

CHAIRMAN'S MESSAGE

Dear Stakeholders,

Stepping into my role as Chairman of TM in 2023, I am both inspired and invigorated by the dynamic technological and digital evolution that surrounds us. Our aspiration is clear – to be a world-class company distinguished by our commitment to 'Service Excellence' and 'Product Excellence.' Our pursuit of excellence is rooted in our 78-year legacy of innovation, and our resolve towards advancing the Digital Malaysia agenda, unlocking the benefits of connectivity for Malaysians across all walks of life. This will bring new opportunities for greater economic growth for Malaysia through enhanced digital adoption.

As the new Chairman, I am excited to steer the Group through the next transformative phase, where our proud past informs a brighter future. TM has the most comprehensive digital ecosystem in Malaysia, and the work we undertake creates value that directly improves the lives of all our stakeholders. We recognise this immense responsibility and are committed to upholding it with dedication and capability. With this in mind, I am pleased to share our strategic insights and direction for 2023.

A WORLD OF CHANGE

2023 was a period of profound change and complexities. Stepping out of the shadow of the pandemic, the world has witnessed geopolitical tensions, impacts from extreme weather events, increased costs of living, escalating inflation, as well as an urgent need for enhanced digital literacy. Against this backdrop, Malaysia has showcased its commendable resilience and proactive adaptation. The national economy normalised to 3.7% GDP growth in 2023, propelled by strong domestic demand and stable employment.

Sustainability has also become a central theme amongst Malaysian businesses. In light of climate change concerns, the Government has embraced a comprehensive approach to environmental stewardship and societal well-being which embodies an increasing acknowledgement of the interconnectedness of economic growth, social equity and environmental preservation.

UNLOCKING MALAYSIA'S DIGITAL POTENTIAL

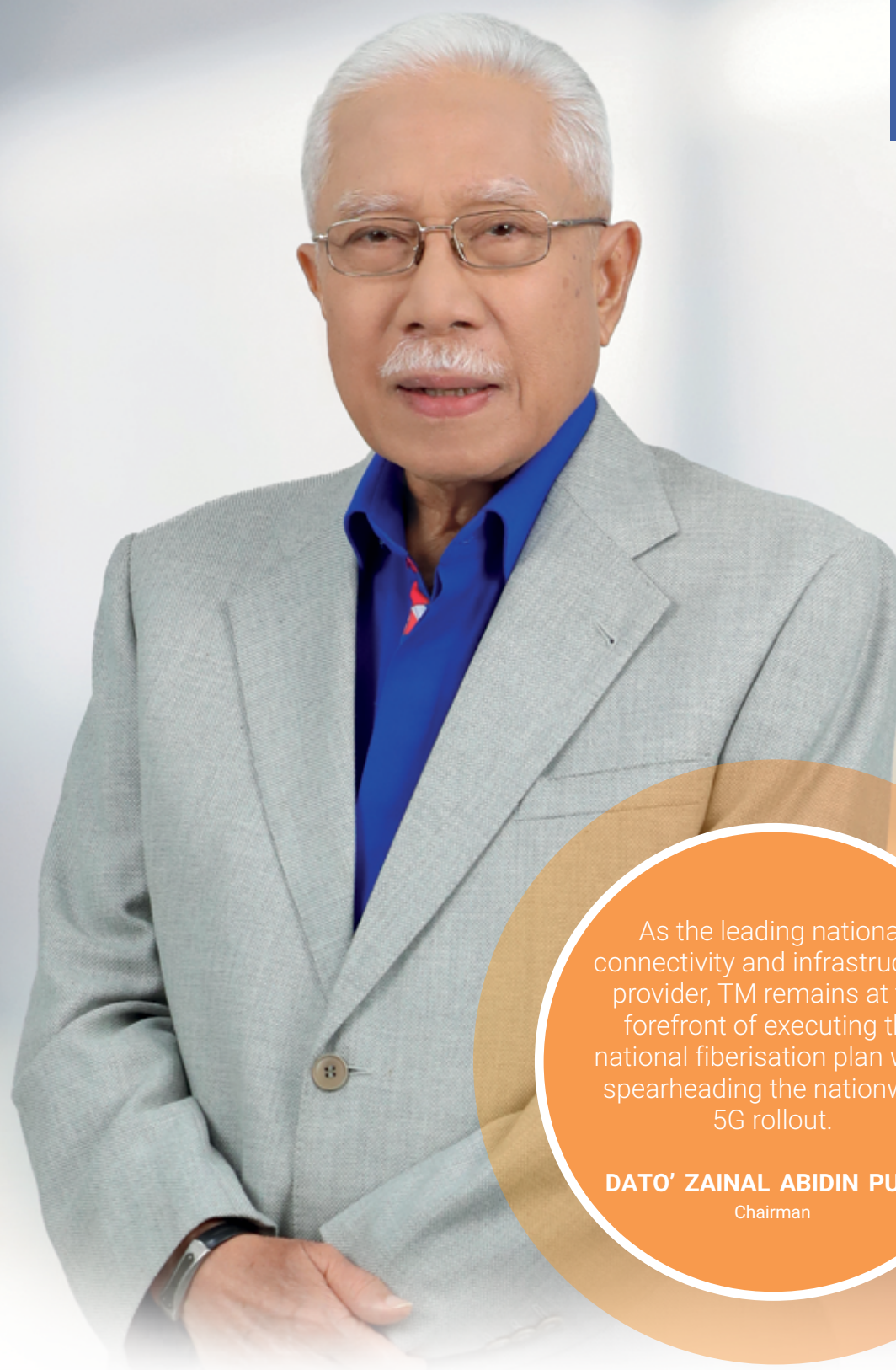
At TM, we are closely aligned with the Government's vision of creating a Digital Malaysia through our multifaceted approach of inclusiveness. This comprises its expanded coverage and services through fiberisation, 5G, data centres and global connectivity via our extensive submarine cable network.

