

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 financial year ended 31 December 2022.

CONSOLIDATED INCOME STATEMENT

	4TH QUARTER ENDED		FINANCIAL YEAR ENDED	
	(Unaudited)		(Unaudited)	(Audited)
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM Million	RM Million	RM Million	RM Million
OPERATING REVENUE	2,978.3	3,153.1	12,118.1	11,529.0
OPERATING COSTS				
- depreciation, impairment and amortisation	(983.6)	(868.9)	(2,862.9)	(2,634.7)
- net impairment loss on financial and contract assets	(4.8)	(46.7)	(6.5)	(40.7)
- other operating costs	(1,825.6)	(1,980.5)	(7,301.1)	(7,301.1)
OTHER OPERATING INCOME (net)	58.0	38.3	142.6	157.6
OTHER GAINS/(LOSSES) (net)	0.9	(0.5)	(8.6)	(15.7)
OPERATING PROFIT BEFORE FINANCE COST	223.2	294.8	2,081.6	1,694.4
FINANCE INCOME	21.8	20.1	74.8	75.6
FINANCE COST	(99.3)	(124.0)	(387.1)	(486.3)
FOREIGN EXCHANGE GAIN/(LOSS) ON BORROWINGS	66.6	0.6	(94.0)	(48.9)
NET FINANCE COST	(10.9)	(103.3)	(406.3)	(459.6)
ASSOCIATE				
- share of results (net of tax)	1.7	2.5	11.2	12.0
PROFIT BEFORE TAX AND ZAKAT	214.0	194.0	1,686.5	1,246.8
TAX AND ZAKAT (part B, note 5)	(53.6)	(126.9)	(542.3)	(368.9)
PROFIT FOR THE FINANCIAL PERIOD/YEAR	160.4	67.1	1,144.2	877.9
ATTRIBUTABLE TO:				
- equity holders of the Company	160.2	79.9	1,143.3	895.2
- non-controlling interests	0.2	(12.8)	0.9	(17.3)
PROFIT FOR THE FINANCIAL PERIOD/YEAR	160.4	67.1	1,144.2	877.9
EARNINGS PER SHARE (sen) (part B, note 11)				
- basic	4.2	2.1	30.2	23.7
- diluted	4.2	2.1	30.0	23.5

(The above unaudited consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4TH QUARTER ENDED (Unaudited)		FINANCIAL YEAR ENDED	
	31/12/2022 RM Million	31/12/2021 RM Million	(Unaudited) 31/12/2022 RM Million	(Audited) 31/12/2021 RM Million
PROFIT FOR THE FINANCIAL PERIOD/YEAR	160.4	67.1	1,144.2	877.9
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to income statement:				
- increase in fair value of equity Investments at fair value through other comprehensive income (FVOCI)	7.5	8.1	7.5	8.1
Items that may be reclassified subsequently to income statement:				
-increase/(decrease) in fair value of investments at fair value through other comprehensive income (FVOCI)	0.6	(1.6)	(3.9)	(7.4)
- reclassification adjustments relating to FVOCI investments disposed	#	(0.6)	0.2	(1.1)
- (decrease)/increase in fair value of receivables at FVOCI	(1.4)	(0.8)	1.3	(3.3)
- cash flow hedge:				
- (decrease)/increase in fair value of cash flow hedge	(25.4)	(7.9)	(2.9)	10.4
- change in fair value of currency basis	(0.8)	0.2	(5.9)	(8.4)
- reclassification of foreign exchange gain/(loss) on borrowings	23.0	0.3	(23.8)	(13.5)
- currency translation differences				
- subsidiaries	(9.5)	2.0	9.9	5.8
- associate	0.2	#	0.4	0.1
Other comprehensive loss for the financial period/year	(5.8)	(0.3)	(17.2)	(9.3)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	154.6	66.8	1,127.0	868.6
ATTRIBUTABLE TO:				
- equity holders of the Company	154.4	79.6	1,126.1	885.9
- non-controlling interests	0.2	(12.8)	0.9	(17.3)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR	154.6	66.8	1,127.0	868.6

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 2021)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	(Unaudited) AS AT 31/12/2022 RM Million	(Audited) AS AT 31/12/2021 RM Million
SHARE CAPITAL	3,986.5	3,729.0
OTHER RESERVES	220.0	283.2
RETAINED PROFITS	3,730.0	3,490.3
TOTAL CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	7,936.5	7,502.5
NON-CONTROLLING INTERESTS	152.6	(174.6)
TOTAL EQUITY	8,089.1	7,327.9
Borrowings	4,959.6	5,338.4
Lease liabilities	1,544.2	1,553.4
Derivative financial instruments	-	4.6
Deferred tax liabilities	1,425.8	1,499.0
Deferred income	1,630.7	1,649.8
Trade and other payables	24.6	24.3
NON-CURRENT LIABILITIES	9,584.9	10,069.5
	17,674.0	17,397.4
Property, plant and equipment	13,547.0	13,356.1
Intangible assets	745.8	665.4
Right-of-use assets	1,153.7	1,208.2
Associate	94.3	89.9
Equity investments at fair value through other comprehensive income (FVOCI)	149.1	141.6
Investments at fair value through profit or loss (FVTPL)	164.6	306.0
Receivables at FVOCI	147.0	282.0
Other non-current receivables	574.3	441.1
Derivative financial instruments	132.0	145.4
Deferred tax assets	24.1	22.2
NON-CURRENT ASSETS	16,731.9	16,657.9
Inventories	305.4	176.9
Trade and other receivables	2,312.3	2,050.8
Contract assets	702.4	719.6
Contract cost assets	420.7	379.2
Receivables at FVOCI	8.4	15.9
Investments at fair value through other comprehensive income (FVOCI)	66.5	82.3
Investments at fair value through profit or loss (FVTPL)	2.1	12.5
Financial assets at fair value through profit or loss (FVTPL)	2.2	2.2
Cash and bank balances	2,579.4	2,733.8
CURRENT ASSETS	6,399.4	6,173.2
Trade and other payables	3,718.0	3,633.7
Contract liabilities	839.0	857.4
Customer deposits	182.6	221.4
Borrowings	309.7	381.6
Lease liabilities	230.3	330.3
Tax and zakat	177.7	9.3
CURRENT LIABILITIES	5,457.3	5,433.7
NET CURRENT ASSETS	942.1	739.5
	17,674.0	17,397.4
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (sen)	207.7	198.8

