

**TELEKOM MALAYSIA BERHAD**  
**Reg. No.: 198401016183 (128740-P)**  
(Incorporated in Malaysia)

The Board of Directors of Telekom Malaysia Berhad is pleased to announce the following unaudited results of the Group for the 1st quarter ended 31 March 2023.

**UNAUDITED CONSOLIDATED INCOME STATEMENT**

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	2,951.5	2,892.4	2,951.5	2,892.4
OPERATING COSTS				
- depreciation, impairment and amortisation	(776.0)	(603.5)	(776.0)	(603.5)
- net impairment (loss)/reversal on financial and contract assets	(2.9)	17.5	(2.9)	17.5
- other operating costs	(1,715.6)	(1,765.3)	(1,715.6)	(1,765.3)
OTHER OPERATING INCOME (net)	16.3	19.3	16.3	19.3
OTHER GAINS/(LOSSES) (net)	0.6	(6.9)	0.6	(6.9)
OPERATING PROFIT BEFORE FINANCE COST	473.9	553.5	473.9	553.5
FINANCE INCOME	20.3	17.2	20.3	17.2
FINANCE COST	(79.0)	(95.6)	(79.0)	(95.6)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	3.0	(11.4)	3.0	(11.4)
NET FINANCE COST	(55.7)	(89.8)	(55.7)	(89.8)
ASSOCIATE				
- share of results (net of tax)	2.8	3.5	2.8	3.5
PROFIT BEFORE TAX AND ZAKAT	421.0	467.2	421.0	467.2
TAX AND ZAKAT (part B, note 5)	(89.6)	(127.5)	(89.6)	(127.5)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>331.4</b>	<b>339.7</b>	<b>331.4</b>	<b>339.7</b>
ATTRIBUTABLE TO:				
- equity holders of the Company	330.1	339.9	330.1	339.9
- non-controlling interests	1.3	(0.2)	1.3	(0.2)
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>331.4</b>	<b>339.7</b>	<b>331.4</b>	<b>339.7</b>
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	8.6	9.0	8.6	9.0
- diluted	8.6	8.9	8.6	8.9

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022)

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	1ST QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM Million	RM Million	RM Million	RM Million
<b>PROFIT FOR THE FINANCIAL PERIOD</b>	<b>331.4</b>	339.7	<b>331.4</b>	339.7
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that may be reclassified subsequently to income statement:</b>				
-increase/(decrease) in fair value of investments at fair value through other comprehensive income (FVOCI)	<b>0.8</b>	(2.9)	<b>0.8</b>	(2.9)
- reclassification adjustments relating to FVOCI investments disposed	#	(0.1)	#	(0.1)
- increase in fair value of receivables at FVOCI	<b>4.2</b>	1.9	<b>4.2</b>	1.9
- cash flow hedge:				
- increase/(decrease) in fair value of cash flow hedge	<b>3.4</b>	(8.3)	<b>3.4</b>	(8.3)
- change in fair value of currency basis	<b>(4.6)</b>	1.1	<b>(4.6)</b>	1.1
- reclassification of foreign exchange loss on borrowings	<b>(0.1)</b>	(3.3)	<b>(0.1)</b>	(3.3)
- currency translation differences				
- subsidiaries	<b>(11.9)</b>	1.6	<b>(11.9)</b>	1.6
- associate	<b>(0.1)</b>	#	<b>(0.1)</b>	#
Other comprehensive loss for the financial period	<b>(8.3)</b>	(10.0)	<b>(8.3)</b>	(10.0)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>323.1</b>	329.7	<b>323.1</b>	329.7
ATTRIBUTABLE TO:				
- equity holders of the Company	<b>321.8</b>	329.9	<b>321.8</b>	329.9
- non-controlling interests	<b>1.3</b>	(0.2)	<b>1.3</b>	(0.2)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD</b>	<b>323.1</b>	329.7	<b>323.1</b>	329.7

# Amount less than RM0.1 million

(The above unaudited consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022)

