



MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

ANNOUNCEMENT

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Note | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|---|------|--|--|--------|---|---|-------|
| | | QUARTER ENDED 31/12/2021 (Unaudited) RM'm | QUARTER ENDED 31/12/2020 (Unaudited) RM'm | + | YEAR ENDED 31/12/2021 (Audited) RM'm | YEAR ENDED 31/12/2020 (Audited) RM'm | + |
| Revenue | 3 | 2,448 | 2,261 | 8.3 | 9,203 | 8,966 | 2.6 |
| Traffic, device, commissions and other direct costs | | (1,045) | (874) | | (3,472) | (3,147) | |
| Spectrum licence fees | | (71) | (70) | | (271) | (267) | |
| Network costs | | (119) | (128) | | (479) | (473) | |
| Staff and resource costs | | (191) | (163) | | (735) | (670) | |
| Operation and maintenance costs | | (114) | (140) | | (401) | (448) | |
| Marketing costs | | (48) | (26) | | (180) | (142) | |
| Impairment of receivables and deposits, net | | 2 | (3) | | (17) | (268) | |
| Government grant and other income | | 85 | 81 | | 271 | 274 | |
| Other operating expenses | | (33) | (25) | | (95) | (93) | |
| Depreciation and amortisation | | (435) | (381) | | (1,649) | (1,475) | |
| Finance income | | 16 | 18 | | 60 | 84 | |
| Finance costs | | (111) | (119) | | (473) | (489) | |
| Profit before tax | 20 | 384 | 431 | (10.9) | 1,762 | 1,852 | (4.9) |
| Tax expenses | 21 | (95) | (112) | | (454) | (470) | |
| Profit for the period/year | | 289 | 319 | (9.4) | 1,308 | 1,382 | (5.4) |
| Attributable to: | | | | | | | |
| - equity holders of the Company | | 289 | 319 | (9.4) | 1,308 | 1,382 | (5.4) |
| Earnings per share attributable to equity holders of the Company (sen): | | | | | | | |
| - basic | 28 | 3.7 | 4.1 | | 16.7 | 17.7 | |
| - diluted | 28 | 3.7 | 4.1 | | 16.7 | 17.7 | |



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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|--|--|
| | QUARTER ENDED 31/12/2021 (Unaudited) | QUARTER ENDED 31/12/2020 (Unaudited) | YEAR ENDED 31/12/2021 (Audited) | YEAR ENDED 31/12/2020 (Audited) |
| | RM'm | RM'm | RM'm | RM'm |
| Profit for the period/year | 289 | 319 | 1,308 | 1,382 |
| Other comprehensive income/(expense) | | | | |
| Item that will be reclassified subsequently to profit or loss: | | | | |
| Net change in cash flow hedge | 3 | 2 | 12 | (11) |
| Total comprehensive income for the period/year | <u>292</u> | <u>321</u> | <u>1,320</u> | <u>1,371</u> |
| Attributable to equity holders of the Company | <u>292</u> | <u>321</u> | <u>1,320</u> | <u>1,371</u> |



MAXIS BERHAD

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | AS AT 31/12/2021 RM'm | AS AT 31/12/2020 RM'm (Restated) |
|--|------|-----------------------------|---|
| Non-current assets | | | |
| Property, plant and equipment | 9 | 5,193 | 4,931 |
| Intangible assets ⁽¹⁾ | | 11,474 | 11,461 |
| Right-of-use assets | | 1,854 | 1,767 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | | 4 | 4 |
| Receivables, deposits and prepayments | 25 | 915 | 947 |
| Deferred tax assets | | * | * |
| | | <u>19,440</u> | <u>19,110</u> |
| Current assets | | | |
| Inventories | | 5 | 3 |
| Receivables, deposits and prepayments | 25 | 1,807 | 2,073 |
| Amounts due from related parties | | * | 11 |
| Derivative financial instruments | 24 | * | - |
| Tax recoverable | | * | * |
| Deposits, cash and bank balances | | 1,191 | 735 |
| | | <u>3,003</u> | <u>2,822</u> |
| Total assets | | <u>22,443</u> | <u>21,932</u> |
| Current liabilities | | | |
| Provisions for liabilities and charges | | 137 | 130 |
| Payables and accruals | | 4,055 | 3,997 |
| Amounts due to related parties | | 20 | 17 |
| Borrowings | 23 | 2,034 | 255 |
| Derivative financial instruments | 24 | 9 | 5 |
| Taxation | | 19 | 57 |
| | | <u>6,274</u> | <u>4,461</u> |
| Net current liabilities | | <u>(3,271)</u> | <u>(1,639)</u> |

Notes:

⁽¹⁾ Includes intangible assets arising from business combination comprising goodwill and telecommunications licenses of RM9,581 million (2020: RM9,565 million) and spectrum rights of RM1,337 million (2020: RM1,396 million).

* Less than RM1 million.



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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

| | | AS AT 31/12/2021 | AS AT 31/12/2020 |
|--|------|---------------------|---------------------|
| | Note | RM'm | RM'm (Restated) |
| Non-current liabilities | | | |
| Provisions for liabilities and charges | | 335 | 326 |
| Payables and accruals | | 145 | 188 |
| Borrowings | 23 | 8,056 | 9,508 |
| Derivative financial instruments | 24 | - | 17 |
| Deferred tax liabilities | | 908 | 717 |
| | | <u>9,444</u> | <u>10,756</u> |
| Net assets | | <u>6,725</u> | <u>6,715</u> |
| Equity | | | |
| Share capital | | 2,564 | 2,547 |
| Reserves | | 4,161 | 4,168 |
| Total equity | | <u>6,725</u> | <u>6,715</u> |
| Net assets per share (RM) | | <u>0.86</u> | <u>0.86</u> |



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| Year ended 31/12/2021 | Note | Share capital | Merger relief ⁽²⁾ | Reserve arising from reverse acquisition | Other reserves | Retained earnings | Total equity |
|--|------|---------------|------------------------------|--|----------------|-------------------|--------------|
| | | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm |
| At 31/12/2020, as previously reported | | 2,547 | 22,729 | (22,729) | 49 | 4,454 | 7,050 |
| Opening balance adjustments | 1 | - | - | - | - | (335) | (335) |
| Restated at 1/1/2021 | | 2,547 | 22,729 | (22,729) | 49 | 4,119 | 6,715 |
| Profit for the year | | - | - | - | - | 1,308 | 1,308 |
| Other comprehensive income for the year | | - | - | - | 12 | - | 12 |
| Total comprehensive income for the year | | - | - | - | 12 | 1,308 | 1,320 |
| Dividends provided for or paid | 7 | - | - | - | - | (1,330) | (1,330) |
| Long-term Incentive Plan ("LTIP") and incentive arrangement: | | | | | | | |
| - share-based payment expense | | - | - | - | 27 | - | 27 |
| - shares issued | | 17 | - | - | (17) | - | - |
| - shares acquired | | - | - | - | (7) | - | (7) |
| At 31/12/2021 | | 2,564 | 22,729 | (22,729) | 64 | 4,097 | 6,725 |

Note:

⁽²⁾ Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.