(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 2021)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 for the financial year	-	-	-	-	-	-	1,143.3	0.9	1,144.2
Other comprehensive income									
Items that will not be reclassified subsequently to income statement:									
- increase in fair value of equity investments at FVOCI	-	7.5	-	-	-	-	-	-	7.5
Items that may be reclassified subsequently to income statement:									
- decrease in fair value of investments at fair value through other comprehensive income (FVOCI)	-	(3.9)	-	-	-	-	-	-	(3.9)
- reclassification adjustments relating to FVOCI investments disposed	-	0.2	-	-	-	-	-	-	0.2
- increase in fair value of receivables at FVOCI	-	1.3	-	-	-	-	-	-	1.3
- cash flow hedge:									
- decrease in fair value of cash flow hedge	-	-	(2.9)	-	-	-	-	-	(2.9)
- change in fair value of currency basis	-	-	-	(5.9)	-	-	-	-	(5.9)
- reclassification of foreign exchange loss on borrowings	-	-	(23.8)	-	-	-	-	-	(23.8)
- currency translation differences									
- subsidiaries	-	-	-	-	-	9.9	-	-	9.9
- associate	-	-	-	-	-	0.4	-	-	0.4
Total comprehensive income/(loss) for the financial year	-	5.1	(26.7)	(5.9)	-	10.3	1,143.3	0.9	1,127.0
Transactions with owners:									
- shares issued pursuant to Dividend Reinvestment Scheme (DRS) (part A, note 5(d))	180.4	-	-	-	-	-	-	-	180.4
- acquisition of non-controlling interest (part A, note 9(e))	-	-	-	-	-	-	(336.3)	334.0	(2.3)
- final interim dividend paid for the financial year ended 31 December 2021 (part A, note 6)	-	-	-	-	-	-	(226.4)	-	(226.4)
- interim dividends paid for the financial year ended 31 December 2022 (part A, note 6)	-	-	-	-	-	-	(340.9)	-	(340.9)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	(7.7)	(7.7)
- Long Term Incentive Plan (LTIP):									
- ordinary shares granted*	-	-	-	-	31.1	-	-	-	31.1
- transfer from LTIP reserve upon issuance of shares on vesting (part A, note 5(c))^	77.1	-	-	-	(77.1)	-	-	-	-
Total transactions with owners	257.5	-	-	-	(46.0)	-	(903.6)	326.3	(365.8)
At 31 December 2022	3,986.5	99.1	(13.2)	16.8	81.9	35.4	3,730.0	152.6	8,089.1

* 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 2021)

**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	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 2021	3,728.6	97.7	16.6	31.1	89.1	19.2	3,142.3	(149.3)	6,975.3
Profit/(loss) for the financial year	-	-	-	-	-	-	895.2	(17.3)	877.9
Other comprehensive income									
Items that will not be reclassified subsequently to income statement:									
- increase in fair value of equity investments at FVOCI	-	8.1	-	-	-	-	-	-	8.1
Items that may be reclassified subsequently to income statement:									
- decrease in fair value of investments at fair value through other comprehensive income (FVOCI)	-	(7.4)	-	-	-	-	-	-	(7.4)
- reclassification adjustments relating to FVOCI investments disposed	-	(1.1)	-	-	-	-	-	-	(1.1)
- decrease in fair value of receivables at FVOCI	-	(3.3)	-	-	-	-	-	-	(3.3)
- cash flow hedge:									
- increase in fair value of cash flow hedge	-	-	10.4	-	-	-	-	-	10.4
- change in fair value of currency basis	-	-	-	(8.4)	-	-	-	-	(8.4)
- reclassification of foreign exchange loss on borrowings	-	-	(13.5)	-	-	-	-	-	(13.5)
- currency translation differences									
- subsidiaries	-	-	-	-	-	5.8	-	-	5.8
- associate	-	-	-	-	-	0.1	-	-	0.1
Total comprehensive (loss)/income for the financial year	-	(3.7)	(3.1)	(8.4)	-	5.9	895.2	(17.3)	868.6
Transactions with owners:									
- final interim dividend paid for the financial year ended 31 December 2020	-	-	-	-	-	-	(283.0)	-	(283.0)
- interim dividend paid for the financial year ended 31 December 2021	-	-	-	-	-	-	(264.2)	-	(264.2)
- dividends paid to non-controlling interests	-	-	-	-	-	-	-	(8.0)	(8.0)
- Long Term Incentive Plan (LTIP):									
- ordinary shares granted*	-	-	-	-	39.2	-	-	-	39.2
- transfer from LTIP reserve upon issuance of shares on vesting^	0.4	-	-	-	(0.4)	-	-	-	-
Total transactions with owners	0.4	-	-	-	38.8	-	(547.2)	(8.0)	(516.0)
At 31 December 2021	3,729.0	94.0	13.5	22.7	127.9	25.1	3,490.3	(174.6)	7,327.9

* 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 audited consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021)