<b>UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<b>AS AT 31/03/2023 RM Million</b>	<b>AS AT 31/12/2022 RM Million</b>
SHARE CAPITAL	3,991.5	3,986.5
OTHER RESERVES	212.4	220.0
RETAINED PROFITS	3,773.5	3,730.0
<b>TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>	<b>7,977.4</b>	<b>7,936.5</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>153.9</b>	<b>152.6</b>
<b>TOTAL EQUITY</b>	<b>8,131.3</b>	<b>8,089.1</b>
Borrowings	4,635.1	4,959.6
Lease liabilities	1,602.5	1,544.2
Deferred tax liabilities	1,403.5	1,425.8
Deferred income	1,640.5	1,630.7
Trade and other payables	24.9	24.6
<b>NON-CURRENT LIABILITIES</b>	<b>9,306.5</b>	<b>9,584.9</b>
	<b>17,437.8</b>	<b>17,674.0</b>
Property, plant and equipment	13,294.6	13,547.0
Intangible assets	922.8	745.8
Right-of-use assets	1,254.5	1,153.7
Associate	97.1	94.3
Equity investments at fair value through other comprehensive income (FVOCI)	149.1	149.1
Investments at fair value through profit or loss (FVTPL)	165.1	164.6
Receivables at FVOCI	45.5	147.0
Other non-current receivables	353.3	574.3
Derivative financial instruments	130.8	132.0
Deferred tax assets	23.7	24.1
<b>NON-CURRENT ASSETS</b>	<b>16,436.5</b>	<b>16,731.9</b>
Inventories	320.5	305.4
Trade and other receivables	3,000.6	2,312.3
Contract assets	767.8	702.4
Contract cost assets	405.8	420.7
Receivables at FVOCI	2.5	8.4
Investments at fair value through other comprehensive income (FVOCI)	67.0	66.5
Investments at fair value through profit or loss (FVTPL)	2.3	2.1
Financial assets at fair value through profit or loss (FVTPL)	2.1	2.2
Cash and bank balances	2,321.8	2,579.4
<b>CURRENT ASSETS</b>	<b>6,890.4</b>	<b>6,399.4</b>
Trade and other payables	3,480.2	3,718.0
Contract liabilities	1,239.4	839.0
Customer deposits	173.2	182.6
Borrowings	631.1	309.7
Lease liabilities	187.0	230.3
Tax and zakat	178.2	177.7
<b>CURRENT LIABILITIES</b>	<b>5,889.1</b>	<b>5,457.3</b>
<b>NET CURRENT ASSETS</b>	<b>1,001.3</b>	<b>942.1</b>
	<b>17,437.8</b>	<b>17,674.0</b>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)</b>	<b>208.7</b>	<b>207.7</b>

**(The above unaudited consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022)**

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Attributable to equity holders of the Company								Total Equity RM Million
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2023	3,986.5	99.1	(13.2)	16.8	81.9	35.4	3,730.0	152.6	8,089.1
Profit for the financial period	-	-	-	-	-	-	330.1	1.3	331.4
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- increase in fair value of investments at fair value through other comprehensive income (FVOCI)	-	0.8	-	-	-	-	-	-	0.8
- reclassification adjustments relating to FVOCI investments disposed	-	#	-	-	-	-	-	-	#
- increase in fair value of receivables at FVOCI	-	4.2	-	-	-	-	-	-	4.2
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	3.4	-	-	-	-	-	3.4
- change in fair value of currency basis	-	-	-	(4.6)	-	-	-	-	(4.6)
- reclassification of foreign exchange loss on borrowings	-	-	(0.1)	-	-	-	-	-	(0.1)
- currency translation differences									
- subsidiaries	-	-	-	-	-	(11.9)	-	-	(11.9)
- associate	-	-	-	-	-	(0.1)	-	-	(0.1)
Total comprehensive income/(loss) for the financial period	-	5.0	3.3	(4.6)	-	(12.0)	330.1	1.3	323.1
Transactions with owners:									
- final interim dividend paid for the financial year ended 31 December 2022 (part A, note 6)	-	-	-	-	-	-	(286.6)	-	(286.6)
- Long Term Incentive Plan (LTIP):									
- ordinary shares granted*	-	-	-	-	5.7	-	-	-	5.7
- transfer from LTIP reserve upon issuance of shares on vesting (part A, note 5)^	5.0	-	-	-	(5.0)	-	-	-	-
Total transactions with owners	5.0	-	-	-	0.7	-	(286.6)	-	(280.9)
<b>At 31 March 2023</b>	<b>3,991.5</b>	<b>104.1</b>	<b>(9.9)</b>	<b>12.2</b>	<b>82.6</b>	<b>23.4</b>	<b>3,773.5</b>	<b>153.9</b>	<b>8,131.3</b>

# Amount less than RM0.1 million

\* The apportionment over the vesting period of the fair value of the Group's granting of TM shares made to eligible employees of TM and its subsidiaries subject to fulfilment of relevant vesting conditions.

^ Issuance of shares pursuant to the Group's LTIP RS.

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	Attributable to equity holders of the Company								Total Equity RM Million
	Share Capital RM Million	FVOCI Reserve RM Million	Hedging Reserve RM Million	Cost of Hedging Reserve RM Million	Long Term Incentive Plan Reserve RM Million	Currency Translation Differences RM Million	Retained Profits RM Million	Non- controlling Interests RM Million	
At 1 January 2022	3,729.0	94.0	13.5	22.7	127.9	25.1	3,490.3	(174.6)	7,327.9
Profit/(loss) for the financial period	-	-	-	-	-	-	339.9	(0.2)	339.7
Other comprehensive income									
Items that may be reclassified subsequently to income statement:									
- decrease in fair value of investments at fair value through other comprehensive income (FVOCI)	-	(2.9)	-	-	-	-	-	-	(2.9)
- reclassification adjustments relating to FVOCI investments disposed	-	(0.1)	-	-	-	-	-	-	(0.1)
- increase in fair value of receivables at FVOCI	-	1.9	-	-	-	-	-	-	1.9
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	(8.3)	-	-	-	-	-	(8.3)
- change in fair value of currency basis	-	-	-	1.1	-	-	-	-	1.1
- reclassification of foreign exchange loss on borrowings	-	-	(3.3)	-	-	-	-	-	(3.3)
- currency translation differences									
- subsidiaries	-	-	-	-	-	1.6	-	-	1.6
- associate	-	-	-	-	-	#	-	-	#
Total comprehensive (loss)/income for the financial period	-	(1.1)	(11.6)	1.1	-	1.6	339.9	(0.2)	329.7
Transactions with owners:									
- final interim dividend paid for the financial year ended 31 December 2021	-	-	-	-	-	-	(226.4)	-	(226.4)
- Long Term Incentive Plan (LTIP):									
- ordinary shares granted*	-	-	-	-	11.3	-	-	-	11.3
Total transactions with owners	-	-	-	-	11.3	-	(226.4)	-	(215.1)
<b>At 31 March 2022</b>	<b>3,729.0</b>	<b>92.9</b>	<b>1.9</b>	<b>23.8</b>	<b>139.2</b>	<b>26.7</b>	<b>3,603.8</b>	<b>(174.8)</b>	<b>7,442.5</b>

