469.5)	->100
PATAMI ³	(52.4)	349.6	(402.0)	->100

¹ EBIT : Earnings before interest and tax

² PAT : Profit after tax

³ PATAMI : Profit after tax and minority interest

Group Performance

Compared to the preceding year's corresponding quarter (Q3'22 vs Q3'21), Group revenue grew by 11.0% to RM7,260.3 million. Consequently, Group EBITDA grew by 12.0% to RM3,203.6 million, while Group EBIT increased by 25.9% to RM1,102.2 million. At constant currency of Q3'21, revenue, EBITDA and EBIT would have increased by 16.5%, 15.9% and 27.1% respectively.

Group PAT and PATAMI both declined by more than 100% to a loss of RM6.4 million and RM52.4 million respectively, mainly impacted by significant foreign exchange losses of RM346.7 million, higher depreciation and amortisation, one-off additional fees (net of accruals) and penalties charged during the current quarter for the use of microwave equipment in prior years of RM151.6 million recorded by mobile operations in Cambodia, higher finance costs and taxes, partially cushioned by higher top lines.

Geographical Highlights

- **Malaysia:** Revenue grew by 5.4% to RM1,687.2 million mainly driven by improved prepaid performance, higher sale of devices and contribution from new subsidiaries, Infront Malaysia and Bridgenet Solutions, acquired to strengthen Information and Communications Technology ("ICT") solutions offering to enterprise customers. EBITDA increased by 11.4% to RM781.6 million, on the back of higher revenue and contained operating costs. PAT grew by 15.8% to RM317.4 million, driven by higher top lines lower finance costs, partially offset by higher taxes.
- **Indonesia:** Revenue increased by 13.1% to RM2,259.5 million, mainly due to higher prepaid data revenue, growth in the digital business and higher device sales. EBITDA grew by 8.1% to RM1,094.3 million. PAT grew by 22.8% to RM119.6 million, due to higher top lines, partially offset by higher depreciation and amortisation and higher finance costs.



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q3'22 vs Q3'21) (continued)

Geographical Highlights

- **Bangladesh:** Revenue grew by 0.7% to RM1,031.9 million, mainly driven by higher revenue from prepaid business. EBITDA increased by 7.3% to RM451.4 million, flow through from higher revenue and lower operating costs. Despite higher top lines, PAT fell by 67.2% to RM13.8 million, impacted by higher unrealised foreign exchange losses from USD denominated loans and working capital and higher taxes, partially cushioned by lower depreciation and amortisation.
- **Sri Lanka:** Revenue fell by 25.5% to RM575.4 million, mainly due to depreciation of the Sri Lankan Rupee ("SLR") against Ringgit Malaysia ("RM") resulting from the current macroeconomic crisis in Sri Lanka. At constant currency of Q3'21, revenue grew by 23.8%, driven by growth in hubbing business, higher data and software revenue. EBITDA (in RM) fell by 46.8% to RM174.0 million, flow through from lower revenue. PAT declined by 25.2% to RM84.6 million, mainly due to lower top lines, partially cushioned by lower depreciation and amortisation and foreign exchange gains in Q3'22 as opposed to foreign exchange losses in Q3'21.
- **Nepal:** Revenue fell by 3.7% to RM343.1 million due to lower prepaid voice and Value-added Service ("VAS") revenue. EBITDA declined by 20.0% to RM166.1 million, impacted by lower revenue and higher operating costs. PAT declined by 32.3% to RM38.9 million, mainly due to lower top lines and higher depreciation and amortisation, partially cushioned by higher foreign exchange gains and lower taxes.
- **Cambodia:** Revenue increased by 22.5% to RM455.9 million, driven by higher data revenue from growth in prepaid business and one-off revenue from expiry of scratch cards. EBITDA fell by 8.6% to RM186.9 million, impacted by one-off additional fees (net of accruals) charged during the current quarter for the use of microwave equipment in prior years of RM81.2 million. PAT fell significantly by more than 100% to a loss of RM19.4 million, resulting from lower top lines, one-off penalties on the above additional fees of RM70.4 million, and higher taxes. Excluding the said one-off prior years additional fees and penalties, the PAT is RM132.2 million.
- **Fixed Broadband (Indonesia):** The acquisition of Link Net was completed in June'22, with financial results consolidated from Q3'22 onwards. Contribution of Revenue, EBITDA and PAT are RM320.9 million, RM173.9 million, and RM31.3 million respectively.
- **Infrastructure:** Revenue increased by 26.6% to RM625.1 million from organic growth mainly from Bangladesh and contribution from new acquisition of towers. EBITDA grew by 62.2% to RM444.0 million, mainly flow through from higher revenue and contained operating costs. Despite higher top lines, PAT declined by more than 100% to a loss of RM58.0 million, impacted by higher depreciation and amortisation, unrealised foreign exchange losses from USD denominated loans and working capital, finance costs and taxes.



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1. Review of Performance (continued)

(b) Year-on-Year (YTD'22 vs YTD'21)

	Current Year to Date	Preceding Year Corresponding Period	Variance	
	30/09/2022	30/09/2021		
	RM'million	RM'million	RM'million	%
Revenue	20,434.5	18,997.0	1,437.5	7.6
EBITDA	9,112.7	8,362.1	750.6	9.0
EBIT	3,271.4	2,499.8	771.6	30.9
PAT	(29.0)	1,065.4	(1,094.4)	->100
PATAMI	(201.8)	702.9	(904.7)	->100

Group Performance

The Group recorded a total revenue of RM20,434.5 million for YTD'22, representing a 7.6% increase compared to the preceding year's corresponding period. Consequently, Group EBITDA increased by 9.0% to RM9,112.7 million with growth across all Operating Companies ("OpCos") except mobile operations in Sri Lanka and Nepal. Group EBIT increased by 30.9% to RM3,271.4 million, as there was accelerated depreciation of 3G assets amounting to RM300.7 million in YTD'21. Excluding this, EBIT would have increased by 16.8%, mainly flow through from higher EBITDA. At constant currency of YTD'21, revenue, EBITDA and EBIT would have increased by 10.6%, 10.8% and 31.5% respectively.

Group PAT and PATAMI both fell by more than 100% to a net loss of RM29.0 million and RM201.8 million respectively due to significant foreign exchange losses of RM1,299.2 million, mainly from USD denominated loans and working capital. Out of the foreign exchange losses, RM942.0 million are unrealised foreign exchange losses. In addition, Group PAT and PATAMI were impacted by higher finance costs, higher taxes and one-off additional fees (net of accruals) and penalties charged during the financial period ended 30 September 2022 for the use of microwave equipment in prior years of RM151.6 million. This was partially cushioned by higher top lines and lower depreciation and amortisation.