CONSOLIDATED STATEMENT OF CASH FLOWS

	FINANCIAL YEAR ENDED	
	(Unaudited)	(Audited)
	31/12/2022	31/12/2021
	RM Million	RM Million
Receipts from customers	11,428.3	10,680.5
Payments to suppliers and employees	(7,391.4)	(6,941.9)
Payments to suppliers for short term lease and leases of low value assets	(41.1)	(44.6)
Payments of finance cost	(277.7)	(375.9)
Payments of income taxes and zakat (net)	(452.3)	(342.5)
CASH FLOWS FROM OPERATING ACTIVITIES	3,265.8	2,975.6
Contribution for purchase of property, plant and equipment	248.7	125.9
Disposal of property, plant and equipment	19.6	14.6
Purchase of property, plant and equipment and intangible assets	(2,663.8)	(1,903.7)
Disposal/Maturity of current investments at fair value through other comprehensive income	30.3	113.6
Purchase of current investments at fair value through other comprehensive income	(18.3)	(46.2)
Purchase of investments at fair value through profit or loss	(15.1)	(23.5)
Disposal of financial assets at fair value through profit or loss	161.5	0.8
Long term deposits	(16.6)	(16.6)
Deposits with maturity exceeding 3 months	672.5	(673.2)
Repayments of loans by employees	50.4	43.9
Loans to employees	(29.4)	(32.5)
Disposal of housing loan	167.8	-
Interests received	54.1	63.8
Dividends received	3.4	12.9
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,334.9)	(2,320.2)
Proceeds from borrowings	80.0	90.0
Repayments of borrowings	(651.1)	(2,043.0)
Repayments of lease liabilities	(499.9)	(437.9)
Dividend paid to shareholders (part A, note 6)	(386.9)	(547.2)
Dividend paid to non-controlling interests	(7.7)	(8.0)
CASH FLOWS USED IN FINANCING ACTIVITIES	(1,465.6)	(2,946.1)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	465.3	(2,290.7)
EFFECT OF EXCHANGE RATE CHANGES	(1.0)	24.3
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,880.0	4,146.4
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,344.3	1,880.0

(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 2021)

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. Basis of Preparation

The unaudited interim financial statements for the 4th quarter and financial year ended 31 December 2022 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 2021. 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 2021 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 2022.

(a) The amendments to published standards that are effective and applicable for the Group’s financial year beginning on 1 January 2022

The amendments to published standards issued by MASB that are effective and applicable for the Group’s financial year beginning on 1 January 2022 are as follows:

Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018-2020

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 2023

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

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.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

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 4th quarter and financial year ended 31 December 2022.

4. Material Changes in Estimates

During the current quarter and financial year ended, as part of its annual review exercise, in accordance with MFRS 116 Property, Plant and Equipment, the Group revised its estimates of useful life for certain network and last mile elements including fibre optic cables, giving rise to increase in reported depreciation charges for the quarter and financial year ended 31 December 2022. The change in estimate is accounted for in accordance with MFRS 108 Accounting Policies, Changes in Estimates and Errors.

There were no other 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 4th quarter and financial year ended 31 December 2022.

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

(a) Repayment of Islamic Medium Term Notes (IMTN)

On 10 June 2022, the Group repaid in full, at its nominal value, the RM300.0 million IMTN at 4.23% per annum upon its maturity date. The IMTN was issued as part of the RM3.0 billion IMTN Programme disclosed in note 17(b) of the Group's audited financial statements for the financial year ended 31 December 2021.

(b) Early redemption of Multi-currency Euro Medium Term Notes (EMTN)

On 19 August 2016, Tulip Maple Berhad, a subsidiary of the Group, issued a 7-year USD50.0 million Sukuk due on 21 August 2023. The Sukuk carried a periodic distribution rate of 1 month USD London Interbank Offered Rate (LIBOR) plus 1.35% per annum.

On 19 August 2022, the Sukuk was redeemed ahead of its maturity and was subsequently cancelled accordingly.

(c) Long Term Incentive Plan (LTIP)

During the financial year, the Company issued 13,967,300 new ordinary shares amounting to RM77.1 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. The new ordinary shares were listed and allotted on the Main Market of Bursa Securities on 29 July 2022.

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 2021. There has been no further grant of new LTIP tranches during the current financial year.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

5. Issuances, Repurchases and Repayments of Debt and Equity Securities (continued)

(d) Dividend Reinvestment Scheme (DRS) on the interim single-tier dividend for the financial year ended 31 December 2022

As disclosed in part B, note 13(a), an interim single-tier dividend of 9.0 sen per share for the financial year ended 31 December 2022 was declared on 24 August 2022.

TM Board of Directors (TM Board) determined that the Dividend Reinvestment Scheme (DRS) as disclosed in note 13(b) of the Group's audited financial statements for financial year ended 31 December 2021 would be made applicable to the entire interim dividend where the entire portion of the interim dividend could be elected to be reinvested into new TM shares in accordance to the DRS.

Pursuant to Bursa Malaysia Securities Berhad's approval, the Company had issued and allotted 33.3 million new shares (New TM Shares) on 21 October 2022 at an issue price of RM5.41 per New TM Share. The payment of dividend to shareholders who did not elect for DRS was also made on 21 October 2022 amounting to RM160.5 million. The New TM Shares were listed and allotted on the main market of Bursa Securities on 25 October 2022. This translates to 52.93% rate of acceptance of shareholders to reinvest their cash dividend into New TM Shares.

Upon completion of the DRS on listing and quotation of the 33.3 million New TM Shares on Main Market Bursa Malaysia Securities Berhad, the total issued and paid up share capital of TM is RM3,986.5 million comprising 3,821.0 million ordinary shares and 1 Special Rights Redeemable Preference Share.

6. Dividends Paid

- (a) The final interim single-tier cash dividend of 6.0 sen per share amounting to RM226.4 million in respect of the financial year ended 31 December 2021 declared on 25 February 2022, was paid on 31 March 2022.
- (b) The interim single-tier cash dividend of 9.0 sen per share amounting to RM340.9 million in respect of the financial year ended 31 December 2022 was declared on 24 August 2022.

The Dividend Reinvestment Scheme (DRS) as disclosed in part A, note 5(d) of this announcement, was made applicable to the entire interim dividend where the entire electable portion could be elected to be reinvested into new TM shares in accordance to the DRS.

The payment of dividend in cash (RM160.5 million) and the crediting of shares under the DRS was completed on 21 October 2022.