# Amount less than RM0.1 million

\* The apportionment over the vesting period of the fair value of the Group's granting of TM shares made to eligible employees of TM and its subsidiaries subject to fulfilment of relevant vesting conditions.

(The above unaudited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**

	FINANCIAL PERIOD ENDED	
	31/03/2023	31/03/2022
	RM Million	RM Million
Receipts from customers	2,426.5	2,542.5
Payments to suppliers and employees	(1,567.7)	(1,591.3)
Payments to suppliers for short term lease and leases of low value assets	(9.9)	(13.4)
Payments of finance cost	(73.3)	(77.4)
Payments of income taxes and zakat (net)	(104.7)	(91.3)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>670.9</b>	<b>769.1</b>
Contribution for purchase of property, plant and equipment	22.3	47.2
Disposal of property, plant and equipment	2.1	1.6
Purchase of property, plant and equipment and intangible assets	(649.1)	(634.9)
Maturity of current investments at fair value through other comprehensive income	3.0	10.8
Purchase of current investments at fair value through other comprehensive income	(2.6)	(9.1)
Purchase of investments at fair value through profit or loss	(0.2)	(13.9)
Long term deposits	(8.3)	(8.3)
Maturity of deposit with maturity exceeding 3 months*	-	33.7
Repayments of loans by employees	5.5	13.3
Loans to employees	(5.0)	(8.7)
Disposal of housing loan	127.6	-
Interests received	19.0	13.8
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(485.7)</b>	<b>(554.5)</b>
Proceeds from borrowings	30.0	-
Repayments of borrowings	(31.3)	(22.5)
Repayments of lease liabilities	(158.5)	(143.9)
Dividend paid to shareholders (part A, note 6)	(286.6)	(226.4)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>	<b>(446.4)</b>	<b>(392.8)</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(261.2)	(178.2)
EFFECT OF EXCHANGE RATE CHANGES	(19.9)	6.9
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	2,344.3	1,880.0
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>2,063.2</b>	<b>1,708.7</b>

\* Comparative disclosures have been restated

**(The above unaudited consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022)**

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation**

The unaudited interim financial statements for the 1st quarter and financial period ended 31 March 2023 of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (MASB), paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022. The accounting policies, method of computation and basis of consolidation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2022 audited financial statements except for the changes arising from the adoption of the amendments to MFRS issued by MASB that are effective for the Group’s financial year beginning on 1 January 2023.

**(a) The amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2023**

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2023 are as follows:

Amendments to MFRS 101	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

The adoption of the above applicable amendments to published standards has not led to any material impact to the Group’s financial result, position or disclosure for the current or previous periods, nor any of the Group’s significant accounting policies.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. Basis of Preparation (continued)**

**(b) The amendments to published standards that have been issued but not yet effective and have not been adopted**

The amendments to published standards that have been issued but are not yet effective and have not been adopted by the Group are as follows:

**Effective for annual periods beginning on or after 1 January 2024**

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

**Effective for annual periods to be announced by MASB**

Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The adoption of the above annual improvements and amendments to published standards are not expected to have a material impact on the financial statements of the Group.

**2. Seasonal or Cyclical Factors**

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

**3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the 1st quarter and financial period ended 31 March 2023.

**4. Material Changes in Estimates**

There were no material changes in estimates reported in the prior financial year that may have given rise to a material impact on the financials reported by the Group for the 1st quarter and financial period ended 31 March 2023, other than the revision of the useful life of certain network and non-network assets from 15 to 10 years and the recognition of impairment on IT infrastructure facilities to reflect alignment to the Group's strategic intent including latest customer profile to be served by the Group moving forward.



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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**5. Issuances, Repurchases and Repayments of Debt and Equity Securities**

**Long Term Incentive Plan (LTIP)**

During the financial year, the Company issued 966,800 new ordinary shares amounting to RM5.0 million pursuant to the vesting of shares from the Restricted Shares (RS) and Performance Shares (PS) Grants under the LTIP granted to employees on 17 June 2019 and 20 December 2019. The new ordinary shares were listed and allotted on the Main Market of Bursa Securities on 16 February 2023.

Details of the LTIP which comprises of RS and PS Grants are disclosed in note 14 of the audited financial statements for the financial year ended 31 December 2022. There has been no further grant of new LTIP tranches during the current financial period ended.

**6. Dividends Paid**

The final interim single-tier cash dividend of 7.5 sen per share amounting to RM286.6 million in respect of the financial year ended 31 December 2022 declared on 28 February 2023 was paid on 31 March 2023.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. Segmental Information**

Segmental information for the Group are as follows:

**By Business Segment**

**All amounts are in RM Million**  
**1st Quarter Ended 31 March 2023**

	Unifi	TM One	TM Global	Shared Services /Others^	Elimination	Total
<b>Operating Revenue</b>						
Total operating revenue	1,434.3	788.3	668.8	171.0		3,062.4
Inter-segment @	2.0	(66.4)	(19.6)	(26.9)		(110.9)
External operating revenue	1,436.3	721.9	649.2	144.1		2,951.5
<b>Results</b>						
Earnings before interest and taxation (EBIT)	422.2	57.6	159.9	85.2	(251.6)	473.3
Other gains (net)						0.6
Finance income						20.3
Finance cost						(79.0)
Foreign exchange gain on borrowings						3.0
Associate - share of results (net of tax)						2.8
Profit before tax and zakat						421.0
Tax and zakat						(89.6)
Profit for the financial period						331.4

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. Segmental Information (continued)**

Segmental information for the Group are as follows:

**By Business Segment**

**All amounts are in RM Million**  
**1st Quarter Ended 31 March 2022**  
**Operating Revenue**

	Unifi	TM One	TM Global	Shared Services /Others^	Elimination	Total
Total operating revenue	1,378.7	836.8	639.5	151.1		3,006.1
Inter-segment @	(2.1)	(63.1)	(14.4)	(34.1)		(113.7)
External operating revenue	1,376.6	773.7	625.1	117.0		2,892.4
<b>Results</b>						
EBIT	420.8	178.5	86.7	(149.3)	23.7	560.4
Other losses (net)						(6.9)
Finance income						17.2
Finance cost						(95.6)
Foreign exchange loss on borrowings						(11.4)
Associate - share of results (net of tax)						3.5
Profit before tax and zakat						467.2
Tax and zakat						(127.5)
Profit for the financial period						339.7

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**7. Segmental Information (continued)**

- @ Inter-segment operating revenue relates to inter-company revenue and has been eliminated at the respective segment operating revenue. These inter-segment trading arrangements are subject to periodic review. The inter-company revenue was entered into in the normal course of business.
- ^ Expenses incurred by corporate divisions such as Human Capital Management, Finance, Strategy and Regulatory, Company Secretary, Procurement and special purpose entities and foreign exchange differences arising from the translation of foreign currency placements which were not allocated to a particular business segment are disclosed as part of shared services/others. These are considered non-operating segments.

Information on segmental assets and liabilities has not been included in the disclosure in alignment with the information used internally to discuss segment performance and allocate resources. Significant portions of the Group's assets and liabilities are maintained and monitored at each entity level. Consistently across the Group, network assets are maintained and economically utilised and monitored as a single network at each entity level respectively, in generating the portfolio of products offered by each entity. The corresponding liabilities, including financing, are also similarly monitored.

The prior year comparatives have been restated for better comparability with alignment to current business structure. This includes the movement of revenue and associated cost relating to certain contracts accounted for under grant accounting from lines of business to Shared Services/Others.

**8. Material Events Subsequent to the End of the Quarter**

On 10 August 1995, the Group issued USD300.0 million 7.875% per annum Debentures that will become due on 1 August 2025, as disclosed in note 17(e) to the Group's audited financial statements for the year ended 31 December 2022.

On 9 May 2023, USD59.1 million of the debentures were redeemed ahead of its maturity and cancelled subsequently.

There are no other material events subsequent to the reporting date that require disclosure or adjustment to the unaudited interim financial statements aside from the ongoing corporate exercise disclosed in part B, note 6.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**9. Effects of Changes in the Composition of the Group**

There are no changes in the composition of the Group for the 1st quarter ended 31 March 2023, other than the amalgamation of the Group's Malaysian based telecommunication business and operations into TM Technology Services Sdn. Bhd. as disclosed in part B, note 6.

**10. Changes in Contingent Liabilities Since the Last Annual Balance Sheet Date**

Other than the material litigation disclosed in part B, note 10 of this announcement, there were no other material changes in contingent liabilities since the audited financial statements of the Group for the financial period ended 31 March 2023.

**11. Capital Commitments**

(a)	Group	
	As at 31/03/2023 RM Million	As at 31/12/2022 RM Million
<b>Property, plant and equipment:</b> Commitments in respect of expenditures approved and contracted for	<u>1,733.2</u>	<u>2,479.4</u>
(b)	Group	
	As at 31/03/2023 RM Million	As at 31/12/2022 RM Million
The Group's remaining capital commitment in a Technology Investment Fund (disclosed as part of the Group's Non- Current Investments at FVTPL)	<u>20.3</u>	<u>20.4</u>

Refer to note 30(c) of the audited financial statements of the Group for the financial year ended 31 December 2022.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**12. Related Party Transactions**

Khazanah Nasional Berhad (Khazanah) is a major shareholder with 20.18% equity interest as at 31 March 2023 and is a related party of the Group. Khazanah is a wholly-owned entity of MOF Inc, which is in turn owned by the Ministry of Finance, a ministry of the Federal Government of Malaysia. Therefore, the Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are also related parties to the Group.

The individually significant transactions that the Group entered into with identified related parties and their corresponding balances for the provision of telecommunications related services as at the respective reporting dates are as follows:

	Total amount of individually significant transactions for the financial period ended		Corresponding outstanding balances as at	
	31/03/2023 RM Million	31/03/2022 RM Million	31/03/2023 RM Million	31/12/2022 RM Million
<b>Sales and Receivables</b>	<b>204.1</b>	193.8	<b>179.7</b>	118.7

The Group also has individually significant contracts with other Government-related entities where the Group was provided funding for projects of which the amortisation of grants to the income statement in the current financial period was RM111.0 million (YTD March 2022: RM76.0 million) with corresponding receivables of RM118.7 million (31 December 2022: RM118.7 million).

In addition to the above, the Group has transactions that are collectively, but not individually significant with other Government-related entities in respect of the provision of telecommunications related services as well as procurement of telecommunications and related equipment and services in the normal course of business.

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**13. Fair Value**

The following should be read in conjunction with note 48 of the Group's audited financial statements for the financial year ended 31 December 2022.

**(a) Financial Instruments Carried at Fair Value**

The following table presents the Group's financial assets that are measured at fair value as at the respective reporting date. There were no liabilities measured at fair value at the end of the period ended and comparative year.

	As at 31/03/2023				As at 31/12/2022			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>Assets</b>								
Financial assets at fair value through profit or loss								
- quoted securities	2.1	-	-	2.1	2.2	-	-	2.2
Derivatives accounted for under hedge accounting	-	130.8	-	130.8	-	132.0	-	132.0
Investments at fair value through OCI	-	67.0	-	67.0	-	66.5	-	66.5
Investments at fair value through profit or loss	-	91.1	76.3	167.4	-	90.3	76.4	166.7
Equity investments at fair value through OCI	-	-	149.1	149.1	-	-	149.1	149.1
Receivables at fair value through OCI	-	-	48.0	48.0	-	-	155.4	155.4
<b>Total</b>	<b>2.1</b>	<b>288.9</b>	<b>273.4</b>	<b>564.4</b>	<b>2.2</b>	<b>288.8</b>	<b>380.9</b>	<b>671.9</b>

There have not been any changes to the valuation techniques applied for the different financial instruments since 31 December 2022 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial period.

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**13. Fair Value (continued)**

**(b) Financial Instruments Other Than Those Carried at Fair Value**

There have not been any significant changes in the differences between the carrying amount and fair value of financial instruments carried at other than fair value from the disclosures in note 48(b) of the Group's audited financial statements for the financial year ended 31 December 2022, other than below:

	As at 31/03/2023		As at 31/12/2022	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
<b>Liabilities</b>				
Borrowings	<b>5,266.2</b>	<b>5,445.5</b>	5,269.3	5,492.0



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## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### 1. Review of Performance

#### (a) 1st Quarter 2023 vs 1st Quarter 2022

##### (i) Group Performance

The Group's operating revenue increased 2.0% (RM59.1 million) to RM2,951.5 million compared to RM2,892.4 million in the same quarter last year mainly driven by increase from Internet and other telecommunication related services.

The Group's operating profits before finance cost of RM473.9 million for the quarter ended is a 14.4% (RM79.6 million) decrease from the RM553.5 million recorded in the 1st quarter of 2022 following accelerated depreciation of certain elements of network assets that the Group commenced from 4th quarter of 2022 together with impairment losses recognised during the current quarter on IT infrastructure facilities. The Group continues to review and reflect estimates of its network assets in ensuring these remain comparable to the industry at large.

Cushioned by lower net finance cost and lower effective tax rates for the quarter, the Group's profit after tax and non-controlling interests (PATAMI) stood at RM330.1 million for the quarter ended, a 2.9% (RM9.8 million) decrease from the RM339.9 million recorded in the 1st quarter of 2022.

##### (ii) Segment Performance

#### Unifi

External operating revenue increased by 4.3% (RM59.7 million) from RM1,376.6 million to RM1,436.3 million in the current quarter ended, driven by increase in Internet with cumulative fixed internet subscribers increasing 8.1%, at close to 3.1 million in current quarter ended against 2.8 million at the end of the corresponding quarter last year.

Lower operating costs further contributed to a 0.3% (RM1.4 million) increase in EBIT of RM422.2 million, compared to RM420.8 million in the corresponding quarter last year.

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### 1. Review of Performance (continued)

(a) 1st Quarter 2023 vs 1st Quarter 2022 (continued)

(ii) Segment Performance (continued)

#### TM One

TM One recorded 6.7% (RM51.8 million) external operating revenue decline in the current quarter ended with RM721.9 million, compared to RM773.7 million in the same quarter last year. This was mainly due to impact from price reductions of large contracts and lower revenue from customer project one-off realisation.

During the quarter ended, the Group has taken a prudent approach in recognising a one-off impairment on certain portfolios of its IT infrastructure facilities in preparation for future expansion. This has directly impacted TM One's EBIT, reported at RM57.6 million for the current year quarter from RM178.5 million in the same quarter last year. Without the one off impairment, TM One's underlying operational profit was flat against 1st quarter of 2022.

#### TM Global

TM Global's external operating revenue increased 3.9% (RM24.1 million) from RM625.1 million recorded in the 1st quarter last year to RM649.2 million mainly contributed by higher revenue from data and data centre co-location services.

EBIT increased 84.4% (RM73.2 million) from RM86.7 million to RM159.9 million in the current quarter mainly driven by lower direct costs and contracts with higher margins.