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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

| Year ended 31/12/2020 | Note | Share capital | Merger relief ⁽²⁾ | Reserve arising from reverse acquisition | Other reserves | Retained earnings | Total equity |
|---|------|---------------|------------------------------|--|----------------|-------------------|--------------|
| | | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm |
| As at 1/1/2020, as previously reported | | 2,532 | 22,729 | (22,729) | 67 | 4,402 | 7,001 |
| Opening balance adjustments | 1 | - | - | - | - | (335) | (335) |
| Restated at 1/1/2020 | | 2,532 | 22,729 | (22,729) | 67 | 4,067 | 6,666 |
| Profit for the year | | - | - | - | - | 1,382 | 1,382 |
| Other comprehensive expense for the year | | - | - | - | (11) | - | (11) |
| Total comprehensive (expense)/income for the year | | - | - | - | (11) | 1,382 | 1,371 |
| Dividends provided for or paid | | - | - | - | - | (1,330) | (1,330) |
| LTIP and incentive arrangement: | | | | | | | |
| - share-based payment expense | | - | - | - | 20 | - | 20 |
| - shares issued | | 15 | - | - | (15) | - | - |
| - shares acquired | | - | - | - | (12) | - | (12) |
| At 31/12/2020 | | 2,547 | 22,729 | (22,729) | 49 | 4,119 | 6,715 |

Note:

⁽²⁾ Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | YEAR ENDED 31/12/2021 | YEAR ENDED 31/12/2020 |
|---|-----------------------------|-----------------------------|
| | RM'm | RM'm |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 1,308 | 1,382 |
| Adjustments for: | | |
| - non-cash items | 2,024 | 2,034 |
| - finance costs | 473 | 489 |
| - finance income | (60) | (84) |
| - tax expenses | 454 | 470 |
| Payments for provision for liabilities and charges | (114) | (107) |
| Operating cash flows before working capital changes | 4,085 | 4,184 |
| Changes in working capital | 101 | (207) |
| Cash flows from operations | 4,186 | 3,977 |
| Interest received | 21 | 17 |
| Tax paid | (301) | (356) |
| Tax refund | - | 1 |
| Net cash flows from operating activities | 3,906 | 3,639 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment and intangible assets | (1,633) | (1,396) |
| Consideration paid for business combination | (10) | (18) |
| Proceeds from disposal of property, plant and equipment | * | 1 |
| Withdrawal/(Placement) of deposits with maturity of more than three months | 3 | (*) |
| Net cash flows used in investing activities | (1,640) | (1,413) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Shares acquired pursuant to incentive arrangement | (7) | (12) |
| Drawdown of borrowings | 2,300 | 1,200 |
| Repayment of borrowings | (2,050) | (1,200) |
| Repayment of lease liabilities | (264) | (241) |
| Payments of finance costs | (456) | (490) |
| Ordinary share dividends paid | (1,330) | (1,330) |
| Net cash flows used in financing activities | (1,807) | (2,073) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 459 | 153 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 705 | 552 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR⁽³⁾ | 1,164 | 705 |

Notes:

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

* Less than RM1 million.



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

1. BASIS OF PREPARATION

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

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

(i) Restatement of comparatives

During the year, the Group changed its basis for determining the measurement of deferred tax on its intangible assets with indefinite useful life, based on the principles clarified by the IFRIC Agenda Decision on “Expected manner of recovery of indefinite life intangible assets when measuring deferred tax”. In measuring deferred tax on intangible assets with indefinite useful life, the Group is of the view that it is appropriate that the expected manner of recovery of the carrying amounts is through use and has reflected the related tax consequences retrospectively.

Arising from the above, the Group recognised deferred tax liabilities of RM335 million on its intangible assets with indefinite useful life, with a corresponding decrease to the retained earnings as at 1 January 2020. The details of the restatement are as follows:

| | <u>As at 31/12/2020</u> | | | <u>As at 1/1/2020</u> | | |
|--------------------------|------------------------------|-------------|----------|------------------------------|-------------|----------|
| | As previously reported | Adjustments | Restated | As previously reported | Adjustments | Restated |
| | RM'm | RM'm | RM'm | RM'm | RM'm | RM'm |
| Net assets | | | | | | |
| Deferred tax liabilities | 382 | 335 | 717 | 199 | 335 | 534 |
| Equity | | | | | | |
| Retained earnings | 4,454 | (335) | 4,119 | 4,402 | (335) | 4,067 |

The change has no impact to the profit after tax of the Group for the quarter and financial year ended 31 December 2020.



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

1. BASIS OF PREPARATION (CONTINUED)

The Group has also adopted the following amendments to MFRS that came into effect on 1 January 2021 which did not have any significant impact on the unaudited quarterly report upon their application.

- Amendments to MFRS 9, MFRS 139, MFRS 7, Interest Rate Benchmark Reform – Phase 2
MFRS 4 and MFRS 16
- Amendments to MFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021

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

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

- Amendments to MFRS 3 Reference to Conceptual Framework
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to MFRS 116 Proceeds before Intended Use
- Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRSs 2018-2020 Cycle

2. SEASONAL / CYCLICAL FACTORS

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



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

3. REVENUE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--------------------------|--------------------------|-----------------------|-----------------------|
| | QUARTER ENDED 31/12/2021 | QUARTER ENDED 31/12/2020 | YEAR ENDED 31/12/2021 | YEAR ENDED 31/12/2020 |
| | RM'm | RM'm | RM'm | RM'm |
| Telecommunications services and solutions | 1,996 | 1,958 | 7,932 | 7,787 |
| Sale of devices | 440 | 291 | 1,223 | 1,131 |
| | <u>2,436</u> | <u>2,249</u> | <u>9,155</u> | <u>8,918</u> |
| (a) Lease income | 12 | 12 | 48 | 48 |
| Total | <u>2,448</u> | <u>2,261</u> | <u>9,203</u> | <u>8,966</u> |
| Goods or services transferred: | | | | |
| - at a point in time | 761 | 681 | 2,575 | 2,753 |
| - over time | 1,675 | 1,568 | 6,580 | 6,165 |
| Total | <u>2,436</u> | <u>2,249</u> | <u>9,155</u> | <u>8,918</u> |

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

4. UNUSUAL ITEMS

Save for those disclosed in Note 1, 5 and 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the financial year ended 31 December 2021.