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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
4th Quarter Ended

	Unifi ^{>}	TM One	TM Global	Shared Services /Others [^]	Elimination	Total
31 December 2022						
Operating Revenue						
Total operating revenue	1,435.1	874.4	655.4	153.6		3,118.5
Inter-segment @	(4.9)	(78.7)	(11.7)	(44.9)		(140.2)
External operating revenue	1,430.2	795.7	643.7	108.7		2,978.3
Results						
Earnings before interest and taxation (EBIT)	136.1	125.6	85.0	(194.2)	69.8	222.3
Other gains (net)						0.9
Finance income						21.8
Finance cost						(99.3)
Foreign exchange gain on borrowings						66.6
Associate - share of results (net of tax)						1.7
Profit before tax and zakat						214.0
Tax and zakat						(53.6)
Profit for the financial period						160.4

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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

4th Quarter Ended

31 December 2021

Operating Revenue

	Unifi ^o	TM One	TM Global	Shared Services /Others [^]	Elimination	Total
Total operating revenue	1,395.6	916.5	793.2	197.7		3,303.0
Inter-segment @	(3.5)	(72.5)	(23.7)	(50.2)		(149.9)
External operating revenue	1,392.1	844.0	769.5	147.5		3,153.1

Results

EBIT	214.8	137.0	137.7	(173.1)	(21.1)	295.3
Other losses (net)						(0.5)
Finance income						20.1
Finance cost						(124.0)
Foreign exchange gain on borrowings						0.6
Associate - share of results (net of tax)						2.5
Profit before tax and zakat						194.0
Tax and zakat						(126.9)
Profit for the financial period						67.1

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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

Financial Year Ended	Unifi ^o	TM One	TM Global	Shared Services /Others [^]	Elimination	Total
31 December 2022						
Operating Revenue						
Total operating revenue	5,633.0	3,591.9	2,851.8	554.2		12,630.9
Inter-segment @	(22.2)	(256.0)	(73.2)	(161.4)		(512.8)
External operating revenue	<u>5,610.8</u>	<u>3,335.9</u>	<u>2,778.6</u>	<u>392.8</u>		<u>12,118.1</u>
Results						
EBIT	1,382.3	636.2	469.2	(557.0)	159.5	2,090.2
Other losses (net)						(8.6)
Finance income						74.8
Finance cost						(387.1)
Foreign exchange loss on borrowings						(94.0)
Associate - share of results (net of tax)						11.2
Profit before tax and zakat						<u>1,686.5</u>
Tax and zakat						(542.3)
Profit for the financial year						<u>1,144.2</u>

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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

Financial Year Ended	Unifi ²	TM One	TM Global	Shared Services /Others [^]	Elimination	Total
31 December 2021						
Operating Revenue						
Total operating revenue	5,252.6	3,595.7	2,660.2	573.3		12,081.8
Inter-segment @	(35.3)	(276.2)	(82.1)	(159.2)		(552.8)
External operating revenue	<u>5,217.3</u>	<u>3,319.5</u>	<u>2,578.1</u>	<u>414.1</u>		<u>11,529.0</u>
Results						
EBIT	1,089.0	817.4	451.2	(642.0)	(5.5)	1,710.1
Other losses (net)						(15.7)
Finance income						75.6
Finance cost						(486.3)
Foreign exchange loss on borrowings						(48.9)
Associate - share of results (net of tax)						<u>12.0</u>
Profit before tax and zakat						1,246.8
Tax and zakat						<u>(368.9)</u>
Profit for the financial year						<u>877.9</u>

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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.
- > Unifi segment for the current quarter, period and comparatives include financial information of TM Technology Services Sdn Bhd (TM Tech) and its subsidiaries, reflective of TM Tech's current customer profile in aligning to the Group's overall operational segmentation.

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 TM Info-Media Sdn Bhd previously under Others to Unifi, Medium Enterprise Business (MEB) customers from TM One to Unifi and Global Service Providers (GSP) division from TM One to TM Global.

8. Material Events Subsequent to the End of the Quarter

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

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9. Effects of Changes in the Composition of the Group

There are no changes in the composition of the Group for the 4th quarter and financial year ended 31 December 2022 save as disclosed below:

(a) TM Digital Innovation Sdn Bhd (TMDI)

On 14 February 2022, TM Digital Innovation Sdn Bhd (TMDI) was incorporated as a wholly-owned subsidiary of Telekom Malaysia Berhad (TM) with its initial two (2) ordinary shares currently held by TM. TMDI was established as the operating company for TM's digital services business.

(b) P1.Com Sdn Bhd (P1SB) and RuumzNation Sdn Bhd (RSB)

Following the applications to strike off P1SB and RSB pursuant to Section 551(1) of Companies Act 2016 (CA2016), P1SB and RSB were officially struck-off from the Register of Companies effective 13 April 2022, based on the final notification from Companies Commission of Malaysia (CCM) via Gazette Number 9242 issued on the same date.

(c) VADS Digital Sdn Bhd (VDSB)

Following the application to strike off VDSB pursuant to Section 551(1) of CA2016, VDSB was officially struck-off from the Register of Companies effective 9 June 2022, based on the final notification from CCM via Gazette Number 13882 issued on the same date.

(d) Changes to shareholding in Menara Kuala Lumpur Sdn Bhd (MKLSB)

Following the Group's decision not to renew the concession agreement awarded to MKLSB for the rights to the operation, management and maintenance of Menara Kuala Lumpur (the Tower) and Tower land (the Concession) as disclosed in note 23(b)(iii) to the Group's audited financial statements for financial year ended 31 December 2021, the Group has subsequently secured the relevant approvals accordingly. The Group has on 31 October 2022 completed a share purchase agreement to dispose its 100% interest in MKLSB for a consideration of RM3.8 million comprising of cash and the acquirer's commitment to make good obligations associated to the Concession.

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

(e) Changes to shareholding in TM Technology Services Sdn Bhd (formerly known as Webe Digital Sdn Bhd) (TM Tech)

On 15 November 2022, the Group acquired the remaining 8.2% shareholding of TM Tech from a non-controlling interest, making TM Tech a 100% owned subsidiary of the Group.

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 year ended 31 December 2021.

11. Capital Commitments

(a)

	Group	
	As at 31/12/2022	As at 31/12/2021
	RM Million	RM Million
Property, plant and equipment:		
Commitments in respect of expenditures approved and contracted for	<u>2,479.4</u>	<u>2,273.6</u>

(b)

	Group	
	As at 31/12/2022	As at 31/12/2021
	RM Million	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>20.4</u>	<u>33.1</u>

Refer to note 30(c) of the audited financial statements of the Group for the financial year ended 31 December 2021.

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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 20.19% equity interest as at 31 December 2022 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 year ended		Corresponding outstanding balances as at	
	31/12/2022 RM Million	31/12/2021 RM Million	31/12/2022 RM Million	31/12/2021 RM Million
Sales and Receivables	905.6	775.0	118.7	104.3

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 year was RM332.9 million (YTD December 2021: RM367.0 million) with corresponding receivables of RM200.0 million (31 December 2021: RM200.0 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 2021.

(a) Financial Instruments Carried at Fair Value

The following table presents the Group's financial assets and liabilities that are measured at fair value as at the respective reporting date.

	As at 31/12/2022				As at 31/12/2021			
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Assets								
Financial assets at fair value through profit or loss								
- quoted securities	2.2	-	-	2.2	2.2	-	-	2.2
Derivatives accounted for under hedge accounting	-	132.0	-	132.0	-	145.4	-	145.4
Investments at fair value through OCI	-	66.5	-	66.5	-	82.3	-	82.3
Investments at fair value through profit or loss	-	90.3	76.4	166.7	-	243.2	75.3	318.5
Equity investments at fair value through OCI	-	-	149.1	149.1	-	-	141.6	141.6
Receivables at fair value through OCI	-	-	155.4	155.4	-	-	297.9	297.9
Total	2.2	288.8	380.9	671.9	2.2	470.9	514.8	987.9
Liabilities								
Derivatives accounted for under hedge accounting	-	-	-	-	-	4.6	-	4.6
Total	-	-	-	-	-	4.6	-	4.6

There have not been any changes to the valuation techniques applied for the different financial instruments since 31 December 2021 and there were no transfers of any instruments between level 1, 2 and 3 of the fair valuation hierarchy during the financial year.

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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 2021, other than below:

	As at 31/12/2022		As at 31/12/2021	
	Carrying amount RM Million	Net fair value RM Million	Carrying amount RM Million	Net fair value RM Million
Liabilities				
Borrowings	5,269.3	5,492.0	5,720.0	6,215.6

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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) 4th Quarter 2022 vs 4th Quarter 2021

(i) Group Performance

The Group's operating revenue decreased by 5.5% (RM174.8 million) to RM2,978.3 million compared to RM3,153.1 million in the same quarter last year mainly due to more consistent earnings trend throughout the current financial year as compared to 2021. The decline is from other telecommunication related services, voice and data whilst internet continue to record steady 5.5% revenue growth from increase cumulative subscribers. Non-telecommunication related services also recorded a 22.2% growth between the comparing quarters.

The Group recorded 24.3% (RM71.6 million) decrease in operating profits before finance cost of RM223.2 million from RM294.8 million recorded in the 4th quarter of 2021. Depreciation, impairment and amortisation in the current quarter included impact for the Group's revision of useful life of certain network and last mile elements including fibre optic cables whilst 4th quarter last year included impact from accelerated depreciation and impairment of mobile assets.

Consequently, the Group's profit after tax and non-controlling interests (PATAMI) stood at RM160.2 million for the quarter ended, a 100.5% (RM80.3 million) increase from RM79.9 million recorded in the 4th quarter of 2021 from the foreign exchange gain on borrowings in the current quarter and lower finance costs.

(ii) Segment Performance

Unifi

External operating revenue increased by 2.7% (RM38.1 million) from RM1,392.1 million to RM1,430.2 million in the current quarter ended, driven by increase in internet and voice services with 0.3 million increase in broadband subscriber base between the comparative quarters.

Corresponding increase in operating costs saw earnings before interest and taxation (EBIT) decrease between the quarters with RM136.1 million recorded for the current quarter ended, compared to RM214.8 million previous year.

TM One

TM One recorded 5.7% (RM48.3 million) lower external operating revenue with RM795.7 million recorded in the current quarter ended, compared to RM844.0 million in the same quarter last year with solution based revenue earned more evenly through all four quarters in the current financial year compared to 2021.

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1. Review of Performance (continued)

(a) 4th Quarter 2022 vs 4th Quarter 2021 (continued)

(ii) Segment Performance (continued)

TM One (continued)

Decreased contribution margin from solution based revenue led to the 8.3% (RM11.4 million) decrease in EBIT which was RM125.6 million in the current year quarter from RM137.0 million in the same quarter last year.

TM Global

TM Global's external operating revenue for the current quarter decreased 16.3% (RM125.8 million) from RM769.5 million recorded in the 4th quarter last year to RM643.7 million mainly from lower voice and data services revenue.

Consequently, EBIT decreased by 38.3% (RM 52.7 million) to RM85.0 million from RM137.7 million in the corresponding quarter last year from lower contribution margin.

(b) Year-on-Year

(i) Group Performance

For the financial year under review, the Group's operating revenue increased 5.1% (RM589.1 million) to RM12,118.1 million from RM11,529.0 million recorded during the previous financial year with increase recorded from internet and multimedia, data, non-telecommunication services as well as voice.

Despite higher depreciation cost in the current financial year from the Group's revision in useful life for certain network and last mile elements including fibre optic cables, the strong year-on-year revenue growth resulted in a 22.9% (RM387.2 million) increase to the Group's operating profits before finance cost, reported at RM2,081.6 million compared to RM1,694.4 million in 2021.