### 2. Comparison with Preceding Quarter's Results

The Group's RM2,951.5 million revenue in the current quarter ended was a 0.9% (RM26.8 million) decrease from the RM2,978.3 million recorded in the preceding quarter with decline in revenue from all services apart from Internet which continued to record increase of 2.9% (RM32.0 million) from the preceding quarter.

Corresponding lower operating costs in the current quarter mainly from depreciation and amortisation led to a 112.3% (RM250.7 million) increase in operating profit before finance costs at RM473.9 million compared to RM223.2 million recorded in the preceding quarter.

Lower foreign exchange translation gains on borrowings and effective tax rate from recognition of deferred tax credits in the current quarter resulted in a 106.1% (RM169.9 million) increase in Group PATAMI, from RM160.2 million in the preceding quarter to RM330.1 million in the current quarter.

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#### **3. Prospects for the Current Financial Year**

##### **Economic Outlook**

The Malaysian economy in the first quarter of 2023 recorded a GDP of 5.6%<sup>1</sup>, driven mainly by domestic demand, and growth in labour market. The local economy is projected to expand at moderate growth between 4.0% to 5.0%<sup>1</sup> in 2023, as compared to 8.7% growth in 2022 in view of the global economic headwinds. Employment and income levels are expected to improve, as well as higher inbound tourism activities that will further uplift the economic growth for the year.

##### **Business Outlook**

The Group is cautious of the economic landscape and customers' measured spending but remains steadfast in the final year of its 2021-2023 Transformation Programme. TM will continue strengthening its core business to be commercially sustainable as a Public Listed Company (PLC) whilst continuing to contribute to the nation's growth via its role as a Government Linked Company (GLC).

As the national connectivity and digital infrastructure provider, TM continues executing the nation's fiberisation plan in support of the Government's National Digital Network (JENDELA). TM has completed Phase 1 of the Point of Presence (PoP) project installations, across the northern region, Sabah, and Sarawak. This new fibre optic network hub programme contributes towards improving internet experience for schools and public in rural areas.

TM is also committed to continue playing an active role in the 5G implementation, leveraging on its nationwide fibre infrastructure, extensive digital platforms (data centre, edge nodes) and rollout experience. On recent industry development, the Government has decided to implement 5G over two phases and TM will collaborate closely with the Government and the industry to ensure success in both phases. In the meantime, TM customers of Unifi Mobile and TM One will continue to enjoy 5G services and solutions, as the 5G wholesale Access Agreement remains in place.

With a strong base of over 3 million Unifi broadband subscribers, the Group continues to enrich customers' lifestyle with converged solutions and device bundling for fixed broadband as well as for mobile. Unifi has recently launched the Unifi 1Gbps and 2Gbps plans that will provide the ultra broadband experience for both consumers and SMEs. Unifi will also continue to enrich consumers' digital lifestyle with entertainment plans via Unifi TV, the largest TV aggregator platform in Malaysia with more than 70 premium channels and 18 streaming apps. The Group will also continue to enable the growth of SMEs business with digital business solutions via cloud, eCommerce hub, and security solutions packaged through Unifi broadband offerings.

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#### 3. Prospects for the Current Financial Year (continued)

##### Business Outlook (continued)

As the business-to-business arm of TM Group, TM One will continue with its 5G Sphere and Sandbox, a collaborative platform with technology partners and customers to accelerate the co-creation of innovative solutions for industry technological advancements. TM One together with Credence, TM's cloud and digital services company, will continue to empower enterprises in their digital transformation journey and building capabilities for business excellence.

TM Global, the Group's wholesale domestic and international business arm, has recently won two awards at the Asian Telecom Awards 2023 event, which fits well with its aspiration to position Malaysia as a digital hub in the ASEAN region. TM Global will continue to strengthen its service portfolio from an extensive submarine cable to Content Delivery Network (CDN), and other digital infrastructure, to serve Telcos as well as hyperscalers and over-the-top (OTTs) players.

TM maintains its dedication to strengthening its core business despite the challenges posed by the current economic landscape and regulatory policy developments in the industry. To manage the effects from the implementation of the Commission Determination on Mandatory Standard on Access Pricing (MSAP) on 1 March 2023 and sustain a relatively stable revenue for the year, the Group will exercise prudence in operational spending and prioritize investments in areas that promote business growth, such as cloud services, data centres, and the expansion of submarine cables.

As TM transitions from being a Converged Telco to a Human-Centered TechCo, the Group remains committed to fostering a sustainable Digital Malaysia through technology that empowers communities, businesses, and the Government.

<sup>1</sup>Sourced from Bank Negara Malaysia: Quarterly Bulletin 1Q 2023

#### 4. Variance of Actual Profit from Forecast Profit/Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in any public document in respect of the 1st quarter and financial period ended 31 March 2023.