This year, our Board has been deeply focused on enhancing TM's governance, upholding accountability and transparency across our operations.

Through these solutions, we have been able to enhance reach and efficiency through our connectivity services, elevate the quality of our converged fixed and mobile services and contribute significantly to the broader goal of advancing Malaysia's digital landscape. It provides us with the opportunities to bring immersive experiences to local communities and showcase how technology can elevate their daily lives – be it in work, education or entertainment, while empowering the creation, sharing and consumption of digital content.

LEADING WITH PURPOSE

In the wake of a dynamic business landscape, the need for strong, insightful leadership has become more pressing than ever. This year, our Board has been deeply focused on enhancing TM's governance, upholding accountability and transparency across our operations.



As the leading national connectivity and infrastructure provider, TM remains at the forefront of executing the national fiberisation plan while spearheading the nationwide 5G rollout.

DATO' ZAINAL ABIDIN PUTIH
Chairman

We have a robust governance framework, anchored in the Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities), the Malaysian Code on Corporate Governance (MCCG) 2021 and global best practices. The Board of Directors maintains its commitment to the highest standards of corporate governance, ensuring every decision and action we take serve the best interests of our stakeholders.

An example of enhancement for our governance structure is the reconstitution of the Board Risk Committee (BRC) as the Board Risk and Investment Committee (BRIC), effective from 1 January 2024. This expansion broadens BRIC's remit to encompass a comprehensive approach to sustainability and investment, reflecting the changing priorities in the current business climate.

To future-proof our leadership, we invested in improving the Board's knowledge and expertise. Comprehensive Board training programmes have been instrumental in the development of our Board members covering a wide array of topics, including Business Sustainability, Performance and Risk Management, equipping us to navigate the changing realms of climate change and digital transformation.

CHAIRMAN'S MESSAGE

ENGAGING FOR IMPACT

At the core of TM's ethos is the continuous value creation to stakeholders. Our vision as a forward-thinking technology company is to shape a Digital Malaysia through technology that empowers communities, businesses and Government.

In partnership with the Government, we supported key initiatives like *Jalinan Digital Negara* (JENDELA) and MyDigital to close the gap on the digital divide and transform Malaysia into a high-income digital nation. We also accelerated the nation's digital aspirations by offering holistic and agnostic connectivity, platform and digital solutions.

At the same time, we empower our customers through our world-class digital services. Our efforts focus on enhancing customer experiences through consistent, always-on services. We are a leader in connectivity, bringing valuable services and self-serve digital platforms to our customers.