Although profits were dampened by the higher effective tax rate from Cukai Makmur in the current year, the higher operating profits and lower financing cost further contributed to a 27.7% (RM248.1 million) increase in the Group's PATAMI for the year which was at RM1,143.3 million from RM895.2 million in the last year.

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1. Review of Performance (continued)

(b) Year-on-Year (continued)

(ii) Segment Performance

Unifi

Unifi recorded a strong 7.5% (RM393.5 million) increase in external operating revenue for the financial year which was RM5,610.8 million during the current year ended compared to RM5,217.3 million in 2021. The increase from internet and voice services is reflective of Unifi's continuing and stable growth trajectory with fixed broadband subscriber base continuing to increase quarter-to-quarter throughout the 12 months ended, landing at 3.0 million at the close of the financial year, a 9.3% (0.3 million) increase from 31 December last year.

Lower increase in operating cost against the higher revenue led to a 26.9% (RM293.3 million) increase in EBIT to RM1,382.3 million compared to RM1,089.0 million last year.

TM One

TM One reported external operating revenue of RM3,335.9 million in the 12 months ended 31 December 2022, a 0.5% (RM 16.4 million) increase compared to RM3,319.5 million recorded last year.

Reported EBIT declined 22.2% (RM181.2 million) to RM636.2 million in the current year from RM817.4 million in the last year, mainly due to increase in supply cost from principals.

TM Global

TM Global registered a consolidated external operating revenue of RM2,778.6 million for the financial year ended, a 7.8% (RM200.5 million) growth from RM2,578.1 million total revenue, led mainly by higher data revenue.

This subsequently led to RM18.0 million increase in EBIT from RM451.2 million in the same period last year to RM469.2 million in the current year.

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2. Comparison with Preceding Quarter's Results

The Group recorded a 5.7% (RM179.8 million) decrease in revenue from RM3,158.1 million in the preceding quarter to RM2,978.3 million in the current quarter ended, with decline in revenue seen mainly from data, other telecommunication services and voice.

Decrease in operating revenue and higher depreciation in the current quarter arising mainly from the Group's revision in useful life of certain network and last mile elements including fibre optic cables led to a 63.2% (RM383.9 million) decrease in operating profit before finance costs from the RM607.1 million recorded in the preceding quarter to RM223.2 million in the current quarter ended.

The lower net finance costs from foreign exchange translation gain in borrowings as well as lower tax charges in the current quarter cushioned the 39.6% (RM105.0 million) decrease in Group's PATAMI, from RM265.2 million in the preceding quarter to RM160.2 million in the current quarter.

3. Prospects for the Next Financial Year Ending 31 December 2023

Economic Outlook

The Malaysian economy has expanded by 7.0% and 8.7% in Q4 2022 and full year 2022 respectively¹. For 2023, it is expected to expand at a more moderate pace amidst a challenging external environment.

The latest Global Economic Prospects from World Bank forecasted Malaysia's GDP growth at a moderate 4.0%² in 2023, as exports to major markets slows. The economy is expected to experience challenges from faster rise in living costs with inflation expected to remain at elevated levels, affecting the purchasing power of consumers and businesses.

Business Outlook

Malaysia's telecommunications industry is growing as innovative technologies and convergence offerings redefine service providers' businesses. The growth is driven by rising adoption of smart devices, digital lifestyle as well as improvement in digital connectivity. As Malaysia's telecommunication and digital infrastructure provider, TM continues executing plans to fiberise the nation with fibre network covering more than 6.28 million premises in 2022, above our commitment in the Government's National Digital Network (JENDELA) Program.

As TM invests in commercial growth and sustainability as a PLC and continue its nation-building role as a GLC, we are uniquely positioned to serve the nation's interest and bring greater impact to more diverse communities. Echoing the strategic intent, TM will launch *Pakej Perpaduan Jalur Lebar* for more affordable fixed broadband to targeted segments of B40 and others. This is aligned with our aspiration to empower an inclusive Digital Malaysia, as TM will continue to be supportive of Government's aim to bring hyperconnectivity to key targeted communities and elevate their digital economy.

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3. Prospects for the Next Financial Year Ending 31 December 2023 (continued)

Business Outlook (continued)

TM continues to carry the convergence leadership flag, with a strong base of 3 million Unifi broadband customers nationwide. Unifi will further enrich customers' digital lifestyle with more value-added offerings. We will also continue enhancing digital business solutions to boost the 0.4 million SME customers' digitalisation push. This includes cloud, eCommerce hub and device security solutions, packaged together with Unifi's broadband offerings.

TM One sets its footing as the trusted partner for large enterprises and the public sector in delivering digital connectivity, smart services, cybersecurity and data centre solutions. With the continuation of our flagship project with the Government, MyGov*Net for the next 10 years to 2032, we are ready to deliver connectivity and solutions excellence via an integrated government telecommunication network. In accelerating Malaysia's digital transformation journey, TM One together with Credence will continue to drive the adoption of cloud solutions for enterprise and public sector customers.

TM Wholesale has been rebranded as TM Global, aligned with our aspiration to position Malaysia as a digital hub in ASEAN region. With strong digital infrastructure footprint and vast global opportunities, TM Global has been expanding its service portfolio not limiting to only other telcos, but also to serve hyperscalers and Over-the-Top (OTT) players with value-driven connectivity and customised digital solutions.

TM will continue to invest and strengthen the momentum in its core business and new growth areas beyond connectivity. In improving TM's competitive edge, TM has embarked on an internal reorganisation involving the transfer of its telecommunication business in Malaysia to a single operating entity, TM Technology Services Sdn Bhd (formerly known as Webe Digital Sdn Bhd) (TM Tech), anticipated to complete by 31 December 2023. The internal reorganisation which includes Unifi, TM One and TM Global, will reinforce TM's fixed-mobile convergence (FMC) position, further improve operational efficiencies and deliver a more seamless customer experience.