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The tax charge for the Group comprises:

	1st Quarter Ended	
	31/03/2023	31/03/2022
	RM Million	RM Million
<u>Malaysia</u>		
<b>Income Tax:</b>		
Current year	108.4	99.1
Prior year	#	(3.0)
<b>Deferred tax (net)</b>	<b>(21.4)</b>	27.3
	<b>87.0</b>	123.4
<u>Overseas</u>		
<b>Income Tax:</b>		
Current year	0.7	1.4
Prior year	0.4	#
<b>Deferred tax (net)</b>	<b>#</b>	#
	<b>1.1</b>	1.4
<b>Taxation</b>	<b>88.1</b>	124.8
<b>Zakat</b>	<b>1.5</b>	2.7
<b>Taxation and Zakat</b>	<b>89.6</b>	127.5

# Amount less than RM0.1 million

As disclosed in note 55 to the Group's audited financial statements and note 6, Part B, further to the execution of the Internal Reorganisation of the Group via the completion of the Scheme of Arrangement and Amalgamation, the Group's Malaysian based telecommunication business and operations have effectively been amalgamated and operating through TM Technology Services Sdn. Bhd. from 1 March 2023.

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Following this, the Group has recognised deferred tax assets associated to unutilised tax losses of TM Technology Services Sdn. Bhd. to the extent that can be utilised against future business income of the entity. Applying the relevant principle of MFRS 134 Interim Financial Reporting, the Group has applied the expected annual effective tax rate of TM Technology Services Sdn. Bhd. for the financial year ending 31 December 2023 (inclusive of the recognition of the aforementioned previously unrecognised deferred tax assets) to the profit before tax of TM Technology Services Sdn. Bhd. for the current quarter ended, in arriving to the tax credit to be recognised for the current quarter ended.

**6. Status of Corporate Proposals**

As disclosed in note 55 to the Group's audited financial statements for the financial year ended 31 December 2022, on 1 March 2023 the Group completed the transfer and vesting of the Identified Assets and Liabilities from the Transferor entities (Telekom Malaysia Berhad (TMB) and the identified 11 wholly-owned subsidiaries of TMB) to the Transferee (TM Technology Services Sdn. Bhd.) in exchange of issuance and exchange of new TM Technology Services Sdn. Bhd. shares. Following this the Group's Malaysian based telecommunication business and operations have effectively been amalgamated and are operating through TM Technology Services Sdn. Bhd.

**7. Group Borrowings and Debt Securities**

(a) Analysis of the Group's borrowings and debt securities is as follows:

	As at 31/03/2023		As at 31/12/2022	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
<b>Total Secured</b>	2.9	6.5	2.9	7.2
<b>Total Unsecured</b>	628.2	4,628.6	306.8	4,952.4
<b>Total Borrowings</b>	631.1	4,635.1	309.7	4,959.6

(b) Foreign currency borrowings and debt securities are as follows:

	As at 31/03/2023 RM Million	As at 31/12/2022 RM Million
<b>Foreign Currency</b>		
US Dollar	1,877.4	1,879.8
Canadian Dollars	2.0	2.0
<b>Total</b>	1,879.4	1,881.8

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- (c) There have not been any significant changes in the Group's borrowings since the end of the previous financial year (as disclosed in note 17 of the Group's audited financial statements for financial year ended 31 December 2022) except for the impact of foreign exchange translation for the financial period ended as well as the early redemption of certain borrowing as disclosed in part A, note 8.

**8. Derivative Financial Instruments**

- (a) **Analysis of the Group's Derivative Financial Instruments is as follows:**

		Fair value as at 31/03/2023	Fair value as at 31/12/2022
Derivatives (by maturity)	Contract or notional amount RM Million	Assets RM Million	Assets RM Million
<u>Cross Currency Interest Rate Swaps (CCIRS)</u>			
- 1 year to 3 years	310.5	130.8	132.0
	310.5	130.8	132.0
<b>Total</b>	<b>310.5</b>	<b>130.8</b>	<b>132.0</b>

- (b) **Financial Risk Management Objectives and Policies**

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

- (i) The types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts; and
- (ii) The risk management policies in place for mitigating and controlling the risks associated with these derivative financial instrument contracts.

The details on the above, the valuation and the financial effects of derivative financial instruments that the Group has entered into are discussed in notes 4, 20 and 47 to 50 to the Group's audited financial statements for the financial year ended 31 December 2022.

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The related accounting policies of the Group in respect of derivative financial instruments and hedge accounting are disclosed in note 2 to the Group's audited financial statements for the financial year ended 31 December 2022.

**(d) Losses Arising from Fair Value Changes of Financial Instruments**

The amount of losses arising from fair value changes of derivative financial instruments for the current and cumulative quarters ended 31 March 2023 are as follows:

<b>Derivatives (by maturity)</b>	<b>Contract or notional value RM Million</b>	<b>Fair value RM Million</b>	<b>Losses arising from fair value changes for the quarter RM Million</b>
<b>Financial Assets</b>			
<u>Cross Currency Interest Rate Swaps (CCIRS)*</u>			
- 1 year to 3 years	310.5	130.8	(1.2)
	<b>310.5</b>	<b>130.8</b>	<b>(1.2)</b>
<b>Total</b>	<b>310.5</b>	<b>130.8</b>	<b>(1.2)</b>

\* Cash flow hedges accounted for under hedge accounting.

The fair values of existing interest rate swaps arise from the changes in present value of their respective future cash flows against the prevailing market interest rates. The fair values of existing forward foreign exchange components of the contracts are determined by comparing forward exchange market rates at the balance sheet date against prevailing foreign exchange rates.

The Mark to Market (MTM) on the IRS is positive when the expectation of relevant future interest rates increases and vice versa. The MTM on a forward contract is positive when the expectation of USD against RM currency is strengthened and vice versa.