Geographical Highlights

- **Malaysia:** Revenue increased by 3.1% to RM5,025.6 million, mainly driven by growth in prepaid business and contribution from new subsidiaries, Infront Malaysia and Bridgenet Solutions, acquired to strengthen Information and Communications Technology ("ICT") solutions offering to enterprise customers. EBITDA improved by RM263.0 million, representing a 13.0% increase mainly due to higher revenue and contained operating costs. PAT increased by 69.1% to RM866.5 million as there was accelerated depreciation of 3G assets amounting to RM160.6 million, net of tax in YTD'21. Excluding this, PAT would have increased by 28.7%, attributed to higher top lines, partially offset by higher taxes.



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1. Review of Performance (continued)

(b) Year-on-Year (YTD'22 vs YTD'21) (continued)

Geographical Highlights (continued)

- **Indonesia:** Revenue increased by 12.1% to RM6,413.8 million mainly due to higher prepaid data revenue, growth in digital business and higher device sales. Consequently, EBITDA grew by 7.0% to RM3,087.2 million. Despite higher top lines, PAT fell by 3.1% to RM303.5 million, attributed to higher depreciation and amortisation, finance costs and lower one-off gains. In YTD'21, Indonesia recognized a gain on sale of indoor telecommunication infrastructure assets amounting to RM52.2 million, net of tax.
- **Bangladesh:** Revenue rose by 2.9% to RM3,045.8 million, mainly driven by higher revenue from prepaid business. Consequently, EBITDA grew by 9.5% to RM1,331.8 million. PAT declined by 66.3% to RM27.4 million, impacted by higher depreciation and amortisation, finance costs, and unrealised foreign exchange losses from USD denominated loans and working capital, partially cushioned by lower taxes.
- **Sri Lanka:** Revenue fell by 14.7% to RM1,866.0 million, mainly due to depreciation of the SLR against RM resulting from current macroeconomic crisis in Sri Lanka. At constant currency of YTD'21, revenue grew by 21.4% due to growth across core revenue segments, particularly hubbing business. EBITDA (in RM) declined by 32.9% to RM608.9 million, flow through from lower revenue. PAT fell by more than 100% to a net loss of RM424.5 million, mainly due to higher taxes from one-off Surcharge Tax and significant foreign exchange losses of RM482.8 million primarily from USD denominated loans and working capital. Out of the foreign exchange losses, RM246.9 million are unrealised foreign exchange losses.
- **Nepal:** Revenue fell by 3.1% to RM1,050.9 million mainly due to lower International Long Distance ("ILD") revenue coupled with lower voice revenue impacted by downward revision in interconnect rate since January 2022. EBITDA fell by 13.3% to RM551.0 million, flow through from lower revenue and impacted by higher operating costs. PAT declined by 18.8% to RM146.6 million due to lower top lines, partially cushioned by higher foreign exchange gains and lower taxes.



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1. Review of Performance (continued)

(b) Year-on-Year (YTD'22 vs YTD'21) (continued)

Geographical Highlights (continued)

- **Cambodia:** Revenue grew by 15.1% to RM1,219.8 million, primarily due to higher data revenue from growth in prepaid business and one-off revenue from expiry of scratch cards. EBITDA grew by 3.2% to RM593.7 million, driven by higher revenue, partially offset by one-off additional fees (net of accruals) charged during the financial period ended 30 September 2022 for the use of microwave equipment in prior years of RM81.2 million. PAT declined by 36.5% to RM140.0 million mainly due to one-off penalties on the above additional fees of RM70.4 million and higher taxes, partially cushioned by higher top lines. Excluding the said one-off prior years additional fees and penalties, the PAT is RM291.6 million.
- **Fixed Broadband (Indonesia):** The acquisition of Link Net was completed in June'22, with financial results consolidated from Q3'22 onwards. Contribution of Revenue, EBITDA and PAT are RM320.9 million, RM173.9 million, and RM31.3 million respectively.
- **Infrastructure:** Revenue increased by 24.7% to RM1,805.0 million from organic growth mainly from Bangladesh and contribution from new acquisition of towers. EBITDA grew by 41.6% to RM1,264.8 million, flow through from higher revenue and lower operating costs. Despite higher top lines, PAT fell by 40.5% to RM136.0 million, mainly resulting from higher depreciation and amortisation, unrealised foreign exchange losses in YTD'22 from USD denominated loans and working capital as opposed to unrealised foreign exchange gains in YTD'21, higher finance costs and taxes.



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1. **Review of Performance (continued)**

(c) **Comparison with Preceding Quarter's Result (Q3'22 vs Q2'22)**

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/09/2022	30/06/2022		
	RM'million	RM'million	RM'million	%
Revenue	7,260.3	6,704.3	556.0	8.3
EBITDA	3,203.6	3,010.6	193.0	6.4
EBIT	1,102.2	1,131.3	(29.1)	-2.6
PAT	(6.4)	(13.4)	7.0	52.2
PATAMI	(52.4)	(106.4)	54.0	50.7

Group Performance

Compared to the immediate preceding quarter (Q3'22 vs Q2'22), Group revenue grew by 8.3% to RM7,260.3 million from growth across all OpCos except mobile operations in Bangladesh and Nepal. Consequently, Group EBITDA grew by 6.4% to RM3,203.6 million. EBIT fell by 2.6% to RM1,102.2 million, impacted by higher depreciation and amortisation. At constant currency of Q2'22, revenue and EBITDA and EBIT would have increased by 9.0% and 7.2% respectively while EBIT would have decreased by 1.2%.

Group PAT and PATAMI both improved by 52.2% and 50.7% to a loss of RM6.4 million and RM52.4 million respectively, mainly driven by higher top lines, lower foreign exchange losses and taxes, partially offset by higher depreciation and amortisation, higher finance costs and one-off additional fees (net of accruals) and penalties charged during the current quarter for the use of microwave equipment in prior years of RM151.6 million recorded by mobile operations in Cambodia.

Geographical Highlights

- **Malaysia:** Revenue grew by 0.4% to RM1,687.2 million mainly from higher postpaid and Mobile Virtual Network Operator ("MVNO") revenue. EBITDA increased by 2.7% to RM781.6 million, due to higher revenue and lower operating costs. PAT grew by 11.1% to RM317.4 million, primarily flow through from higher top lines, partially offset by higher taxes.
- **Indonesia:** Revenue increased by 3.4% to RM2,259.5 million, due to higher prepaid data revenue. EBITDA grew by 3.3% to RM1,094.3 million, flow through from higher revenue. PAT fell by 9.4% to RM119.6 million, resulting from of higher finance costs and taxes, partially cushioned by higher top lines.
- **Bangladesh:** Revenue remained flat at RM1,031.9 million. EBITDA fell by 4.5% to RM451.4 million, impacted by higher operating costs. PAT increased by more than 100% to RM13.8 million, mainly due to lower depreciation and amortisation as there was a one-off impairment of assets in Q2'22, lower taxes, and unrealised foreign exchange losses mainly from USD denominated loans and working capital, partially offset by lower top lines.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'22 vs Q2'22) (continued)

Geographical Highlights (continued)

- **Sri Lanka:** Revenue grew by 3.5% to RM575.4 million due to higher data revenue and growth in hubbing business. Consequently, EBITDA increased by 14.7% to RM174.0 million. PAT increased by more than 100% to RM84.6 million, driven by higher top lines, foreign exchange gains in Q3'22 as opposed to foreign exchange losses in Q2'22 and lower taxes as there was a one-off Surcharge Tax in Q2'22.

Sri Lanka's mobile operation represents approximately 5% of the Group's net assets. Sri Lanka is engulfed in an economic and political crisis resulting from the impacts of large sovereign debt repayments, significant tax cuts and COVID-19 collectively depleting the limited foreign reserves of the country. As a result, the SLR depreciated by 82% against the USD during the period ended 30 September 2022. The current situation has caused a significant rise in inflation, upward revision of interest rates, higher taxes, prolonged power cuts and a shortage of essential supplies including fuel and medicine resulting in significant challenges in business operations. Dialog is sustaining its operations in this challenging period and will continue to monitor the situation and respond accordingly.

- **Nepal:** Revenue declined by 6.1% to RM343.1 million mainly due to lower voice revenue. Consequently, EBITDA fell by 11.6% to RM166.1 million. PAT fell by 38.5% to RM38.9 million, mainly impacted by lower top lines and higher taxes as there was a one-off credit for prior years taxes of RM12.7 million in Q2'22.
- **Cambodia:** Revenue increased by 15.9% to RM455.9 million, driven by higher data revenue from growth in prepaid business and one-off revenue from expiry of scratch cards. EBITDA fell by 11.2% to RM186.9 million, impacted by one-off additional fees (net of accruals) charged during the current quarter for the use of microwave equipment in prior years of RM81.2 million. PAT declined to a loss of RM19.4 million, mainly due to lower top lines, one-off penalties on the above additional fees of RM70.4 million and higher taxes. Excluding the said one-off prior years additional fees and penalties, the PAT is RM132.2 million.



AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'22 vs Q2'22) (continued)

Geographical Highlights (continued)

- **Fixed Broadband:** The acquisition of Link Net was completed in June'22, with financial results consolidated from Q3'22 onwards. Contribution of Revenue, EBITDA and PAT are RM320.9 million, RM173.9 million, and RM31.3 million respectively.
- **Infrastructure:** Revenue increased by 1.4% to RM625.1 million from organic growth mainly from Bangladesh. EBITDA grew by 3.7% to RM444.0 million, mainly flow through from revenue and contained operating costs. PAT fell by more than 100% to a loss of RM58.0 million, impacted by higher depreciation and amortisation, unrealised foreign exchange losses from USD denominated loans and working capital, finance costs and taxes.

Myanmar is one of the infrastructure segment's operating footprint and it represents approximately 5% of Group's net assets. On 1 February 2021, Myanmar announced one-year state of emergency which continues to date. On 11 February 2021, United States imposed targeted sanctions followed by European Union on 22 February 2021. Since then, the United States, United Kingdom and European Union continue to expand sanctions for companies and individuals with ties to the military. To-date, none of the expanded list include or cause our operation in Myanmar to be in violation to sanctions regulation. The Group is consistently communicating with all stakeholders including its employees, customers and vendors in Myanmar and will continue to closely monitor and assess the business, operational, financial and regulatory compliance risks to mitigate against any potential impact arising from this challenging environment.



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2. Headline Key Performance Indicators (“KPIs”) for the Financial Year Ending 31 December 2022

On 22 February 2022, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2022. The Group’s 2022 Headline KPIs announced were as below:

	FY 2022 Headline KPIs @ Constant rate¹
Revenue Growth ²	Mid single digit
Earnings before Interest, and Tax (“EBIT”) Growth	High single digit

Notes:

¹ Constant rate is based on FY21 Average Forex Rate (e.g. 1 USD = RM4.143)

² Revenue is based on revenue excluding device (“revenue ex-device”)

The Group posted strong operational performance in the first nine months of financial year ending 31 December 2022 with double digit growth in revenue and EBIT, contributed by all OpCos except Dialog in Sri Lanka and Ncell in Nepal. PATAMI however was impacted by significant unrealised forex losses mainly from USD-denominated borrowings, higher taxes and net finance cost.

Year on year (YTD’22 versus YTD’21), Celcom in Malaysia posted strong performance driven by higher prepaid revenue and contribution from new ICT subsidiaries, coupled with lower operating expenditure. XL in Indonesia is benefiting from improving competitive environment and strong data growth. Both Dialog’s and Robi’s revenue growth remain steady despite the macroeconomic headwinds, with profitability largely affected by strengthened USD against local currencies. Smart in Cambodia was adversely impacted by higher regulatory fees. Ncell in Nepal continues to face challenges as growth in domestic data business has not been able to offset the decline from International Long Distance (“ILD”) and the impact of lower interconnection rate.

Digital businesses remain resilient with strong revenue growth on the back of accelerated digitalisation amongst consumer and businesses. edotco records strong operational performance, benefitting from organic growth mainly from Bangladesh, and tower acquisitions in Malaysia and Philippines. The completion of the Link Net acquisition in Indonesia has also begun to contribute positively to Group profits.

While operational performance in YTD’22 remained encouraging, Board of Directors recognises the current global macroeconomic risks particularly in frontier markets such as Sri Lanka, Bangladesh and Nepal, and proactive measures are being taken to manage these risks.

The Board of Directors is confident that the Group is likely to exceed the headline KPIs based on operational performance. Nonetheless, weakening local currencies against USD and inflationary pressures will have unfavourable impact on the reported PATAMI of the Group in 2022.



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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 September 2022.

4. Revenue

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
<u>Disaggregation of revenue from contracts with customers under MFRS 15:</u>				
Goods or services transferred:				
-at a point in time	575,180	415,618	1,435,362	1,205,593
-over time	6,358,841	5,963,865	18,131,747	17,319,344
<u>Revenue under other MFRS:</u>				
Lease and services of passive infrastructure	314,424	158,310	837,135	458,692
Financial institution interest income	11,873	5,170	30,282	13,417
	7,260,318	6,542,963	20,434,526	18,997,046

5. Taxation and Zakat

The taxation charge and zakat for the Group comprises:

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	RM'000	RM'000	RM'000	RM'000
Income tax	205,657	230,245	663,864	466,768
Deferred tax	55,292	(35,094)	159,629	92,755
Zakat	14,015	11	14,083	(56)
Total taxation and zakat	274,964	195,162	837,576	559,467

The current quarter and financial period to date's effective tax rate of the Group are higher than the statutory tax rate mainly due to non-deductible expenses, varying tax regimes, blended statutory tax rates, one-off Prosperity Tax (Cukai Makmur) in Malaysia and Surcharge Tax in Sri Lanka.



AXIATA GROUP BERHAD
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6. Status of Corporate Proposals

(a) Proposed Merger of Celcom Axiata Berhad (“Celcom”) and Digi.com Berhad (“Digi”)

On 8 April 2021, the Company announced that the Company and Telenor Asia Pte Ltd (“Telenor Asia”) (collectively, the “Parties”) are in advanced discussions to undertake a merger of the telco operations of Celcom and Digi (“MergeCo”).

On 21 June 2021, the Company announced that the Parties have successfully concluded the due-diligence exercise and signed the following agreements for the proposed merger between Celcom and Digi (“Proposed Merger”):

- (i) conditional share purchase agreement with Digi (“SPA”); and
- (ii) master transaction agreement with Telenor Asia and Telenor ASA (“Telenor”) (“MTA”).

On the closing of the SPA, the Company intends to enter into a shareholders’ agreement with Telenor Asia and Telenor to establish the respective rights and obligations of the parties with respect to the activities and governance of MergeCo as well as ownership and disposition of the securities in MergeCo (“SHA”). (The SPA, MTA and the agreed form of the SHA are collectively referred to as the “Transaction Agreements”).

At completion, the merger of Celcom and Digi will result in the Company receiving newly issued ordinary shares in Digi, representing 33.10% of the enlarged issued share capital of Digi, cash consideration of RM2.0 billion adjusted with movement in net debt and working capital of which RM1.7 billion from Digi as new debt and RM297.9 million from Telenor Asia for the purpose of ownership equalisation under the terms of the Transaction Agreements.

On 28 June 2022, Malaysian Communications and Multimedia Commission (“MCMC”) has issued to Celcom and Digi, a Notice of No Objection (“Notice”) dated 28 June 2022. The Notice was issued further to MCMC’s completion of its assessment of the Proposed Merger and Celcom and Digi’s application for authorisation of conduct on 16 June 2022 and notifies Celcom and Digi that MCMC does not object to the Proposed Merger. The Notice also states that MCMC has reviewed the undertakings offered by Celcom and Digi in connection with the application (“Undertaking”).



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6. Status of Corporate Proposals (continued)

(a) Proposed Merger of Celcom Axiata Berhad (“Celcom”) and Digi.com Berhad (“Digi”) (continued)

Celcom and Digi believe that the Undertaking fully addresses the issues identified by MCMC and ensures that consumers in Malaysia will continue to benefit from effective competition in mobile telecommunications services. The Undertaking includes:

- (i) Divestment of 70 MHz of MergeCo’s spectrum across 1800 MHz, 2100 MHz, and 2600 MHz, the first band to be returned to MCMC within 24 months after completion of the merger and the second and third bands to be returned within 36 months after completion of the merger;
- (ii) Establishing a separate independent business unit for Mobile Virtual Network Operator (“MVNO”) wholesale business under MergeCo within 6 months after completion of the merger and ensuring continuity of access to wholesale services for MVNOs at terms no worse off than existing agreements;
- (iii) Divestment of Celcom’s “Yoodo” brand within the stipulated time after completion of the merger as committed to MCMC, which currently offers fully digital and customisable retail mobile plans to subscribers;
- (iv) Enabling non-exclusive distributors in the Sabah, Sarawak, Kelantan, Pahang and Terengganu regions by the end of Year 3 after completion of the merger; and
- (v) Positioning the existing Digi and Celcom brands as products under a single MergeCo corporate brand by the end of Year 2 after completion of the merger.

On 15 September 2022, Securities Commission Malaysia (“SC”) vide its letter dated 15 September 2022, approved the Proposed Merger under Section 214(1) of the Capital Markets and Services Act, 2007, subject to CIMB Investment Bank Berhad and Digi complying with certain terms and conditions contained in the said letter. The SC had also, vide the same letter, approved the Proposed Merger under the Bumiputera equity requirement for public listed companies in relation to the resultant equity structure of Digi pursuant to the Proposed Merger.

On 18 November 2022, both the shareholders of the Company and Digi have approved the Proposed Merger at its respective extraordinary general meetings.

Completion of the transaction will be subject to the fulfilment of the conditions precedents of the SPA. Barring unforeseen circumstances, the Proposed Merger is expected to be completed on 30 November 2022.



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6. Status of Corporate Proposals (continued)

(b) XL Issuance of Rights Issues

On 10 August 2022, the shareholders of XL via extraordinary general meeting approved XL's plan to increase capital with pre-emptive rights through Limited Public Offering III ("LPO III") mechanism with a maximum 2,750,000,000 new shares with nominal value of IDR100 per share and the amendment of XL's Article of Association in connection with the implementation of LPO III. The Company's participation as a subscriber to the LPO III and to act as the standby buyer is subject to prior approval of Bank Negara Malaysia ("BNM") in accordance to BNM's Foreign Exchange Notice 3: Investment In Foreign Currency Assets.

(c) Share Subscription in Digital Nasional Berhad ("DNB") by Celcom Mobile Sdn Bhd ("Celcom Mobile")

On 7 October 2022, Celcom Mobile, a wholly owned subsidiary of Celcom entered into a conditional share subscription agreement with DNB for the proposed subscription of:

- (i) 100,000 of new DNB shares; and
- (ii) 178.47 million DNB rights to allotment,

which represents 12.50% equity interest in the enlarged DNB for a total cash consideration of RM178.6 million.

Pursuant to the terms of the conditional share subscription agreement with DNB, in the event the Proposed Merger is not completed by 30 June 2023, Celcom Mobile shall subscribe for an additional 113.10 million DNB Rights to Allotment, for cash consideration of RM113.10 million, such that its equity interest in the enlarged DNB will increase from 12.50% to 17.50%.

Under the terms of the conditional share subscription agreement with DNB entered into by Celcom Mobile and Digi Tel respectively with DNB, if the Proposed Merger completes, their collective equity interest in DNB shall not be more than 25.00% of the aggregate issued DNB Shares and granted DNB Rights to Allotment. In the event of non-completion of the Proposed Merger, Celcom Mobile will hold 17.50% equity interest in the enlarged DNB.

The conditional share subscription agreement with DNB is expected to be completed during the fourth quarter of 2022, subject to fulfilment of the following conditions precedent:

- (i) the execution of an access agreement between a related corporation of Celcom Mobile and DNB for the offtake of wholesale 5G services nationwide by that related corporation of Celcom Mobile;
- (ii) the execution of a shareholders' agreement between Celcom Mobile, DNB and other investors under the other share subscription agreements and Minister of Finance (Incorporated) ("MoF Inc.");



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6. Status of Corporate Proposals (continued)

(c) Share Subscription in Digital Nasional Berhad (“DNB”) by Celcom Mobile Sdn Bhd (“Celcom Mobile”) (continued)

The conditional share subscription agreement with DNB is expected to be completed during the fourth quarter of 2022, subject to fulfilment of the following conditions precedent: (continued)

- (iii) the approval of the Minister for the changes required to the NFP and NSP licenses held by DNB to enable DNB to meet its obligations under the conditional share subscription agreement;
- (iv) the amendment of the DNB Board Charter with written approval from the MCMC;
- (v) written consent from DNB's lenders;
- (vi) written consent or waiver from major vendors of DNB; (vii) written confirmation from the MCMC that no merger approval is required for the subscription of 100,000 new DNB Shares and 178.47 million DNB Rights to Allotment under the conditional share subscription agreement and the other share subscription agreements;
- (viii) a certified true copy of an extract of the shareholder's resolution of DNB approving the execution, delivery and performance of its obligations under the conditional share subscription agreement;
- (ix) a letter from MoF Inc. waiving its pre-emptive rights on the issue of 100,000 new DNB Shares and 178.47 million DNB Rights to Allotment to Celcom Mobile;
- (x) written consent by the MoF Inc. to grant to Celcom Mobile a put option where Celcom Mobile may put to and require the MoF Inc. to purchase all shares owned by Celcom Mobile at RM 1.00 per share in the event the MCMC (or any government agency with the relevant authority) determines that:
 - (a) DNB is no longer the single wholesale provider of 5G services in Malaysia; or
 - (b) any MCMC licensee(s) (including Celcom Mobile) is entitled to re-deploy its existing spectrum to provide 5G services or is otherwise provided with or acquires spectrum to provide 5G services, whether on a wholesale or retail basis; and

Other than the above, there was no other corporate proposal announced but not completed as at 18 November 2022.



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7. Group's Borrowings and Debt Securities

(a) Breakdown of the Group's borrowings and debt securities were as follows:

	30 September 2022		31 December 2021	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	411,251	2,644,318	280,123	1,024,917
Unsecured	6,479,402	18,309,971	3,951,293	13,794,162
Total	6,890,653	20,954,289	4,231,416	14,819,079

(b) Foreign currency borrowings and debt securities in RM equivalent were as follows:

Foreign Currencies	30 September 2022	31 December 2021
	RM'000	RM'000
USD	14,322,854	10,230,291
IDR	6,142,295	3,030,562
BDT	396,340	393,160
SLR	172,996	485,941
NPR	747,478	716,297
PHP	1,780,942	-
Others	104,769	137,510
Total	23,667,674	14,993,761



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8. Outstanding Derivatives

(a) The details of the Group's outstanding net derivatives financial instruments set out as follow:

Type of derivative financial instruments	30 September 2022		31 December 2021	
	Notional value	Fair value favourable/ (unfavourable)	Notional value	Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
<u>Cross currency interest rate swaps:</u>				
- < 1 year	836,550	39,461	-	(20,497)
- > 3 years	4,647,500	26,245	4,177,500	(60,484)
<u>Convertible warrants in an associate:</u>				
- 1 - 3 years	19,251	43,342	-	-
- > 3 years	-	-	19,251	43,342
<u>Interest rate swaps:</u>				
- < 1 year	-	659	-	121
- 1 - 3 years	743,600	6,490	334,200	486
<u>Call option:</u>				
- > 3 years	5,438	2,311	4,888	2,311
Total		118,508		(34,721)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2021 Audited Financial Statements.

9. Fair Value Changes of Financial Liabilities

There was no derivative financial instrument which is marked to market as at the date of financial statement position that requires the recognition of fair value changes to the consolidated profit or loss for the current quarter and financial period to date.



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10. Material Litigations

The status of material litigation of the Group is as follows:

(a) Celcom Axiata Berhad (formerly known as Celcom (Malaysia) Berhad) (“Celcom”) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) vs Tan Sri Dato’ Tajudin bin Ramli (“TSDTR”) & 6 Others

On 24 October 2008, Celcom and Celcom Resources commenced proceedings against five (5) of its former directors, namely (i) TSDTR, (ii) Dato’ Bistaman bin Ramli (“DBR”), (iii) Dato’ Lim Kheng Yew (“DLKY”), (iv) Axel Hass (“AH”), and (v) Oliver Tim Axmann (“OTA”) (the Defendants named in items (iv) and (v) are collectively referred to as the “German Directors”), as well as (vi) DeTeAsia Holding GmbH (“DeTeAsia”) and (vii) Beringin Murni Sdn. Bhd. (collectively with the German Directors referred to as “Defendants”).

Celcom and Celcom Resources are seeking for damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing Celcom and Celcom Resources to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 (“the 2002 Supplemental Agreement”) and the Amended and Restated Supplemental Agreement dated 4 April 2002 with DeTeAsia (“the ARSA”) in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and DBR (“Main Suit 1”).

Separately, Celcom and Celcom Resources reached an amicable settlement with DLKY and the said companies filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, TSDTR and DBR filed a statement of defence (“Defence for Main Suit 1”) and counterclaim against Celcom, Celcom Resources and Telekom Malaysia Berhad (“TM”), seeking among others payment of the sum of RM6,246.5 million or alternatively the sum of RM7,214.9 million together with interest, being the amount claimed by TSDTR and DBR in their counterclaims filed in the Kuala Lumpur High Court, Suit No. D2-22-673-2006 (“Danaharta Suit”) which was subsequently withdrawn pursuant to a purported global settlement which did not include Main Suit 1 (“TSDTR and DBR’s Counterclaim for Main Suit 1”). The German Directors filed their respective defences on 30 June 2016. TM filed an application to intervene in the Main Suit 1 in light of the allegations made against TM in TSDTR and DBR’s Counterclaim against Main Suit 1.

The trial and TSDTR and DBR’s Counterclaim for Main Suit 1 commenced on 22 January 2018. Celcom and Celcom Resources obtained leave to continue proceedings against TSDTR and DBR in light of a Receiving Order and Adjudication Order (“ROAO”) obtained against TSDTR and DBR on 8 May 2018. TSDTR and DBR were also granted leave to defend their case and continue with the TSDTR and DBR Counterclaim against Main Suit 1.

The application for leave to discontinue the trial and record consent judgement against DeTeAsia and the German Directors was heard on 19 November 2021. Oral submissions by parties against TSDTR and DBR was heard by the Kuala Lumpur High Court on 20 April 2022. The Kuala Lumpur High Court has fixed the hearing date on 13 December 2022.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources instituted a claim against nine of its former directors (namely (i) TSDTR, (ii) DBR, (iii) DLKY, (iv) Dieter Sieber ("DS"), (v) Frank-Reinhard Bartsch ("FRB"), (vi) Joachim Gronau, (vii) Joerg Andreas Boy ("JAB"), (viii) AH, and (ix) OTA), (the Defendants named in items (iv) to (ix) collectively referred to as the "German Directors") (collectively referred to as "Defendants").

Celcom and Celcom Resources are seeking an indemnity from the Defendants, for the sums paid by Celcom to DeTeAsia in satisfaction of the award granted in August 2005 ("Award") handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris ("ICC") alleging that they had breached their fiduciary duties by causing Celcom Resources to enter into a Subscription Agreement dated 25 June 1996 with Deutsche Telekom AG ("Subscription Agreement"), and Celcom and Celcom Resources to enter into the ARSA with TR International Ltd and DeTeAsia whilst they were directors of Celcom and Celcom Resources.

In addition, Celcom and Celcom Resources have also made a claim against TSDTR only, for return of the alleged unauthorised profits made by him, all monies received by the directors arising out of such breaches, losses and damages in connection with the abovementioned agreements ("Main Suit 2").

In brief, Celcom and Celcom Resources are seeking for the following:

- (i) a declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
 - (aa) the sum of USD177.2 million (RM823.7 million) being the principal sum plus USD16.3 million (RM75.5 million) representing interest at the rate of 8.0% for the period from 16 October 2002 to 27 June 2003;
 - (bb) the cost of arbitration amounting to USD0.8 million (RM3.8 million); and
 - (cc) the sum of USD1.8 million (RM8.4 million) representing the legal costs.
- (ii) damages for various breaches of fiduciary duties committed by them in relation to the entry into the Subscription Agreement and the ARSA.
- (iii) the unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

The Kuala Lumpur High Court has ruled that the claim against the nine directors as well as Main Suit 2 will be jointly heard with the claims as set out in 10(a) above.

Celcom and Celcom Resources have reached an amicable settlement and entered into a settlement agreement with DeTeAsia and the German Directors dated 15 November 2021 in relation to Main Suits 1 and 2. The settlement was entered into without any admission of liability by the parties and pursuant to the above, Celcom and Celcom Resources will discontinue Main Suits and without liberty to file afresh against DeTeAsia and the German Directors.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom & Another vs TSDTR & 8 Others (continued)

The proceedings against TSDTR and DBR in relation to Main Suits 1 and 2 will continue subject to new directions from the Court following discontinuation of the same against DeTeAsia and the German Directors.

(c) Robi Axiata Limited ("Robi") vs Commissioner of Large Taxpayer Unit ("LTU-VAT") and Ors. (SIM Replacement Tax)

Robi SIM Replacement Dispute 2007-2011

On 17 May 2015, the LTU-VAT of the National Board of Revenue ("LTU-VAT of the NBR") issued a revised demand letter for BDT4,145.5 million (RM189.9 million) [the earlier show cause letter dated 23 February 2012 for BDT6,549.9 million (RM300.0 million)] ("2007 to 2011 Revised Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi for the duration from March 2007 to June 2011 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi's appeal.

In September 2017, Robi filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal's decision ("VAT Appeal No.1"). This VAT Appeal No. 1 is currently pending for hearing before the High Court Division.

Robi SIM Replacement Dispute July 2012 to July 2015

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2,852.0 million (RM130.6 million) ("2012 to 2015 Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

On 18 February 2018, Robi filed an appeal against the 2012 to 2015 Claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers' numbers. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

Robi then filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal's decision ("VAT Appeal No.2").



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(c) Robi Axiata Limited (“Robi”) vs Commissioner of Large Taxpayer Unit (“LTU-VAT”) and Ors. (SIM Replacement Tax) (continued)

Robi SIM Replacement Dispute July 2012 to July 2015 (continued)

On 23 November 2020, both VAT Appeal No.1 and VAT Appeal No.2 pending in the High Court Division were fixed for hearing whereupon the High Court Division ordered parties to file the remaining paper books.

On 3 December 2020, the High Court Division took the view that Robi needed to file a revision application for the VAT Appeal No. 2 under the new VAT and Supplementary Duty Act 2012 which became effective on 1 July 2019, and pursuant thereto, to deposit a further 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR.

Robi has filed written arguments against such views on the basis that the new VAT and Supplementary Duty Act 2012 is not applicable. This legal point was heard on 2 March 2021 in which the High Court Division dismissed Robi’s argument and advised Robi to file a revision application under the new VAT and Supplementary Duty Act 2012, to which Robi had on 23 March 2021 filed the Civil Miscellaneous Petition for Leave to Appeal (“CMP”) before the Appellate Division contending the dismissal. Pending the hearing of the CMP by the Appellate Division, the High Court Division issued a certified copy of the judgement on maintainability on 23 August 2021. Robi subsequently filed a Civil Petition for Leave to Appeal (“CP”) before the Appellate Division of the Supreme Court of Bangladesh. The CP is now pending for hearing.

(d) Robi vs LTU-VAT of the NBR (VAT Audit)

The LTU-VAT of the NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9,245.0 million (RM423.5 million). Robi filed writ petitions for judicial review) on 3 May 2018 to challenge these claims. The details are as below. The LTU-VAT of the NBR referred the matter to the Directorate General of Audit Intelligence and Investigation (“DGAI”) to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

- (i) the first show cause cum demand notice for BDT7,118.2 million (RM326.1 million) was issued based on the credit balance of VAT payable General Ledger (“GL”) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, the LTU-VAT of the NBR asked for month-on-month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The LTU-VAT of the NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(d) Robi vs LTU-VAT of the NBR (VAT Audit) (continued)

- (ii) the second show cause cum demand notice for BDT910.5 million (RM41.7 million) alleges unpaid VAT on merger and spectrum fee. The LTU-VAT of the NBR which collected merger fee/spectrum information from the Bangladesh Telecommunication Regulatory Commission ("BTRC") in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. This issue has already been covered in item (i), nevertheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iii) the third show cause cum demand notice for BDT16.5 million (RM0.8 million) is to claim that VAT is payable on interconnection charges from Bangladesh Telecommunications Limited ("BTCL") for 2012. The output VAT for BTCL service to customer is centrally collected by the LTU-VAT of the NBR and that BTCL cannot adjust input VAT on interconnection charges payable to Robi. Therefore, BTCL did not pay the VAT on same to Robi. This issue has already been covered in item (i), nonetheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iv) the fourth show cause cum demand notice for BDT35.7 million (RM1.6 million) is to claim that VAT is payable on interconnection charges from BTCL for 2013 to 2016 (the issue is same as item (iii) of this case but relating to different period (2013-2016)).
- (v) the fifth show cause cum demand notice for BDT1,164.1 million (RM53.3 million) is for VAT rebate cancellation on imported telecom items. The LTU-VAT of the NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Pursuant to re-examinations of the aforementioned demand notices by the DGAI, the LTU-VAT of the NBR issued 4 new show cause notices dated 22 March 2020 to Robi on the cumulative amount of BDT7,459.5 million (RM341.7 million) for the period of January 2013 to December 2016, details of which are set out as follows:

- (i) the first show cause notice is on BDT3,676.0 million (RM168.4 million) in relation to VAT deducted at source on grounds of (I) withholding VAT on handsets; (II) withholding VAT on dealer's commission; (III) withholding VAT not paid on revenue sharing on the basis of audited financial statements; (IV) less withholding VAT paid on the basis of audited accounts etc.
- (ii) the second show cause is on BDT394.3 million (RM18.1 million) in relation to VAT of BDT368.6 million (RM17.4 million) and supplementary duty payment of BDT25.7 million (RM1.2 million) based on Robi's audited financial statements.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(d) Robi vs LTU-VAT of the NBR (VAT Audit) (continued)

- (iii) the third show cause notice is on BDT1,308.0 million (RM59.9 million) in relation to VAT on revenue sharing.
- (iv) the fourth show cause notice is on BDT2,081.2 million (RM95.3 million) in relation to VAT rebate cancellation.

Robi has filed writ petitions for judicial review on 27 June 2020 to the High Court Division against these 4 new show-cause notices. The High Court Division subsequently issued a rule nisi in favour of Robi on 31 August 2020 and the rule nisi is pending for hearing.

(e) Robi vs BTRC

The BTRC conducted an audit on Robi's information system for the years between 1997 to 2014 and issued a claim of BDT8,672.4 million (RM397.3 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 30 May 2019.

On 13 June 2019, notwithstanding Robi's Notice of Arbitration, the BTRC directed Robi to make payment for the Information System Audit Claim within 10 days. Challenging the demand, Robi filed a suit on 25 August 2019 before the Joint District Judge, Dhaka seeking a declaration and permanent injunction against BTRC's Information System Audit Claim. The District Court admitted the suit.

Additionally, Robi filed an application seeking an ad interim relief in relation to: (i) temporary injunction restraining BTRC from demanding payment of the Information System Audit Claim; (ii) temporary injunction restraining BTRC from causing any interference with the operation of Robi's mobile telecommunication services; and (iii) direction from the court to the effect that BTRC shall issue all relevant No Objection Certificate(s) for the importation of telecommunication equipment and software, and grant all relevant approvals for tariff, service, package, etc. as and when required by Robi from time to time.

The abovementioned application for ad interim relief was dismissed on 1 September 2019 by the Joint District Judge, Dhaka. Robi referred an appeal before the High Court Division in respect of the rejection of temporary injunction application on 5 September 2019.

On 5 January 2020, the High Court Division issued an injunction upon BTRC on condition that Robi deposit BDT1,380.0 million (RM69.0 million) in five installments. Robi has deposited these five equal installments as of 31 May 2020. This matter is currently pending for hearing before the Joint District Judge in Dhaka.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(f) Robi vs LTU-VAT of the NBR (VAT Rebate Cancellation)

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain services and goods related to capital machineries (i.e. antenna, cable, media gateway switch, battery, modem, telephone and telegraphic switch, power system, optical multi service systems, universal service router, printed service board, racks, etc.). The LTU-VAT of the NBR cancelled the rebates and issued the following demand notices cumulatively for BDT3,636.2 million (RM166.5 million) to which Robi is challenging:

- (i) the demand notice for the period of March 2012 to April 2013 is for BDT830.6 million (RM38.0 million).
- (ii) the demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM27.3 million).
- (iii) the demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM45.5 million).
- (iv) the demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM1.9 million).
- (v) the demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM32.4 million).
- (vi) the demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM21.4 million).

Robi filed VAT appeals to the High Court Division on 26 August 2013 for item (i), 21 January 2019 for items (ii) to (v), and on 1 June 2020 for item (vi). For item (i), Robi paid the amount in full. For items (ii) to (vi), Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the VAT Act 1991.

All the cases are currently pending for hearing before the High Court Division.



10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(g) Robi vs The Commissioner of Taxes

The Commissioner of Taxes assessed the income tax return of Robi and disallowed certain losses and expenses (i.e. subsidy on acquisition expenses/promotional expense (SIM tax subsidy), foreign exchange losses, non-adjustment of depreciation allowances, etc.) and further determined the income tax payable as follows:

- (i) for the assessment year 2013-2014, BDT2,273.6 million (RM104.1 million) and interest of BDT378.2 million (RM17.3 million);
- (ii) for the assessment year 2014-2015, BDT2,246.3 million (RM102.9 million) and interest of BDT414.4 million (RM19.0 million); and
- (iii) for the assessment year 2015-2016, BDT2,263.2 million (RM103.7 million) and interest of BDT295.3 million (RM13.5 million).

Robi has referred its appeals to the High Court Division against the Commissioner of Taxes' respective determination and such appeals are pending hearing before the High Court Division.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(h) Dialog Broadband Networks (Private) Limited (Amalgamated with Suntel Limited) (“DBN”) vs Electroteks Network Services (Private) Limited (“Electroteks”)

On 20 November 2001, DBN initiated a claim against Electroteks for SLR68.8 million (RM0.9 million) to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for SLR4,200.0 million (RM53.3 million) together with the interest thereon and it was allowed by the court (“Counterclaim Judgment”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for SLR1,000.0 million (RM12.7 million) and a corporate guarantee for SLR3,200.0 million (RM40.6 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court of Sri Lanka on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is SLR11,608.9 million (RM147.3 million).

Electroteks has filed a revision application in the Supreme Court of Sri Lanka under Case Number SC/MISC/3/2019 against the Judgment delivered by the Supreme Court of Sri Lanka and the matter came up for support on 17 May 2019. On that date, the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019, no direction was made by the Supreme Court.

The matter was supported on 14 September 2020. The order was reserved by the Supreme Court.