On the back of higher technology costs and industry development in terms of regulatory policy and 5G, the Group is cautious of general economic headwinds which may lead to slower market growth and measured spending by customers, businesses and the public sector. In view of the ongoing industry development, TM considers it prudent to disclose its financial outlook for FY2023 only when there is greater clarity. TM is continuously assessing the impact of industry developments and will work closely with key stakeholders to maintain a healthy industry landscape while serving the communities at large.

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3. Prospects for the Next Financial Year Ending 31 December 2023 (continued)

Business Outlook (continued)

The Group remains committed to champion its nation-building efforts in expanding and modernising the country's fibre network domestically/internationally and digital infrastructure, towards providing and humanising technology that is accessible to all in this digital era.

¹Sourced from Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022 published on 10 February 2023

²Sourced from World Bank Global Economic Prospects, January 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 4th quarter and financial year ended 31 December 2022.

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5. Tax

The tax charge for the Group comprises:

	4th Quarter Ended		Financial Year Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM Million	RM Million	RM Million	RM Million
<u>Malaysia</u>				
Income Tax:				
Current year	120.1	79.7	574.2	301.4
Prior year	2.3	11.5	21.7	13.0
Deferred tax (net)	(75.3)	31.0	(73.6)	29.6
	47.1	122.2	522.3	344.0
<u>Overseas</u>				
Income Tax:				
Current year	3.1	6.9	11.0	15.1
Prior year	1.0	(5.0)	1.3	2.6
Deferred tax (net)	(1.3)	#	(1.3)	0.1
	2.8	1.9	11.0	17.8
Taxation	49.9	124.1	533.3	361.8
Zakat	3.7	2.8	9.0	7.1
Taxation and Zakat	53.6	126.9	542.3	368.9

Amount less than RM0.1 million

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6. Status of Corporate Proposals

There are no corporate proposals announced and not completed as at the date of this announcement other than the following:

(a) Proposed Internal Reorganisation of TM Group

On 14 December 2022 the Group announced to Bursa Malaysia Securities a proposed Internal Reorganisation involving the transfer by Telekom Malaysia Berhad (TM) and its selected wholly owned subsidiaries of the Group's telecommunication business in Malaysia to a wholly owned subsidiary of TM, TM Technology Services Sdn Bhd (formerly known as webe Digital Sdn Bhd) (TM Tech), by way of scheme of arrangement and amalgamation pursuant to the Companies Act 2016 (the Act) (Proposed Group Reorganisation).

On 13 December 2022, TM and the identified 11 of its wholly-owned subsidiaries (each Transferor and collectively, the Transferors), entered into a conditional merger agreement (Merger Agreement) with TM Tech (as the Transferee) for purposes of implementation of the Proposed Group Reorganisation.

The Proposed Group Reorganisation is undertaken to streamline the Businesses of TM and its subsidiaries (collectively, the TM Group or Group), primarily to enable TM to become a company principally engaged in investment holding with TM Tech as the main operating entity of the Group to carry on the Group's telecommunication businesses based in Malaysia.

Details of the Proposed Group Reorganisation are set out in the 14 December 2022 announcement to Bursa Malaysia Securities.

TM is of the view that the resultant corporate structure arising from the Proposed Group Reorganisation is the catalyst for the next phase of its continuous transformation journey. The Proposed Group Reorganisation will:

- (i) enable TM to reinforce its fixed mobile convergence leadership for fixed broadband, mobile services, digital content and innovative solutions;
- (ii) improve the Group's operational efficiencies and streamline its processes;
- (iii) simplify customer touchpoints and enable a more seamless customer experience; and
- (iv) align TM to industry best practices, improving TM's competitive edge among local telecommunications and international digital players.

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PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**6. Status of Corporate Proposals (continued)****(a) Proposed Internal Reorganisation of TM Group (continued)**

On 21 February 2023, the High Court granted a vesting order approving the scheme of arrangement and amalgamation between the Transferors and the Transferee under the Act (Vesting Order). Pursuant to the Vesting Order, the High Court has approved, inter alia, the following:

- (i) the transfer and vesting of the Identified Assets and Liabilities from the Transferors to the Transferee according to the terms of the Merger Agreement, with effect on and from 1 March 2023; and
- (ii) the dissolution of the Selected Transferors according to the terms of the Merger Agreement, with effect on and from 31 December 2023.

The Proposed Group Reorganisation is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

Barring any unforeseen circumstances, the Proposed Group Reorganisation is expected to complete by the end of the financial year ending 31 December 2023.

7. Group Borrowings and Debt Securities**(a) Analysis of the Group's borrowings and debt securities is as follows:**

	As at 31/12/2022		As at 31/12/2021	
	Short Term Borrowings RM Million	Long Term Borrowings RM Million	Short Term Borrowings RM Million	Long Term Borrowings RM Million
Total Secured	2.9	7.2	2.9	10.2
Total Unsecured	306.8	4,952.4	378.7	5,328.2
Total Borrowings	309.7	4,959.6	381.6	5,338.4

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

Foreign Currency	As at 31/12/2022 RM Million	As at 31/12/2021 RM Million
US Dollar	1,879.8	1,985.2
Canadian Dollars	2.0	2.2
Total	1,881.8	1,987.4

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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 2021) except for the impact of foreign exchange translation for the financial year ended as well as repayment and redemption as disclosed in part A, note 5(a) and 5(b).

8. Derivative Financial Instruments

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

Derivatives (by maturity)	Contract or notional amount RM Million	Fair value as at 31/12/2022		Fair value as at 31/12/2021	
		Assets RM Million	Liabilities RM Million	Assets RM Million	Liabilities RM Million
<u>Interest Rate Swap (IRS)</u> - redeemed during the financial year	-	-	-	-	4.6
	-	-	-	-	4.6
<u>Cross Currency Interest Rate Swaps (CCIRS)</u> - 1 year to 3 years	310.5	132.0	-	145.4	-
	310.5	132.0	-	145.4	-
Total	310.5	132.0	-	145.4	4.6

(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 2021.

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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 2021.