The MTM on the CCIRS is positive when the expectation of the relevant foreign currency against RM strengthens or the expectation of future RM interest rate increases and vice versa.



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**9. Additional Disclosures**

Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 1st quarter and financial period ended 31 March 2023:

	1st Quarter Ended	
	31/03/2023	31/03/2022
	RM Million	RM Million
Inventory charges for write off and obsolescence	(1.7)	(0.4)
Gain on disposal of fixed income securities	#	0.1
Gain on foreign exchange on settlements and placements	5.5	10.4

# Amount less than RM0.1 million

**10. Material Litigation**

The following is the update on the Group's existing material litigation as disclosed in note 51 to the Group's audited financial statements for the year ended 31 December 2022, subsequent to the financial year end:

**(a) In the Matter of Arbitration between Vodoke Pte Ltd (VPL) and Telekom Malaysia Berhad (TM)**

On 30 March 2023, TM issued a Statutory Demand to VPL demanding VPL to pay the amounts awarded together with interest under the Final Award on Damages and Costs dated 3 February 2023.

TM shall make further announcements if there are any material development in respect of this matter.

**(b) In the Matter of Arbitration between MYTV Broadcasting Sdn Bhd (MYTV) and Telekom Malaysia Berhad (TM)**

Telekom Malaysia Berhad refers to its previous announcements dated 13 February 2023 and 15 February 2023 pursuant to the filing of the Statement of Claim dated 10 February 2023 by MYTV Broadcasting Sdn Bhd ("MYTV" or "Claimant").

Following the Vesting Order granted by the Kuala Lumpur High Court on 21 February 2023 in Originating Summons No. Wa-24NCC-15-01/2022, Telekom Malaysia Berhad has been substituted with TM Technology Services Sdn. Bhd. ("Respondent" or "the company") as respondent in the arbitration, with effect from 1 March 2023. The Respondent is a wholly-owned subsidiary of Telekom Malaysia Berhad.

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**10. Material Litigation (continued)**

**(b) In the Matter of Arbitration between MYTV Broadcasting Sdn Bhd (MYTV) and Telekom Malaysia Berhad (TM) (continued)**

We wish to announce that the company has filed a Statement of Defence and Counterclaim dated 10 May 2023 to seek the following reliefs from MYTV:

1. RM84,018,254.52, being the outstanding Service Charges due and owing by MYTV under the Service Agreement as of 30 April 2023;
2. RM13,540,960.20, being the wasted costs and expenditure incurred by the company in relation to the 16 sites where Direct to Home Services were provided;
3. RM15,623,156.41, being the Late Payment Charges due and owing by MYTV under the Service Agreement as of 30 April 2023;
4. Such other sums as may be due and owing by MYTV to the company under the Service Agreement as of the date of the Award, or such other date which the Arbitral Tribunal deems fit;
5. Pre and post award Interest;
6. Costs of and incidental to this arbitration; and
7. Such further or other relief that the Arbitral Tribunal deems fit.

Based on the agreed Procedural Timeline, MYTV is scheduled to file its Reply and Defence to Counterclaim latest by 10 August 2023.

TM shall make further announcements if there are any material development in respect of this matter.

Save as disclosed above, neither TM nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on TM's and/or its subsidiaries' financial position or business of TM Group and TM Board is not aware of any proceedings, pending or threatened against TM and/or its subsidiaries, or of any facts likely to give rise to any proceedings which may materially affect TM's and/or its subsidiaries' financial position or business of TM Group.

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	<b>1st Quarter Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>
<b>(a) Basic earnings per share</b>		
Profit attributable to equity holders of the Company (RM million)	<b>330.1</b>	339.9
Weighted average number of ordinary shares (million)	<b>3,821.5</b>	3,773.7
Basic earnings per share (sen) attributable to equity holders of the Company	<b>8.6</b>	9.0

Basic earnings per share was calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares during the financial period.

	<b>1st Quarter Ended</b>	
	<b>31/03/2023</b>	<b>31/03/2022</b>
<b>(b) Diluted earnings per share</b>		
Profit attributable to equity holders of the Company (RM million)	<b>330.1</b>	339.9
Weighted average number of ordinary shares (million)	<b>3,821.5</b>	3,773.7
Adjustment for dilutive effect of Long Term Incentive Plan (million)	<b>17.0</b>	31.4
Weighted average number of ordinary shares (million)	<b>3,838.5</b>	3,805.1
Diluted earnings per share (sen) attributable to equity holders of the Company	<b>8.6</b>	8.9

Diluted earnings per share for the current quarter and financial period ended were calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of issued and paid-up ordinary shares adjusted for potential conversion of all dilutive ordinary shares from shares granted to employees under the Group's Long Term Incentive Plan (LTIP), as disclosed in note 14 to the Group's audited financial statements for financial year ended 31 December 2022.

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**12. Qualification of Preceding Audited Financial Statements**

The audited financial statements for the financial year ended 31 December 2022 were not subject to any qualification.

**13. Dividends**

No dividend is recommended during the 1st quarter ended 31 March 2023 in respect of the financial year.

**By Order of the Board**

Hamizah Abidin (LS0007096) (Practising Certificate No. 201908001071)

Group Company Secretary

Kuala Lumpur

25 May 2023