5. MATERIAL CHANGES IN ESTIMATES

In July 2021, Malaysian Communications and Multimedia Commission ("MCMC") issued new Standard Radio System Plans ("SRSP") and identified 700MHz, 3.5GHz and 26/28GHz as the only spectrum bands to support 5G services in Malaysia. At the same time, MCMC revised the existing SRSP for spectrum bands 900MHz, 1800MHz, 2100MHz and 2600MHz to support up to 4G services only. These changes have affected Maxis' ability to repurpose its spectrum to radiate future radio technologies beyond 4G and have consequential impact to the Group's estimated useful life of the spectrum rights.



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

5. MATERIAL CHANGES IN ESTIMATES (CONTINUED)

Following the above, the Group has reassessed the expected useful life of the spectrum rights with a carrying amount of RM1,396 million as at 1 July 2021. This resulted in a revision in the useful life of the spectrum rights from indefinite to a finite life. The useful life of the spectrum rights is estimated based on the remaining Spectrum Assignment ("SA") term of the respective spectrum bands. The SA for 900MHz and 1800MHz was issued in July 2017 for 15 years whilst the SA for 2100 MHz was issued in April 2018 for 16 years.

This change in the accounting estimate resulted in an additional amortisation expense and deferred tax credit for the financial year ended 31 December 2021 of RM59 million and RM4 million, respectively.

The Group reviews the useful life of the spectrum rights at each reporting date to determine if there are changes in the circumstances which the estimate is based on or when new information is available. These changes will be accounted for as a change in estimate by adjusting the amortisation of the intangible assets in the period of change and remaining useful life of the intangible assets. If the estimated useful life be extended for another 5 years, the total amortisation charges will reduce and profit before tax will increase by RM36 million per annum, and profit after tax will increase by RM27 million per annum.

6. DEBT AND EQUITY SECURITIES

Save for the below items, there were no other issuance, repurchase and repayment of debts and equity securities during the financial year ended 31 December 2021:

- (a) The Group undertook the following transactions in relation to its RM10.0 billion Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme:
- (i) partially repurchased the third series in tranches with an aggregate nominal value of RM1,200 million;
 - (ii) issued the below Sukuk Murabahah series for a total nominal value of RM1,900 million to finance its capital expenditure and general working capital requirements:
 - the sixth series for a nominal value of RM300 million, with a 7-year tenure maturing in March 2028;
 - the seventh series for a nominal value of RM900 million, with a 5-year tenure maturing in May 2026;
 - the eighth series for a nominal value of RM300 million, with a 5-year tenure maturing in September 2026;
 - the ninth series for a nominal value of RM250 million, with a 7-year tenure maturing in September 2028; and
 - the tenth series for a nominal value of RM150 million, with an 8-year tenure maturing in August 2029.
- (b) In relation to its other borrowings, the Group had:
- (i) drawdown the remaining RM400 million of the RM600 million term loan facility that was secured in Q4'20 to finance its operating, capital expenditure and general working capital requirements;
 - (ii) partially prepaid RM500 million of the RM1.0 billion term loan facility maturing in December 2022; and
 - (iii) partially prepaid RM350 million of the Commodity Murabahah Term Financing facility maturing in April 2024.
- (c) 3,233,600 ordinary shares were issued under the LTIP.



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

7. DIVIDENDS PAID

The following single-tier tax exempt dividend payments were made during the financial year ended 31 December 2021:

| | RM'm |
|---|-------------|
| In respect of the financial year ended 31 December 2020: | |
| - Fourth and special interim dividend of 4.0 sen and 1.0 respectively per ordinary share, paid on 31 March 2021 | 391 |
| In respect of the financial year ended 31 December 2021: | |
| - First interim dividend of 4.0 sen per ordinary share, paid on 30 June 2021 | 313 |
| - Second interim dividend of 4.0 sen per ordinary share, paid on 30 September 2021 | 313 |
| - Third interim dividend of 4.0 sen per ordinary share, paid on 30 December 2021 | 313 |
| | <hr/> |
| | 1,330 |
| | <hr/> <hr/> |

8. SEGMENT REPORTING

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

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

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

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

On 14 January 2022, the Group completed the acquisition of 100% equity interest in MyKRIS Asia Sdn. Bhd. in accordance with the terms and conditions of the Share Purchase Agreement. This reinforces Maxis' position as the leading converged solutions provider in Malaysia by enhancing Maxis' managed services capability. Such capability is the critical bridgehead linking Maxis' best-in-class mobile and fibre network connectivity with broader solutions including cloud services and digital solutions.

On 11 February 2022, the Group accepted the offer from MCMC for the spectrum assignment of 2x10MHz of 2600MHz for an upfront fee of RM11.76 million and an annual fee of RM20.75951 million for the SA period. The SA is valid for 5 years and will be effective on 1 July 2022. The upfront fee was paid in full together with the acceptance of the offer.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial year ended 31 December 2021.



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

- (i) In November 2019, the IRB disallowed MBSB from its entitlement to incremental chargeable income exemption for Year of Assessment 2017. A notice of additional assessment of RM37.4 million was issued ("ICI Notice"). The Kuala Lumpur High Court ("High Court") had granted and subsequently extended the interim stay of the enforcement of the ICI Notice until the hearing of MBSB's leave application challenging the ICI Notice;
- (ii) In November 2020, the IRB disallowed MBSB's deduction of interest expenses incurred for the Years of Assessment 2016 and 2017. Notices of additional assessment totalling RM140 million were issued ("2020 Notices"). The High Court had granted and subsequently extended the interim stay of the enforcement of the 2020 Notices until the hearing of MBSB's leave application challenging the 2020 Notices; and
- (iii) In March 2021, the IRB disallowed MBSB's deduction of interest expenses incurred for the Years of Assessment 2018 and 2019. Notices of additional assessment totalling RM230 million were issued ("2021 Notices"). The High Court has granted and subsequently extended the interim stay of the enforcement of the 2021 Notices until the hearing of the IRB's intervener application.