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

The amount of gains/(losses) arising from fair value changes of derivative financial instruments for the current and cumulative quarters ended 31 December 2022 are as follows:

Derivatives (by maturity)	Contract or notional value RM Million	Fair value RM Million	Gains/(Losses) arising from fair value changes for the quarter RM Million	Gains/(Losses) arising from fair value changes for the year RM Million
Financial Assets				
<u>Interest Rate Swap (IRS)*</u> - redeemed during the financial year	-	-	-	4.6
<u>Cross Currency Interest Rate Swaps (CCIRS)*</u> - 1 year to 3 years	310.5	132.0	(26.2)	(13.4)
Total	310.5	132.0	(26.2)	(8.8)

* 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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Additional disclosures of items not disclosed elsewhere in this announcement, which have been included in the Consolidated Income Statement for the 4th quarter and financial year ended 31 December 2022:

	4th Quarter Ended		Financial Year Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM Million	RM Million	RM Million	RM Million
Inventory (charges)/reversal for write off and obsolescence	(1.2)	(1.0)	(3.4)	2.5
Gain/(Loss) on disposal of fixed income securities	-	0.6	(0.2)	1.1
(Loss)/Gain on foreign exchange on settlements and placements	(66.2)	(70.7)	51.1	(77.9)

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 2021, subsequent to the financial year end:

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

With regard to VPL's Originating Application to set aside the Arbitral Award on liability dated 6 July 2022, on 27 January 2023, the High Court of Singapore dismissed VPL's application with a cost of SGD25,000.00, thereby preserving the Award in TM's favour.

In furtherance of the above, on 6 February 2023, TM received the Final Award on Damages and Costs dated 3 February 2023 from the Arbitral Tribunal, as follows:

1. VPL is to pay TM damages and loss in the sum of USD3,086,383.98;
2. VPL is to pay TM interest on the said sum of USD3,086,383.98 awarded on damages at the rate of 5.33% per annum from the date of the Final Award until full settlement by VPL of the said sum;
3. VPL is to bear the costs of the arbitration of SGD318,209.11;

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10. Material Litigation (continued)

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

4. VPL is to pay TM the following legal and other costs:
- (i) The sums of RM1,074,190.15 and SGD339,785.18 as legal representation costs of TM;
 - (ii) SGD2,000.00 as the Singapore International Arbitration Centre Filing Fees;
 - (iii) SGD23,717.00 as Costs of Transcription Services incurred.

VPL is to pay TM the amounts under items 3 and 4 mentioned above within 45 days from 3 February 2023, failing which, VPL shall further pay interest at the rate of 5.33% per annum on such unpaid until full settlement by VPL to TM of such amounts.

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

The Board of Directors, based on legal advice, are of the view that TM has a good chance of success in dismissing the claim.

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

On 24 February 2022, TM has received a Notice of Arbitration (Notice) from MYTV in regards to a dispute in relation to the Service Agreement for the provision of Digital Terrestrial Television (DTT) Broadcasting Infrastructure, Network Facilities and Related Services dated 14 November 2016 (Service Agreement). TM has on 25 March 2022, filed its Response to the Notice.

On 10 February 2023, TM received a Statement of Claim from MYTV in relation to the Service Agreement. The details of the Statement of Claim from MYTV which has been detailed out in TM's announcements to Bursa Securities on 13 and 15 February 2023, respectively.

TM has instructed its solicitors to take all the necessary steps to defend against MYTV's claim.

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As the dispute is still in the preliminary stage of the arbitration process, TM is unable to assess with reasonable certainty at this juncture whether the claims made by MYTV in the Statement of Claim will have any impact on TM's financial position or operations. TM will be in a better position to evaluate this once MYTV has adduced the relevant evidence to substantiate the claims and upon TM receiving advice from its solicitors.

The Board of Directors, based on legal advice, are of the view that TM has a good chance of success in dismissing the claim.

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.

11. Earnings per Share (EPS)

	4th Quarter Ended		Financial Year Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
(a) Basic earnings per share				
Profit attributable to equity holders of the Company (RM million)	160.2	79.9	1,143.3	895.2
Weighted average number of ordinary shares (million)	3,812.3	3,773.7	3,785.9	3,773.7
Basic earnings per share (sen) attributable to equity holders of the Company	4.2	2.1	30.2	23.7

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 year.

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	4th Quarter Ended		Financial Year Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
(b) Diluted earnings per share				
Profit attributable to equity holders of the Company (RM million)	160.2	79.9	1,143.3	895.2
Weighted average number of ordinary shares (million)	3,812.3	3,773.7	3,785.9	3,773.7
Adjustment for dilutive effect of Long Term Incentive Plan (million)	17.3	33.2	25.4	34.4
Weighted average number of ordinary shares (million)	3,829.6	3,806.9	3,811.3	3,808.1
Diluted earnings per share (sen) attributable to equity holders of the Company	4.2	2.1	30.0	23.5

Diluted earnings per share for the current quarter and financial year 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 2021.

12. Qualification of Preceding Audited Financial Statements

The audited financial statements for the financial year ended 31 December 2021 were not subject to any qualification.

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13. Dividends

- (a) On 24 August 2022, the Board of Directors declared an interim single-tier dividend of 9.0 sen per share for the financial year ended 31 December 2022 (2021: an interim single-tier cash dividend of 7.0 sen per share). The Board of Directors had determined that the Dividend Reinvestment Scheme (DRS) would be made applicable to the interim dividend as disclosed in part A, note 5(d) and 6(b).
- (b) The Board of Directors has declared final interim single-tier cash dividend of 7.5 sen per share for the financial year ended 31 December 2022 (2021: final interim single-tier cash dividend of 6.0 sen per share). The dividend will be paid on 31 March 2023 to shareholders whose names appear in the Register of Members and Record of Depositors on 16 March 2023.

By Order of the Board

Hamizah Abidin (LS0007096) (Practising Certificate No. 201908001071)
Group Company Secretary

Kuala Lumpur
28 February 2023