For Micro, Small & Medium Enterprise (MSME) customers, TM is a catalyst for digitalisation, contributing to their growth and success. Overall, in 2023, we enabled approximately 400,000 MSMEs, significantly boosting the digital economy.

Our employees are the backbone of our success. We cultivate a diverse and inclusive workplace, prioritising their well-being and professional development. Flexible work arrangements combined with the deployment of digital tools, optimise productivity and job satisfaction. We invest continually in our employees, enhancing their skills and capabilities to remain competitive and future-ready.

TM's role in societal development can be seen through our initiatives with Yayasan Telekom Malaysia (YTM). Our programmes, like the flagship YTM Scholarship, Structured Development Programme and TM Future Skills Programme, positively impacted over 9,000 individuals. Our efforts in community and nation building have reached over 110,000 individuals, focusing on digital skills training, disaster relief and charitable initiatives, all aimed at enriching and uplifting local communities.

In terms of shareholder value, our approach is to maximise long-term returns. We consider various factors such as business performance, capital commitments and financial conditions to ensure sustainable value creation. For 2023, we will be sharing our profits with shareholders a total dividend of 25 sen per share or approximately RM957.9 million, marking the highest dividend announced since 2008.

In every aspect of the Board's deliberation, we remain steadfast in our commitment to delivering value that transcends conventional business metrics, contributing to a more connected, empowered and sustainable Malaysia.

A LEADER IN SUSTAINABILITY

This year, we made progress in our sustainability journey. We enhanced our Sustainability Framework with two key objectives of enabling sustainable growth and ensuring business resilience. These are closely aligned with UN's Sustainable Development Goals, SDG9 (Industry, Innovation and Infrastructure) and SDG17 (Partnerships for the Goals).

For 2023, we will be sharing our profits with shareholders a total dividend of 25 sen per share or approximately **RM957.9 million**, marking the highest dividend announced since 2008.

We achieved a key milestone in our sustainability governance through the release of our first Task Force on Climate-related Financial Disclosures (TCFD) report, well ahead of Bursa Malaysia's 2025 requirement, enhancing our transparency around climate-related risks and opportunities. I'm also pleased to report our progress in reducing carbon emissions by 22% against the 2019 baseline. Our main focus has been in driving energy efficiency across TM's network and data centres. This is a significant step in our journey towards a low-carbon future.

We have identified our supply chain as a good opportunity for sustainability impact. In November, we introduced a Sustainable Supply Chain Roadmap, underlining the importance of partnering with suppliers committed to sustainable practices.

In light of our achievements, we secured a 46-point rating in the S&P Global ESG Score, making TM one of the top telcos for sustainability in the region.

VISION FOR TOMORROW

Stepping into 2024, TM is poised to grow its business in anticipation of a year filled with exciting challenges coupled with great opportunities. Set against the promising forecast of Malaysia's economy projected to grow between 4% and 5%, this upturn reflects a landscape ready for innovation and progress.

Central to this outlook is the Malaysian Budget 2024, where the Government has earmarked substantial investments for digital advancement and automation. Besides the 5G Cyber Security Testing Framework allocation, a RM900.0 million loan fund was made available to support MSMEs, dedicated to boosting business productivity through automation and digitisation.

As the leading national connectivity and digital infrastructure provider, TM remains at the forefront of executing the national fiberisation plan while spearheading the nationwide 5G rollout. Our active role in 5G implementation, backed by our nationwide fibre infrastructure, digital platforms and wealth of experience, is poised to drive significant advancements.

Our current endeavors in AI, which range from enriching customer experiences to optimising operational processes, will be further accelerated. We aim to harness the power of technology to improve lives and businesses through smarter solutions. These include predictive analytics and enhanced customer experiences, thereby strengthening our leadership in digital innovation.

Our optimism is fuelled by the prospects of increased hyperconnectivity and digitalisation across all customer segments, as we navigate the future effectively, capitalising on emerging opportunities while striving for growth in all areas of our business.

ACKNOWLEDGEMENT & APPRECIATION

I would like to extend my profound gratitude to all our stakeholders. Your support and engagement have been pivotal in our journey as a technology company aspiring towards becoming a Digital Powerhouse by 2030.

Firstly, I would like to extend my sincere thanks to YB Fahmi Fadzil, our Minister of Communications and YB Gobind Singh Deo, