



DIGI.COM BERHAD

Company no. 199701009694 (425190-X)
(Incorporated in Malaysia)

Date: 29 April 2022

**Subject: INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2022**

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	QUARTER ENDED	QUARTER ENDED	%	PERIOD ENDED	PERIOD ENDED	%
	31 MAR 2022 RM'000	31 MAR 2021 RM'000		31 MAR 2022 RM'000	31 MAR 2021 RM'000	
Revenue	1,521,716	1,550,222	-2	1,521,716	1,550,222	-2
Other income	8,299	7,863		8,299	7,863	
Net (loss)/gain on foreign exchange and fair value movement of foreign currency forward contracts	(853)	205		(853)	205	
Depreciation, amortisation and impairment	(297,393)	(309,147)		(297,393)	(309,147)	
Other expenses	(787,977)	(820,552)		(787,977)	(820,552)	
Net loss on fixed assets written-off and disposed	(14,597)	(1,527)		(14,597)	(1,527)	
Gain on termination of right-of-use assets	301	290		301	290	
Finance costs	(61,548)	(76,633)	-20	(61,548)	(76,633)	-20
Interest income	6,436	7,827		6,436	7,827	
Profit before tax	374,384	358,548	+4	374,384	358,548	+4
Taxation	(138,235)	(93,721)		(138,235)	(93,721)	
Profit for the period, representing total comprehensive income for the period, net of tax	236,149	264,827	-11	236,149	264,827	-11
Attributable to: Owners of the parent	236,149	264,827	-11	236,149	264,827	-11

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONT'D

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	QUARTER ENDED	QUARTER ENDED	%	PERIOD ENDED	PERIOD ENDED	%
	31 MAR 2022	31 MAR 2021		31 MAR 2022	31 MAR 2021	
Earnings per share attributable to owners of the parent (sen per share):						
- Basic	3.04	3.41		3.04	3.41	
- Diluted ¹	NA	NA		NA	NA	

Note:¹ NA denotes "Not Applicable"

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 14)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AT 31 MAR 2022 RM'000	AUDITED AT 31 DEC 2021 RM'000
Non-current assets		
Property, plant and equipment	2,771,818	2,863,675
Intangible assets	268,206	284,057
Right-of-use assets	2,790,771	2,828,720
Other investments	78	78
Trade and other receivables	328,185	320,862
Contract costs	70,566	71,687
Contract assets	21,809	21,757
Derivative financial instruments	19,789	26,365
	<u>6,271,222</u>	<u>6,417,201</u>
Current assets		
Inventories	132,650	116,568
Trade and other receivables	1,131,178	1,050,392
Contract assets	45,827	51,127
Derivative financial instruments	69	-
Cash and short-term deposits	181,705	204,527
	<u>1,491,429</u>	<u>1,422,614</u>
TOTAL ASSETS	<u><u>7,762,651</u></u>	<u><u>7,839,815</u></u>
Non-current liabilities		
Loans and borrowings	3,710,824	3,835,854
Deferred tax liabilities	268,622	303,027
Other liabilities	139,113	136,053
	<u>4,118,559</u>	<u>4,274,934</u>
Current liabilities		
Trade and other payables	1,382,529	1,444,024
Contract liabilities	325,464	346,088
Derivative financial instruments	-	183
Loans and borrowings	1,267,201	1,123,421
Tax payable	103,163	18,354
	<u>3,078,357</u>	<u>2,932,070</u>
Total liabilities	<u><u>7,196,916</u></u>	<u><u>7,207,004</u></u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONT'D

	UNAUDITED	AUDITED
	AT	AT
	31 MAR 2022	31 DEC 2021
	RM'000	RM'000
Equity		
Share capital	769,655	769,655
Accumulated losses	(203,920)	(136,844)
Total equity - attributable to owners of the parent	<u>565,735</u>	<u>632,811</u>
TOTAL EQUITY AND LIABILITIES	<u>7,762,651</u>	<u>7,839,815</u>
Net assets per share (RM)	<u>0.07</u>	<u>0.08</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 14)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 31 December 2021/ 1 January 2022	769,655	(136,844) ¹	632,811
Total comprehensive income	-	236,149	236,149
Transaction with owners:			
Dividend for the financial year ended 31 December 2021 - fourth interim dividend	-	(303,225)	(303,225)
At 31 March 2022	<u>769,655</u>	<u>(203,920)</u>	<u>565,735</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONT'D

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 31 December 2020/ 1 January 2021	769,655	(163,799) ¹	605,856
Total comprehensive income	-	264,827	264,827
Transaction with owners:			
Dividend for the financial year ended 31 December 2020 - fourth interim dividend	-	(279,900)	(279,900)
At 31 March 2021	<u>769,655</u>	<u>(178,872)</u>	<u>590,783</u>

Note:¹ The deficit was a result of the Group's capital management initiatives carried out during the financial year ended 31 December 2012. The Company ("Digi.Com Berhad") received dividends from one of its subsidiaries in the form of bonus issue of redeemable preference shares and capital repayment amounting to RM509.0 million and RM495.0 million respectively. The Company had declared part of these as special dividends to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 14)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 31 MAR 2022 RM'000	PERIOD ENDED 31 MAR 2021 RM'000
Cash flows from operating activities		
Profit before tax	374,384	358,548
Adjustments for:		
Non-cash items	344,497	319,784
Finance costs	61,548	76,633
Interest income	(6,436)	(7,827)
Operating cash flow before working capital changes	<u>773,993</u>	<u>747,138</u>
Changes in working capital:		
Net change in current assets	(119,292)	(103,088)
Net change in contract assets	5,248	5,504
Net change in contract costs	(20,258)	(1,361)
Net change in current liabilities	(63,884)	(28,197)
Net change in contract liabilities	(20,624)	(12,484)
Cash generated from operations	<u>555,183</u>	<u>607,512</u>
Interest paid	(40,365)	(55,170)
Government grant received	20,853	87,605
Payments for provisions	(10)	(3)
Taxes paid (net of refund)	(87,831)	(87,472)
Net cash generated from operating activities	<u>447,830</u>	<u>552,472</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(83,231)	(155,061)
Interest received	1,365	1,780
Prepayment for spectrum assignment	(11,760)	-
Proceeds from disposal of property, plant and equipment	716	169
Net cash used in investing activities	<u>(92,910)</u>	<u>(153,112)</u>
Cash flows from financing activities		
Drawdowns of loans and borrowings	150,000	-
Repayments of loans and borrowings	(224,641)	(205,246)
Dividends paid	(303,225)	(279,900)
Net cash used in financing activities	<u>(377,866)</u>	<u>(485,146)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONT'D

	PERIOD ENDED 31 MAR 2022 RM'000	PERIOD ENDED 31 MAR 2021 RM'000
Net decrease in cash and cash equivalents	(22,946)	(85,786)
Effect of exchange rate changes on cash and cash equivalents	124	-
Cash and cash equivalents at beginning of financial period	204,527	302,853
Cash and cash equivalents at end of financial period	<u>181,705</u>	<u>217,067</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 14)

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
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NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2021 except for the newly-issued Malaysian Financial Reporting Standards (“MFRS”) and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2022:

MFRS 1, MFRS 9 and MFRS 141	Annual Improvements to MFRS Standards 2018–2020
MFRS 3	Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
MFRS 116	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
MFRS 137	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

A2. Seasonality or Cyclicity of Interim Operations

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

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the financial period ended 31 March 2022, other than as disclosed in Note A5:

- (i) the repayment of floating-rate term financing-i ("FRTF-i");
- (ii) the repayment of floating-rate term loan ("FRTL");
- (iii) the drawdown of floating-rate revolving credit ("FRRC"); and
- (iv) the drawdown of floating-rate revolving credit i ("FRRC-i").

A4. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect for the financial period ended 31 March 2022.

A5. Debts and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities for the current quarter and financial period ended 31 March 2022, other than:

(i) FRTF-I, FRTL, FRRC and FRRC-I

For the financial period ended 31 March 2022, the Group made:

- (a) repayment of FRTF-i amounting to RM75.0 million in March 2022;
- (b) repayment of FRTL amounting to RM62.5 million in March 2022;
- (c) drawdown of FRRC amounting to RM125.0 million in March 2022; and
- (d) drawdown of FRRC-i amounting to RM25.0 million in March 2022.

A6. Dividend Paid

The fourth interim tax exempt (single-tier) dividend of 3.9 sen per ordinary share amounting to RM303.2 million in respect of the financial year ended 31 December 2021 was paid on 25 March 2022.

A7. Segment Information

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A8. Material Events During and Subsequent to the Current Quarter

- a) On 11 February 2022, the Group has accepted an offer from Malaysian Communications and Multimedia Commission ("MCMC") on granting the Group for the issuance of 2600MHz spectrum assignment ("SA") at 2x10MHz band for a period of 5 years effective from 1 July 2022, at the price component payment of RM11.8 million being made in one lump sum before 14 February 2022 and annual fixed fee payment of RM20.8 million payable before 15 December throughout the assignment period. Pursuant to the acceptance of the SA, the Group had made an upfront payment for the price component of the SA to MCMC amounting to RM11,760,000.
- b) In March 2021, the Government of Malaysia (the "Government") first announced Digital Nasional Berhad ("DNB") as the special purpose vehicle to own, implement and manage 5G infrastructure and provide equal access wholesale 5G services to licensed telecommunications companies under Single Wholesale Network ("SWN") model. On 16 March 2022, the Government further announced that Malaysia will proceed with its 5G rollout via the SWN model operated by DNB. The Government has also announced that it will offer up to 70% equity in DNB to telcos and retain the remaining 30% stake. The Group will engage with relevant parties on further details on implementation of the SWN model, including the proposed shareholding offer and transaction process. The Group is currently assessing the impact based on information available.

A9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the financial period ended 31 March 2022 including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

A10. Changes in Contingent Liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2021.

A11. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment and intangible assets not provided for as of 31 March 2022 are as follows:

	RM'000
Approved and contracted for	<u>100,541</u>
Approved but not contracted for	<u>508,980</u>

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions

Related party transactions ("RPT") entered into by the Group were carried out in the normal course of business and on agreed commercial terms with the related parties. Listed below are the significant transactions and balances with related parties of the Group during the current financial period:

	Transactions for the period ended 31 MAR 2022 RM'000	Balance due (to)/from at 31 MAR 2022 RM'000
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(2,732)
Business service cost	9,960	
Consultancy services rendered	312	
Licenses and trademarks	2,345	
- Telenor Procurement Company Pte Ltd		(2,521)
Managed services rendered	3,068	
- Telenor GO Pte Ltd		417
Personnel services rendered	177	
- Telenor Global Services AS		(183)
Sales of interconnection services on international traffic	2,814	
Purchases of interconnection services on international traffic	2,223	
Purchases of global connectivity	807	
Clearing house services rendered for international roaming arrangement	133	
- dtac TriNet Co Ltd		787
Bandwidth leasing income	343	
Sales of interconnection services on international traffic	834	
Purchases of interconnection services on international traffic	62	
Sales of international roaming services	14	
Purchases of international roaming services	42	

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 31 MAR 2022 RM'000	Balance due from/(to) at 31 MAR 2022 RM'000
With the ultimate holding company and fellow subsidiaries		
- Telenor Digital Services AS Services rendered on digital marketing and distribution platform	2,411	(2,529)
- Telenor Global Shared Services AS Services rendered on Enterprise Resource Planning (“ERP”) and Enterprise applications	1,385	(12,182)
- Telenor Global Services Singapore Pte Ltd Bandwidth leasing income Bandwidth leasing expenses Purchases of IP transit	2,101 349 687	(328)
- Telenor Norge AS Business security strategy execution rendered Sales of international roaming services Purchases of international roaming services	1,930 1 3	(831)
- Telenor Connexion AB Purchases of interconnection services on international traffic	288	(6)
- Telenor Myanmar Ltd Consultancy services rendered Sales of international roaming services Purchases of international roaming services	10 12 1	-
- Telenor Pakistan AB (Private) Ltd Managed services rendered Purchases of international roaming services	25 3	23

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A12. Related Party Transactions – cont'd

	Transactions for the period ended 31 MAR 2022 RM'000	Balance due from/(to) at 31 MAR 2022 RM'000
With the ultimate holding company and fellow subsidiaries		
- Grameenphone Ltd		402
Consultancy services rendered	17	
Sales of international roaming services	1	
Purchases of international roaming services	8	
- Total Access Communication Public Company Limited		21
Consultancy services rendered	21	
- Telenor A/S		5
Sales of international roaming services	1	
- Telenor Sverige AB		(2)
Sales of international roaming services	<u>4</u>	

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)

B1. Review of the Performance of the Company and its Principal Subsidiaries

Analysis of the Group's performance is provided in the "Management Discussion & Analysis" enclosed.

B2. Explanatory Comments on Any Material Change in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter

Analysis of material changes in the Group's Profit Before Tax for current quarter ("1Q 2022") compared with immediate preceding quarter ("4Q 2021") is provided in the "Management Discussion & Analysis" enclosed.

B3. Prospects For The Financial Year Ending 31 December 2022

Analysis of the Group's prospects up to 31 December 2022 is provided in the "Management Discussion & Analysis" enclosed.

B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not applicable.

B5. Revenue

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represented our defined performance obligations).

	Note	PERIOD ENDED 31 MAR 2022 RM'000	PERIOD ENDED 31 MAR 2021 RM'000
Major products/service lines			
Telecommunication revenue	(a)	1,308,694	1,337,465
Sales of devices	(b)	190,276	191,475
Lease income	(c)	22,746	21,282
		1,521,716	1,550,222

Timing of revenue recognition for respective major products/service lines represented by:

- (a) Services transferred over time
- (b) Products transferred at a point in time
- (c) Lease income accounted for on a straight-line basis over the lease term

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)
-CONT'D**

B6. Taxation

The Group's taxation charge for the current quarter and financial period ended 31 March 2022 respectively were made up as follows:

	Individual quarter	Cumulative quarter
	Quarter ended 31 MAR 2022 RM'000	Period ended 31 MAR 2022 RM'000
Income tax:		
- Current tax expense	(172,643)	(172,643)
- Over-provision in prior years	3	3
Deferred tax:		
- Net origination and reversal of timing differences	34,405	34,405
Total	(138,235)	(138,235)

The Group's effective tax rate ("ETR") for the current quarter and financial period ended 31 March 2022 of 36.9% and 36.9% respectively. The deviation between the ETR of current quarter and statutory tax rate of 24.0% is mainly due to prosperity tax impact arising from the one-off tax measure proposed by the Government of Malaysia in Budget 2022, whereby chargeable income above the RM100 million mark will be taxed at a rate of 33%, instead of 24% for the year of assessment 2022.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)
-CONT'D**

B7. Status of Corporate Proposals

There were no corporate proposals announced but not completed in the interval from the date of the last report and the date of this announcement, other than:

Advanced discussions to merge Digi.Com Berhad ("Digi") and Celcom Axiata Berhad ("Celcom")

On 8 April 2021, Digi was informed by Telenor ASA ("Telenor"), the parent company of Digi's largest shareholder, Telenor Asia Pte Ltd, that Telenor and Axiata Group Berhad ("Axiata") are in discussion to merge the telco operations of Celcom and Digi ("MergeCo"), in which the parties will have an equal ownership of 33.1% each.

On 21 June 2021, Digi had entered into a conditional share purchase agreement with Axiata for the proposed merger.

On 24 November 2021, Digi had engaged with MCMC to initiate the merger assessment process in accordance with MCMC's Guidelines on Mergers and Acquisitions (the "Guidelines") and the merger application had been formally received by MCMC for its assessment in accordance with the Guidelines.

On 28 January 2022, Digi had submitted an application to the Securities Commission Malaysia to seek its approval for the proposed merger.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)
-CONT'D**

B7. Status of Corporate Proposals – cont'd

There were no corporate proposals announced but not completed in the interval from the date of the last report and the date of this announcement, other than (cont'd):

Advanced discussions to merge Digi.Com Berhad ("Digi") and Celcom Axiata Berhad ("Celcom") – cont'd

On 1 April 2022, MCMC had issued to Digi and Celcom a Statement of Issues ("SOI") pursuant to the Guidelines. The SOI sets out MCMC's preliminary view on competition effects that could arise from the potential merger and invites Digi and Celcom as applicants to submit comments, information and remedies on its assessment.

MCMC in its SOI has informed that Digi and Celcom will need to collectively address preliminary competition concerns across indicated market areas as below and respond to possible remedy recommendations provided in the SOI.