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(i) Axiata Investments (UK) Limited (“Axiata UK”) and Ncell Axiata Limited (“Ncell”) vs Nepal (ICSID Case No. ARB19/15) - Arbitration of Axiata UK and Ncell vs Nepal

On 16 April 2019, the Large Taxpayer Office of Nepal (“LTPO”) issued demand letter for Ncell to pay NPR39,060.7 million (RM1,384.6 million) in allegedly outstanding capital gains tax (“CGT”) (including interest and penalties) in connection with Axiata UK’s acquisition of 100.0% of the share of Reynolds Holding Limited (“Reynolds”), which owns 80.0% of the shares of Ncell (“Transaction”) with such payment to be made within seven days.

Axiata UK and Ncell have filed a Request for Arbitration (“Request”) with the International Centre for the Settlement of Investment Disputes (“ICSID”) pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments (“Bilateral Investment Treaty”).

Axiata UK and Ncell’s claims as set out in the Request relate to Nepal’s conduct in contravention of its international law obligations under the Bilateral Investment Treaty on the Transaction.

Axiata UK and Ncell dispute the entirety of the CGT allegedly payable by Ncell in connection with the Transaction and will argue, among other things, that the imposition of CGT by Nepal in relation to the Transaction is unlawful. Axiata UK and Ncell will seek remedies including restitution of sums already paid, a permanent injunction against further attempts to collect CGT from Ncell in connection with the Transaction and damages for all losses suffered in consequence of Nepal’s unlawful conduct. Ncell has paid a total of NPR47,009.9 million (RM1,666.4 million) in alleged outstanding CGT.

Pursuant to the ICSID, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator. The arbitration tribunal (“Tribunal”) was fully constituted on 18 October 2019, the other members being Paul Friedland (American) and Professor Joongi Kim (Korean, presiding arbitrator).

On 18 December 2019, the Tribunal granted Axiata UK and Ncell’s application for provisional measures in large part and ordered that Nepal, its organs, agencies and officials, including the LTPO and the IRD, immediately be restrained from:

- (i) taking any steps to enforce or otherwise give effect to the demand letter served by the LTPO against Ncell dated 6 December 2019 in which the LTPO demanded that Ncell pay NPR22,445.1 million (RM795.6 million) in allegedly outstanding CGT (including interest and penalties) in connection with the Transaction; and
- (ii) taking any steps which would alter the status quo between Axiata UK, Ncell and Nepal or aggravate the present dispute (together, the “Provisional Measures Order”).



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10. Material Litigations (continued)

The status of material litigation of the Group is as follows: (continued)

(i) Axiata Investments (UK) Limited (“Axiata UK”) and Ncell Axiata Limited (“Ncell”) vs Nepal (ICSID Case No. ARB19/15) - Arbitration of Axiata UK and Ncell vs Nepal (continued)

A merits hearing was originally scheduled to take place in two (and potentially three) sessions. The first session was scheduled for 29 November 2021 to 3 December 2021, with the second session to take place on 11-16 April 2022, and with 4-5 July 2022 in reserve. However, by a decision of 28 November 2021, the Tribunal postponed the November/December 2021 session of the hearing due to the emergency hospitalisation of one of Nepal’s lawyers.

By Procedural Order No. 9 dated 3 December 2021, the Tribunal ordered that the hearing be deferred to 11-22 April 2022, with 4-5 July 2022 in reserve. The hearing has been concluded on 22 April 2022, following which the Tribunal will make a decision. The award is expected to be delivered within 6-12 months.

(j) Amended assessment notice by LTPO of Nepal on income tax return filed by Ncell for fiscal year 2015 to 2016

On 25 December 2020, the LTPO issued a notice (“Reassessment Notice”) under section 101(6) of the ITA to amend its earlier tax assessment of the income tax return filed by Ncell for the fiscal year of 2015 to 2016, being the fiscal year when the Transaction took place.

The LTPO had reassessed Ncell’s income tax return for the fiscal year of 2015 to 2016 and determined that based on section 57 of the ITA, Ncell’s taxable income for such fiscal year is now NPR127,827.6 million (RM4,531.1 million). Ncell responded to the Reassessment Notice on 12 January 2021 disagreeing, among other things, with the applicability of the assessment and the method used by LTPO to make the assessment.

Ncell has filed a writ petition (“First Writ”) against LTPO and related government agencies. On 13 January 2021, Ncell obtained an order from the SC that all decisions and proceedings in relation to the Reassessment Notice be stayed until the matter is heard by the SC. On 14 January 2021, the Tribunal also issued its procedural order recording the undertaking given by Nepal and its organs and agencies will not take any measures against Ncell in relation to the section 57 demand and the Transaction.

Notwithstanding the order from the SC, LTPO had on the same day issued a further notice (“Demand Notice”) under section 102 of the ITA for additional tax liability of NPR57,852.3 million (RM2,050.7 million). Ncell has filed another writ petition (“Second Writ”) to dispute the Demand Notice as the remedies sought in the First Writ have been rendered inapplicable by the Demand Notice. On 7 February 2021, the SC issued an interim order directing the respondents in the Second Writ not to execute the Demand Notice and not to withhold any benefits or facilities that Ncell is legally entitled to.

The hearing which was originally scheduled to take place on 2 November 2021 has been postponed by the SC to 20 January 2023.



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11. Other Disclosure Requirements under Appendix 9B of the Main LR

Other than those items disclosed in the statements of comprehensive income and notes in Part A of this announcement, there are no material impairment of inventories, gains/loss on disposal of investments, properties and assets during the current quarter and financial period to date.

12. Earnings Per Share (“EPS”)

(a) Basic EPS

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(52,400)	349,561	(201,755)	702,875
Adjusted weighted average number of ordinary shares ('000) in issue	9,176,880	9,172,711	9,176,331	9,171,751
Basic EPS (sen)	(0.6)	3.8	(2.2)	7.7

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the current quarter and financial period to date.

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(52,400)	349,561	(201,755)	702,875
Weighted average number of ordinary shares in issue ('000)	9,176,880	9,172,711	9,176,331	9,171,751
Adjusted for diluted effect of Axiata PBLTIP ('000)	7,857	6,255	7,911	6,090
Adjusted weighted average number of ordinary shares ('000)	9,184,737	9,178,966	9,184,242	9,177,841
Diluted EPS (sen)	(0.6)	3.8	(2.2)	7.7



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13. Qualification of Preceding Audited Financial Statements

The 2021 Audited Financial Statements were not subject to any qualification.

14. Dividend Proposed

The Board of Directors have resolved a tax exempt dividend under single tier system of 5.0 sen per ordinary share of the Company for the current quarter under review in respect of financial year ending 31 December 2022 (Q3'21: nil; YTD September 2021: 4.0 sen).

The details of entitlement and payment date of the above said dividend will be determined and announced in due course.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
25 November 2022