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

13. CAPITAL COMMITMENTS

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

| | RM'm |
|-------------------------------|------|
| Property, plant and equipment | 423 |



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

14. SIGNIFICANT RELATED PARTY DISCLOSURES

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

| | Transactions for the financial year ended 31/12/2021 RM'm | Balances due from/(to) as at 31/12/2021 RM'm | Commitments as at 31/12/2021 RM'm | Total balances due from/(to) and commitments as at 31/12/2021 RM'm |
|---|--|--|--|---|
| (a) Sales of goods and services to: | | | | |
| - MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (telephony and connectivity services to co-market and distribute content products) | 111 | 2 | - | 2 |
| - Saudi Telecom Company ⁽²⁾ (roaming and international calls) | 4 | * | - | * |
| - MEASAT Broadband (International) Ltd. ⁽³⁾ (revenue share on bandwidth) | 3 | * | - | * |
| - Maxis Communications Berhad ⁽⁴⁾ (corporate support services) | 1 | * | - | * |
| - TGV Cinemas Sdn. Bhd. ⁽⁵⁾ (telephony and broadband services) | 2 | 2 | - | 2 |
| (b) Purchases of goods and services from: | | | | |
| - MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (customer acquisition and installation charges) | 20 | - | - | - |
| - Saudi Telecom Company ⁽²⁾ (roaming and international calls) | 4 | - | - | - |
| - MEASAT Global Berhad Group ⁽³⁾ (transponder and teleport lease rental) | 32 | (5) | (25) | (30) |
| - Tanjong City Centre Property Management Sdn. Bhd. ⁽⁵⁾ (rental, service charge, property service and other utility charges) | 40 | - | (125) | (125) |
| - UTSB Management Sdn. Bhd. ⁽⁵⁾ (corporate management services) | 30 | (4) | (21) | (25) |
| - SRG Asia Pacific Sdn. Bhd. ⁽⁶⁾ (call handling and telemarketing services) | 22 | (5) | - | (5) |
| - Sri Lanka Telecom PLC ⁽⁷⁾ (roaming and international calls) | 1 | (*) | - | (*) |



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14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

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

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

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

- (1) Subsidiary of a company which is an associate of UTSB
- (2) A major shareholder of BGSM, as described above
- (3) Indirect subsidiary of a company in which TAK has a 100% direct equity interest
- (4) Subsidiary of BGSM
- (5) Subsidiary of UTSB
- (6) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest
- (7) Associate of UTSB
- * Less than RM1 million.

15. FAIR VALUE MEASUREMENTS

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

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

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

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

(a) Financial instruments carried at amortised cost

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

| | CARRYING AMOUNT | FAIR VALUE |
|-----------------------------|--------------------|------------|
| | RM'm | RM'm |
| Financial liability: | | |
| Borrowings | | |
| - Islamic Medium Term Notes | 4,531 | 4,569 |



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

15. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments carried at fair value

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

| | Level 2 | Level 3 |
|---|---------|---------|
| | RM'm | RM'm |
| <u>Assets</u> | | |
| Financial assets at FVOCI | - | 4 |
| Derivative financial instruments (forward foreign exchange contracts) | * | - |
| | ===== | ===== |
| <u>Liabilities</u> | | |
| Other payables | - | 22 |
| Derivative financial instruments (forward foreign exchange contracts) | 1 | - |
| Derivative financial instruments (interest rate swap) | 8 | - |
| | ===== | ===== |

Note:

* Less than RM1 million.



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

16. ANALYSIS OF PERFORMANCE

| Financial indicators (RM'm unless otherwise indicated) | 4 th Quarter 2021 (unaudited) | 3 rd Quarter 2021 (unaudited) | 4 th Quarter 2020 (unaudited) | Variance Q4'21 vs Q3'21 | | Variance Q4'21 vs Q4'20 | |
|--|--|--|--|----------------------------|--------|----------------------------|--------|
| | | | | RM'm | % | RM'm | % |
| Revenue | 2,448 | 2,263 | 2,261 | 185 | 8.2 | 187 | 8.3 |
| Service revenue ⁽¹⁾ | 2,008 | 2,025 | 1,970 | (17) | (0.8) | 38 | 1.9 |
| EBITDA ⁽²⁾ | 924 | 969 | 924 | (45) | (4.6) | - | - |
| <i>Adjusted for:</i> | | | | | | | |
| <i>Upfront spectrum assignment ("SA") fees charged out⁽³⁾</i> | <i>15</i> | <i>15</i> | <i>15</i> | | | | |
| Normalised EBITDA | 939 | 984 | 939 | (45) | (4.6) | - | - |
| Normalised EBITDA margin on service revenue (%) | 46.8 | 48.6 | 47.7 | NA | (1.8) | NA | (0.9) |
| Profit before tax | 384 | 441 | 431 | (57) | (12.9) | (47) | (10.9) |
| Profit for the period | 289 | 325 | 319 | (36) | (11.1) | (30) | (9.4) |
| Capital expenditure ("Capex") | 597 | 274 | 504 | 323 | >100 | 93 | 18.5 |
| Operating free cash flow | 1,278 | 1,067 | 1,139 | 211 | 19.8 | 139 | 12.2 |

Notes:

- (1) Service revenue is defined as Group revenue excluding sale of devices. Comparative information has been restated to conform with current presentation.
- (2) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
- (3) Charge out of SA renewal costs prepaid for license period.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

| Operational Indicators | 4 th Quarter 2021 | 3 rd Quarter 2021 | 4 th Quarter 2020 | Variance Q4'21 vs Q3'21 | | Variance Q4'21 vs Q4'20 | |
|---|---------------------------------|---------------------------------|---------------------------------|--|--------------|----------------------------|-------|
| | | | | '000 | % | '000 | % |
| | | | | Revenue generating subscriptions ("RGS") ('000) | 9,943 | 9,833 | 9,585 |
| - <i>Postpaid</i> | 3,772 | 3,699 | 3,508 | 73 | 2.0 | 264 | 7.5 |
| - <i>Prepaid</i> | 5,959 | 5,937 | 5,951 | 22 | 0.4 | 8 | 0.1 |
| - <i>Wireless Broadband</i> | 212 | 197 | 126 | 15 | 7.6 | 86 | 68.3 |
| ARPU (Monthly) (RM) | | | | | | | |
| - <i>Postpaid</i> | 79 | 81 | 83 | (2) | (2.5) | (4) | (4.8) |
| - <i>Prepaid</i> | 37 | 39 | 39 | (2) | (5.1) | (2) | (5.1) |
| - <i>Wireless Broadband</i> | 94 | 100 | 104 | (6) | (6.0) | (10) | (9.6) |
| - <i>Blended</i> | 54 | 55 | 56 | (1) | (1.8) | (2) | (3.6) |
| Market definition subscriptions ('000) | | | | | | | |
| - <i>Fibre Connections</i> | 536 | 512 | 444 | 24 | 4.7 | 92 | 20.7 |
| ARPU (Monthly) (RM) | | | | | | | |
| - <i>Home Fibre</i> | 110 | 108 | 107 | 2 | 1.9 | 3 | 2.8 |

(A) Performance of the current quarter against the preceding quarter (Q4'21 vs Q3'21)

The Group recorded a total revenue for Q4'21 of RM2,448 million compared to Q3'21 of RM2,263 million which represents a 8.2% increase, that is RM185 million, on the back of higher device sales. The service revenue for Q4'21 of RM2,008 million compared to Q3'21 of RM2,025 million which represents a 0.8% decrease, that is RM17 million lower, on the back of slightly lower ARPU for Postpaid, Prepaid and Wireless Broadband despite the growing subscriber base.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q4'21 vs Q3'21) (continued)

Postpaid service revenue for Q4'21 decreased by 1.1% that is by RM11 million to RM1,019 million compared to Q3'21 of RM1,030 million. The Postpaid RGS (excluding M2M services) for Q4'21 increased by 2.0% that is 73k to 3,772k compared to Q3'21 of 3,699k due to steady growth in Maxis Postpaid and Hotlink Postpaid subscriber base. Our Hotlink Postpaid and Maxis Postpaid Share 48 offering continued to attract entry level Postpaid subscribers, as well as those migrating from Prepaid to Postpaid. Postpaid ARPU for Q4'21 weakened to RM79 (Q3'21: RM81). Postpaid average data usage per month in Q4'21 decreased slightly by 2.1% to 27.4GB (Q3'21: 28.0GB).

Prepaid service revenue for Q4'21 decreased by RM30 million, that is down 4.4% to RM655 million (Q3'21: RM685 million). Prepaid RGS increased by 22k, a 0.4% increase to 5,959k (Q3'21: 5,937k) subscribers. Prepaid ARPU for Q4'21 was slightly weaker at RM37 (Q3'21: RM39) per month. Prepaid data usage per month decreased slightly by 2.2% to 22.7GB (Q3'21: 23.2GB).

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 88% of the time in key market centres on a comparable peer basis, and achieving 93% population coverage. Both these factors are key differentiators for digital lifestyle seekers.

On fibre, the Group added 24k fibre connections (market definition) in Q4'21 bringing the total to 536k, an increase of 4.7% (Q3'21: 512k). The Home Fibre ARPU was firmer at RM110 per month (Q3'21: RM108).

In addition, our alternative home connectivity product, Wireless Broadband ("WBB") 4G/LTE router service, continues to gain momentum and has proven to be very successful in non-fibre coverage areas. The WBB subscriber base (RGS30) grew 7.6% by 15k to end Q4'21 at 212k up from Q3'21 at 197k.

Normalised EBITDA for Q4'21 decreased by 4.6% that is down by RM45 million to RM939 million (Q3'21: RM984 million). The normalised EBITDA margin on service revenue decreased to 46.8% (Q3'21: 48.6%). The normalised EBITDA decrease was due to higher device sales under bundled contracts as only a fraction of the contract values was recognised upfront as revenue upon device deliveries.

The Group reported for Q4'21 a net profit of RM289 million, a decrease of RM36 million, that is down 11.1% compared to RM325 million in Q3'21.

Capex for the current quarter Q4'21 was RM597 million (Q3'21: RM274 million), in-line with our normal phasing of capex being progressively higher in Q3 and Q4. The capex was for ongoing investment in network capacity to support the data traffic growth, Home Fibre and Enterprise growth.

Operating free cash flow for Q4'21 increased by RM211 million that is 19.8% to RM1,278 million (Q3'21: RM1,067 million) mainly due to lower capex payments offset by higher tax paid in Q4'21.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (4th Quarter 2021 versus 4th Quarter 2020)

The Group recorded a total revenue for Q4'21 of RM2,448 million compared to corresponding Q4'20 of RM2,261 million which represents a 8.3% increase, that is RM187 million. The service revenue for Q4'21 of RM2,008 million compared to corresponding period of Q4'20 of RM1,970 million which represents a 1.9% increase, that is RM38 million, on the back of better contribution from Postpaid and Fibre businesses.

The National Recovery Plan ("NRP") was announced by the Prime Minister on 17 June 2021 and further reopening plans triggered by achieving a 90% vaccine adoption rate. The COVID-19 pandemic effects which include travel restrictions impacting international roaming revenue, decline in foreign workers impacting IDD revenue and reducing disposable income from increased unemployment impacted both Postpaid and Prepaid segments.

Postpaid service revenue for Q4'21 increased by RM44 million, that is 4.5%, to RM1,019 million (Q4'20: RM975 million). The Group grew the postpaid RGS subscriber base by 264k which represents a 7.5% increase on Q4'21: 3,772k versus Q4'20: 3,508k subscribers. The Postpaid ARPU decreased by 4.8% year-on-year from Q4'20: RM83 to Q4'21: RM79 per month, due to the dilution effect from increased subscribers adopting the value accretive Hotlink Postpaid although the Hotlink Postpaid ARPU is increasing.

Prepaid service revenue for Q4'21 declined by RM41 million, that is 5.9%, to RM655 million (Q4'20: RM696 million). The Group's prepaid subscription base was higher by 8k, that is a 0.1% increase to 5,959k. This was due to the continued encouraging take-up of Hotlink Prepaid Unlimited. Prepaid ARPU was lower in Q4'21 at RM37 per month (Q4'20: RM39) due to the migration of high value prepaid subscribers to postpaid along with 3G network sunset.

The Group is proud of its steady fibre connection growth, adding 92k that is 20.7% to Q4'21: 536k versus Q4'20: 444k.

The Group continued to lead the market in terms of quality and best digital experience. For Q4'21 we achieved a solid TP-NPS score of 63.

Demand for data increased across the Group's customer base with an average per month data usage in Prepaid of 22.7GB and Postpaid of 27.4GB for Q4'21. This represents a 17.6% increase of data demand for Prepaid from 19.3GB and 17.6% increase for Postpaid from 23.3GB from a year ago.

Normalised EBITDA maintained at RM939 million (Q4'20: RM939 million). Normalised EBITDA margin on service revenue for Q4'21 declined slightly to 46.8% (Q4'20: 47.7%) due to strong device sales in Q4'21.

Consequently, net profit for Q4'21 was lower by 9.4% or RM30 million, at RM289 million (Q4'20: RM319 million). The decrease in net profit was due to higher depreciation and amortisation charges from the right-of-use assets and also the changes in estimates as disclosed in Note 5.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (4th Quarter 2021 versus 4th Quarter 2020) (continued)

Capex for Q4'21 was RM597 million versus Q4'20 of RM504 million, that is RM93 million or 18.5% higher than the preceding year. The capex focus was on protecting the network performance, rebalancing capacity and Enterprise business.

Operating free cash flow for the Q4'21 was RM1,278 million compared to Q4'20 of RM1,139 million in the preceding year, an increase of 12.2% that is RM139 million mainly due to lower USP and tax payments.

(C) Performance of the current year against the preceding year (Financial Year ("FY") 2021 vs FY'2020)

| Financial indicators (RM'm unless otherwise indicated) | FY'2021 | FY'2020 | Variance | % Variance |
|---|-----------|-----------|----------|------------|
| Revenue | 9,203 | 8,966 | 237 | 2.6 |
| Service revenue ⁽¹⁾ | 7,980 | 7,835 | 145 | 1.9 |
| EBITDA ⁽²⁾ | 3,838 | 3,759 | 79 | 2.1 |
| <i>Adjusted for:</i> | | | | |
| <i>Upfront SA fees charged out⁽³⁾</i> | <i>60</i> | <i>60</i> | | |
| Normalised EBITDA | 3,898 | 3,819 | 79 | 2.1 |
| Normalised EBITDA margin on service revenue (%) | 48.8 | 48.7 | NA | 0.1 |
| Profit before tax | 1,762 | 1,852 | (90) | (4.9) |
| Profit for the year | 1,308 | 1,382 | (74) | (5.4) |
| Capex | 1,187 | 1,245 | (58) | (4.7) |
| Operating free cash flow | 3,906 | 3,639 | 267 | 7.3 |

Notes:

⁽¹⁾ Service revenue is defined as Group revenue excluding sale of devices. Comparative information has been restated to conform with current presentation.

⁽²⁾ Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.

⁽³⁾ Charge out of SA renewal costs prepaid for license period.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (Financial Year ("FY") 2021 vs FY'2020)
(continued)

| Operational Indicators | FY'2021 | FY'2020 | Variance | % Variance |
|---|--------------|---------|----------|------------|
| RGS ('000) | 9,943 | 9,585 | 358 | 3.7 |
| - <i>Postpaid</i> | 3,772 | 3,508 | 264 | 7.5 |
| - <i>Prepaid</i> | 5,959 | 5,951 | 8 | 0.1 |
| - <i>Wireless Broadband</i> | 212 | 126 | 86 | 68.3 |
| ARPU (Monthly) (RM) | | | | |
| - <i>Postpaid</i> | 81 | 85 | (4) | (4.7) |
| - <i>Prepaid</i> | 38 | 39 | (1) | (2.6) |
| - <i>Wireless Broadband</i> | 105 | 102 | 3 | 2.9 |
| - <i>Blended</i> | 55 | 56 | (1) | (1.8) |
| Market definition subscriptions ('000) | | | | |
| - <i>Fibre Connections</i> | 536 | 444 | 92 | 20.7 |
| ARPU (Monthly) (RM) | | | | |
| - <i>Home Fibre ⁽¹⁾</i> | 109 | 105 | 4 | 3.8 |

The Group recorded a total revenue for FY'21 of RM9,203 million, up 2.6%, that is RM237 million compared to corresponding FY'20 of RM8,966 million. The service revenue for FY'21 of RM7,980 million compared to corresponding FY'20 of RM7,835 million which represents a 1.9% increase, that is RM145 million, on the back of higher contribution from Postpaid and Fibre businesses.

The Malaysian Government reinstated Movement Control Order ("MCO") on 13 January 2021 and this then progressively became state-level Conditional MCO/Recovery MCO/Enhanced MCO until a countrywide full lockdown in June 2021. In addition, a state of emergency was declared from January 2021 to August 2021 to curb the spread of COVID-19. Individual states started to transit into different phases of NRP since August 2021. In October 2021, all interstate and international travel restrictions for fully vaccinated residents were lifted and the entire movement restrictions in Malaysia eventually ended in January 2022. The COVID-19 pandemic has therefore impacted the Group's FY'21 financial performance and the effects include travel restriction impacted international roaming revenue, loss of foreign workers impacted IDD revenue and higher unemployment which reduced the spending power of the subscribers.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (Financial Year ("FY") 2021 vs FY'2020) (continued)

Postpaid service revenue, including wholesale business, for FY'21 increased by RM121 million, that is 3.1%, to RM4,025 million (FY'20: RM3,904 million). The Group grew the postpaid RGS subscriber base by 264k which represents a 7.5% increase, FY'21: 3,772k compared to FY'20: 3,508k subscribers. The Postpaid ARPU decreased by 4.7% year-on-year from RM85 to RM81 per month, largely due to the dilution effect from the increased number of value accretive Hotlink Postpaid subscribers and increased number of Postpaid shared lines.

Prepaid service revenue for FY'21 decreased by RM98 million, that is 3.5%, to RM2,715 million (FY'20: RM2,813 million). The Group's prepaid subscription base was higher by 8k, that is a 0.1% increase, FY'21: 5,959k compared to FY'20: 5,951k subscribers. This was mainly due to growth in Hotlink Prepaid Unlimited subscribers. Prepaid ARPU declined 2.6% from RM39 to RM38 per month.

The Group is proud of its fibre connections growth, adding 92k that is 20.7% to FY'21: 536k versus FY'20: 444k. Home Fibre APRU increased from RM105 per month to RM109 per month up by 3.8%.

The Group continued to lead the market in terms of quality and best digital experience. For FY'21 we achieved a solid TP-NPS score of 63.

Normalised EBITDA grew by RM79 million, that is 2.1% to RM3,898 million (FY'20: RM3,819 million) and normalised EBITDA margin on service revenue was stable at 48.8% (FY'20: 48.7%).

Net profit for FY'21 was lower by 5.4% or RM74 million, at RM1,308 million (FY'20: RM1,382 million). The decline in net profit was mainly due to higher depreciation and amortisation resulting from capex investments and also changes in estimates as disclosed in Note 5.

Capex for FY'21 was RM1,187 million versus FY'20 of RM1,245 million, that is RM58 million or 4.7% lower than the preceding year due to delayed capex activities in the year and a major Billing and Customer Service project was implemented in FY'20.

Operating free cash flow for FY'21 was RM3,906 million compared to FY'20 of RM3,639 million in the preceding year, an increase of 7.3% that is RM267 million mainly due to lower USP and capex payments.



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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(D) STATEMENT OF FINANCIAL POSITION

| Financial indicators (RM'm unless otherwise indicated) | AS AT 31/12/2021 | AS AT 31/12/2020 |
|---|---------------------|---------------------|
| Total assets | 22,443 | 21,932 |
| Total equity ⁽²⁾ | 6,725 | 6,715 |
| Debt ⁽¹⁾ | 10,098 | 9,780 |
| Deposits, cash and bank balances | (1,191) | (735) |
| Net debt | 8,907 | 9,045 |
| Net debt-to-EBITDA | 2.32 | 2.41 |

Notes:

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

⁽²⁾ Comparatives restated as disclosed in Note 1.

Total equity of the Group remained stable. Net debt-to-EBITDA decreased from 2.41x as at 31 December 2020 to 2.32x as at 31 December 2021 as a result of higher deposits, cash and bank balances and EBITDA.



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

FY2022 financial outlook

The then Prime Minister of Malaysia in February 2021 unveiled the MyDIGITAL initiative and the Malaysia Digital Economy Blueprint to accelerate the digitalisation of the Malaysian economy. Maxis is fully supportive of the objectives of MyDIGITAL and JENDELA and we remain committed to play our part to offer the best 5G innovation to benefit the people and businesses in the country with our expertise and resources. This is aligned to Maxis' own accelerated strategy of being Malaysia's leading converged solutions provider and building additional fibre coverage.

On 1 March 2021, the Ministry of Finance announced Digital Nasional Berhad ("DNB") as the Government Special Purpose Vehicle ("GOMSPV") to own, implement and manage 5G infrastructure and provide equal access wholesale 5G services to licensed telecommunications companies. In December 2021, the Ministry of Communications and Multimedia announced that the 5G single wholesale network model is being reviewed and according to the latest announcement, the final decision will be made in March 2022. The commercial 5G launch details remain under industry-wide negotiation and when finalised, could affect our execution approaches, timelines and future financial performance. The Group is assessing the impact based on the information available.

Following the change of Prime Minister and Cabinet in August 2021, all movement restrictions in Malaysia ended in January 2022 with all economic sectors reopened. However, the current COVID-19 variant of concern "Omicron" continues to raise concern and it remains hard to reliably predict the ongoing impact it will have on the Malaysian and the global economy, the impact on the demand for the services and solutions provided by the Group, locally and internationally and hence the Group's business operations. This creates an unpredictable environment for our business in FY2022.

In addition, the Group's FY2022 financial results will be impacted by the one-off prosperity tax introduced by the Malaysian Budget 2022 where the Group's pre-tax profits above RM100 million will be taxed at a higher rate of 33% which is 9% above the standard 24% tax rate.

Given the above uncertainties, the Group considers it prudent not to disclose a financial outlook for FY2022. The Group is closely monitoring and assessing the impact of 5G commercial launch and COVID-19 and when it becomes appropriate to disclose any material information, this will be made in accordance with the Main Market Listing Requirements.

Confident in our Convergence Strategy and ahead of structural industry changes

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

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



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

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

Strong Financial Position

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

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

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

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

20. PROFIT BEFORE TAX

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

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------------|--------------------------|-----------------------|-----------------------|
| | QUARTER ENDED 31/12/2021 | QUARTER ENDED 31/12/2020 | YEAR ENDED 31/12/2021 | YEAR ENDED 31/12/2020 |
| | RM'm | RM'm | RM'm | RM'm |
| Fair value losses/(gain) on forward foreign exchange contracts | 1 | 5 | (3) | 3 |
| Losses/(gain) on foreign exchange (net) | 1 | (*) | 4 | 2 |
| Property, plant and equipment: | | | | |
| - (gains)/losses on disposal | (*) | (*) | 1 | * |
| - write-offs/impairment losses | 15 | 13 | 31 | 31 |
| | <u>16</u> | <u>18</u> | <u>35</u> | <u>35</u> |

Note:

* Less than RM1 million.

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



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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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21. TAX EXPENSES

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
| | QUARTER ENDED 31/12/2021 | QUARTER ENDED 31/12/2020 | YEAR ENDED 31/12/2021 | YEAR ENDED 31/12/2020 |
| | RM'm | RM'm | RM'm | RM'm |
| Income tax: | | | | |
| - current tax | 45 | (34) | 268 | 300 |
| - over accrual in prior years | (5) | (13) | (5) | (13) |
| Deferred tax: | | | | |
| - origination and reversal of temporary differences | 55 | 149 | 191 | 173 |
| - recognition and reversal of prior years' temporary differences | 3 | 10 | 3 | 10 |
| - changes in tax rate | (3) | - | (3) | - |
| Total | 95 | 112 | 454 | 470 |

The Group's effective tax rates for the current quarter and financial year ended 31 December 2021 were 24.7% and 25.8% respectively, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

The Malaysian Budget 2022 introduces a one-off increase in the corporate tax rate to 33% on chargeable income that exceeds RM100 million for year of assessment 2022. The computation of deferred tax assets and liabilities has been adjusted to reflect such change.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

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



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23. BORROWINGS

| RM denominated | AS AT 31 DECEMBER 2021 | | | AS AT 31 DECEMBER 2020 | | |
|--|--------------------------|------------------------------|------------|--------------------------|------------------------------|------------|
| | CURRENT LIABILITIES RM'm | NON-CURRENT LIABILITIES RM'm | TOTAL RM'm | CURRENT LIABILITIES RM'm | NON-CURRENT LIABILITIES RM'm | TOTAL RM'm |
| Secured | | | | | | |
| Lease liabilities | 262 | 1,762 | 2,024 | 255 | 1,687 | 1,942 |
| Unsecured | | | | | | |
| Term loans ⁽¹⁾ | 500 | 593 | 1,093 | - | 1,192 | 1,192 |
| Commodity Murabahah | | | | | | |
| Term Financing | - | 1,943 | 1,943 | - | 2,293 | 2,293 |
| Islamic Medium | | | | | | |
| Term Notes | 1,272 | 3,259 | 4,531 | - | 3,838 | 3,838 |
| Business Financing-i | - | 499 | 499 | - | 498 | 498 |
| | 2,034 | 8,056 | 10,090 | 255 | 9,508 | 9,763 |
| Excluding lease liabilities: | | | | | | |
| - weighted average interest rate | | | 3.76% | | | 3.95% |
| - proportion of borrowings between fixed and floating interest rates | | | 62% : 38% | | | 55% : 45% |

Note:

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

Material changes to borrowings for the financial year ended 31 December 2021 are disclosed in Note 6(a) and (b).

Subsequent to the end of the financial year, the Group has issued additional Sukuk Murabahah in tranches with an aggregate nominal value of RM1,100 million, to finance its capital expenditure and general working capital requirements:

- (a) the eleventh series for a nominal value of RM150 million, with a 5-year tenure maturing in January 2027;
- (b) the twelfth series for a nominal value of RM600 million, with a 7-year tenure maturing in January 2029; and
- (c) the thirteenth series for a nominal value of RM350 million, with an 8-year tenure maturing in January 2030.

As at the date of this report, the total outstanding nominal value of the Sukuk Murabahah amounted to RM5.59 billion.



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24. DERIVATIVE FINANCIAL INSTRUMENTS

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

| TYPE OF DERIVATIVE | CONTRACT/ NOTIONAL VALUE | FAIR VALUE |
|--|-----------------------------|------------|
| | RM'm | RM'm |
| <u>Current assets</u> | | |
| Derivatives designated in hedging relationship (cash flow hedge): | | |
| Forward foreign exchange contracts: | | |
| - less than one year | 57 | * |
| Derivatives not designated in hedging relationship: | | |
| Forward foreign exchange contracts: | | |
| - less than one year | 7 | * |
| | <u>64</u> | <u>*</u> |
| <u>Current liabilities</u> | | |
| Derivatives designated in hedging relationship (cash flow hedge): | | |
| IRS: | | |
| - less than one year | 500 | (8) |
| Forward foreign exchange contracts: | | |
| - less than one year | 77 | (*) |
| Derivatives not designated in hedging relationship: | | |
| Forward foreign exchange contracts: | | |
| - less than one year | 37 | (1) |
| | <u>614</u> | <u>(9)</u> |
| | <u>678</u> | <u>(9)</u> |

Note:

* less than RM1 million

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

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



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | AS AT 31/12/2021 RM'm | AS AT 31/12/2020 RM'm |
|---|-----------------------------|-----------------------------|
| <u>Non-current assets</u> | | |
| At net of impairment: | | |
| - Trade receivables | 137 | 105 |
| - Finance lease receivables | * | 6 |
| - Contract assets | 63 | 58 |
| Prepayments | 601 | 662 |
| Contract cost assets, net of amortisation | 114 | 116 |
| | <u>915</u> | <u>947</u> |
| <u>Current assets</u> | | |
| At net of impairment: | | |
| - Trade receivables | 879 | 1,105 |
| - Other receivables and deposits | 346 | 471 |
| - Finance lease receivables | 9 | 23 |
| - Contract assets | 203 | 140 |
| Prepayments | 204 | 190 |
| Contract cost assets, net of amortisation | 166 | 144 |
| | <u>1,807</u> | <u>2,073</u> |
| | <u>2,722</u> | <u>3,020</u> |

Note:

* less than RM1 million



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)**

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

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

| | RM'm |
|----------------------------|-------------|
| Current | 957 |
| 1 to 90 days past due | 100 |
| More than 90 days past due | 65 |
| | <hr/> |
| | 1,122 |
| | <hr/> <hr/> |

26. MATERIAL LITIGATION

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

27. DIVIDENDS

The Board of Directors has declared a fourth and special interim single-tier tax-exempt dividend of 4.0 sen and 1.0 sen respectively per ordinary share in respect of the financial year ended 31 December 2021, to be paid on 31 March 2022. The entitlement date for the dividend payment is 15 March 2022.

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

- (i) shares transferred to the depositor's securities account before 4.30 pm on 15 March 2022 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends declared for the financial year ended 31 December 2021 is 17.0 sen per ordinary share (2020: 17.0 sen).



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28. EARNINGS PER SHARE

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------|--------------------|--------------|--------------------|--------------|
| | | QUARTER | QUARTER | YEAR | YEAR |
| | | ENDED | ENDED | ENDED | ENDED |
| | | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| (a) Basic earnings per share | | | | | |
| Profit attributable to the equity holders of the Company | (RM'm) | <u>289</u> | <u>319</u> | <u>1,308</u> | <u>1,382</u> |
| Weighted average number of issued ordinary shares | ('m) | <u>7,826</u> | <u>7,823</u> | <u>7,825</u> | <u>7,822</u> |
| Basic earnings per share | (sen) | <u>3.7</u> | <u>4.1</u> | <u>16.7</u> | <u>17.7</u> |
| (b) Diluted earnings per share | | | | | |
| Profit attributable to the equity holders of the Company | (RM'm) | <u>289</u> | <u>319</u> | <u>1,308</u> | <u>1,382</u> |
| Weighted average number of issued ordinary shares | ('m) | <u>7,826</u> | <u>7,823</u> | <u>7,825</u> | <u>7,822</u> |
| Adjusted for LTIP | ('m) | <u>4</u> | <u>3</u> | <u>4</u> | <u>3</u> |
| Adjusted weighted average number of ordinary shares | ('m) | <u>7,830</u> | <u>7,826</u> | <u>7,829</u> | <u>7,825</u> |
| Diluted earnings per share | (sen) | <u>3.7</u> | <u>4.1</u> | <u>16.7</u> | <u>17.7</u> |

By order of the Board

Dipak Kaur

SSM PC No. 201908002620

(LS 5204)

Company Secretary

24 February 2022

Kuala Lumpur