- (i) The national retail market for mobile & low-speed fixed broadband and data services, including the related local distribution channel markets;
- (ii) The national retail market for mobile voice and Person-to-Person ("P2P") messaging services, including the related local distribution channel market(s);
- (iii) The national wholesale market for mobile voice and P2P messaging services (including network sharing arrangements); and
- (iv) The national wholesale market for mobile broadband services (including network sharing arrangements)

The issuance of SOI is part of the merger assessment process under the Guidelines. It is intended to provide an opportunity for Digi and Celcom to make submissions in response to MCMC's preliminary findings, in line with the Guidelines. The SOI indicates that this is not the final decision of MCMC. Digi will continue to engage with MCMC to provide a comprehensive response to the SOI for MCMC's considerations prior to their final decision.

The transaction is progressing through the necessary steps. Both Digi and Celcom are in dialogue with MCMC for regulatory approval, followed by the Securities Commissions [and Bursa] and shareholder approvals. The closing of the transaction is estimated to be within the second half of 2022.

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B) -
CONT'D**

B8. Group Borrowings

	Note	As at 31 MAR 2022 RM'000	As at 31 MAR 2021 RM'000
Non-current			
FRTL	(a)	45,742	268,056
FRTF-i	(a)	144,508	293,141
Islamic Medium Term Notes ("IMTN")	(b)	1,498,849	1,798,572
Lease liabilities		<u>2,021,725</u>	<u>2,124,600</u>
		<u>3,710,824</u>	<u>4,484,369</u>
Current			
FRTL	(c)	225,000	225,000
FRTF-i	(c)	150,000	150,000
IMTN	(b)	300,000	-
FRRC	(d)	125,000	-
FRRC-i	(d)	25,000	-
Lease liabilities		<u>442,201</u>	<u>461,593</u>
		<u>1,267,201</u>	<u>836,593</u>
Total loans and borrowings		<u>4,978,025</u>	<u>5,320,962</u>

The above unsecured loans and borrowings and debt securities are denominated in Ringgit Malaysia.

Any difference between proceeds (net of transaction costs) and the settlement or redemption of borrowings and debt securities is recognised in profit and loss over the period of the borrowings and debt securities using the effective interest rate method.

The Group's borrowings and debt securities portfolio of fixed and floating interest/profit rate are as follows:

	As at 31 MAR 2022 RM'000	As at 31 MAR 2021 RM'000
Borrowings and debt securities:		
Floating rate	715,250	936,197
Fixed rate	<u>4,262,775</u>	<u>4,384,765</u>
	<u>4,978,025</u>	<u>5,320,962</u>

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CONT'D**

B8. Group Borrowings – cont'd

- (a) Repayments of FRTL and FRTF-i will commence 42 months from first drawdown. Repayments for non-current portion of FRTL and FRTF-i are as disclosed below:

No.	Outstanding amount as at 31 MAR 2022 RM'000	Month of next repayment
Non-current		
FRTL i	50,000	June 2023
Non-current		
FRTF-i ii	150,000	June 2024

- (b) The details of the Group's outstanding IMTN as at 31 March 2022 are set out as follow:

IMTN	Nominal value RM' million	Tenure	Profit rate per annum	Maturity date
Tranche 001	300.0	5 years	4.38%	14 April 2022
Tranche 002	300.0	7 years	4.53%	12 April 2024
Tranche 003	300.0	10 years	4.65%	14 April 2027
Tranche 004	450.0	7 years	3.50%	18 September 2026
Tranche 005	450.0	10 years	3.60%	20 September 2029
Total	1,800.0			

The proceeds from IMTN have been partially hedged against interest rate risk using interest rate swaps as disclosed in Note B9.

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CONT'D**

B8. Group Borrowings – cont'd

- (c) The amounts of FRTL and FRTF-i classified as current liabilities are due within the next 12 months.

The current portion of FRTL consists of:

- (i) tranches of RM50.0 million each which are repayable in June 2022 and December 2022 respectively; and
(ii) tranches of RM62.5 million each which are repayable in September 2022 and March 2023 respectively.

The current portion of FRTF-i consists of tranches of RM75.0 million each which are repayable in September 2022 and March 2023 respectively.

- (d) The amounts of FRRC and FRRC-i have to be repaid within 12 months from the date of drawdown and have no specific repayment date.

B9. Financial Instruments

As at 31 March 2022 the Group's outstanding net derivative financial instruments are detailed below:

Type of derivatives	Notional value RM'000	Fair value - asset RM'000
Foreign currency forward contracts - Less than one year	31,554	69
Interest rate swaps contracts - One year to three years	600,000	15,612
- More than three years	475,000	4,177

Accounting Policy

The Group uses derivatives comprising of foreign currency forward contracts and interest rate swaps to manage risk exposures related to changes in foreign currency and interest rates.

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CONT'D**

B9. Financial Instruments – cont'd

Accounting Policy – cont'd

(a) Foreign currency risk

The Group enters into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's hedging policy. In line with the Group's hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Firm commitments are netted-off against receivables denominated in the same currency, and only the net exposures are hedged so as to maximise the Group's natural hedge position.

(b) Interest rate risk

The Group manages its interest rate risk by having a mixed portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The Group uses interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of IMTN with notional principal amounts of RM1,075 million. The interest rate swaps entitles the Group to receive interest at a fixed rate ranging from 3.50% to 4.65% per annum, and in return, pays interest quarterly at floating rate plus a spread. The swaps mature at varying dates based on the maturity of different tranches of IMTN.

Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. The derivatives and their underlying exposures will be monitored on an on-going basis.

There were no changes in the cash requirement of the derivatives since the end of the previous financial year ended 31 December 2021.

Derivatives are stated at fair value which is equivalent to the marking of these derivatives to market, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included under assets, whereas derivatives with negative market values (unrealised losses) are included under liabilities in the statement of financial position. Any gains or losses arising from derivatives held for trading purposes, or changes in fair value on derivatives during the financial period that do not qualify for hedge accounting are recognised in profit and loss.

Credit Risk Management Policy

Foreign currency forward contracts and interest rate swap transactions are executed only with credit-worthy financial institutions in Malaysia that are governed by appropriate policies and procedures.

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CONT'D**

B10. Material Litigation

There are no pending material litigations as at the date of this report.

B11. Dividends

The Board of Directors has declared a first interim tax exempt (single-tier) dividend of 2.9 sen per ordinary share (1Q 2021: 3.4 sen per ordinary share) in respect of the financial year ending 31 December 2022, which will be paid on 24 June 2022. The entitlement date is on 31 May 2022.

A Depositor shall qualify for the entitlement only in respect of:

- (i) shares transferred to the Depositor's Securities Account before 4:30 p.m. on 31 May 2022 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

Year-to-date ("YTD") dividend for the financial period ended 31 March 2022 is 2.9 sen per ordinary share (YTD 2021: 3.4 sen).

B12. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period ended 31 March 2022 have been calculated as per the summary below:

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31 MAR 2022 RM'000	Quarter ended 31 MAR 2021 RM'000	Period ended 31 MAR 2022 RM'000	Period ended 31 MAR 2021 RM'000
Earnings				
Profit for the period, attributable to owners of the parent	236,149	264,827	236,149	264,827
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000	7,775,000	7,775,000
Basic earnings per share (sen)	3.04	3.41	3.04	3.41

Diluted Earnings Per Share - Not applicable

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CONT'D**

B13. Auditors' Report on Preceding Annual Financial Statements

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

B14. Additional Disclosures

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31 MAR 2022 RM'000	Quarter ended 31 MAR 2021 RM'000	Period ended 31 MAR 2022 RM'000	Period ended 31 MAR 2021 RM'000
Impairment losses on trade receivables and contract assets	(11,347)	(9,738)	(11,347)	(9,738)
Reversal for inventory obsolescence	442	332	442	332
Loss on write-off of property, plant and equipment	(14,597)	(1,527)	(14,597)	(1,527)
Gain on termination of right-of-use assets	301	290	301	290
Foreign exchange loss	(1,105)	(421)	(1,105)	(421)
Fair value gain on foreign currency forward contracts	252	626	252	626
Fair value loss on interest rate swaps	(12,064)	(22,468)	(12,064)	(22,468)

Other than the items highlighted above which have been included in the condensed consolidated statement of comprehensive income, there were no profits/(losses) on any other items and sale of quoted securities, investments and properties included in the results for the current quarter and financial period ended 31 March 2022.

c.c. Securities Commission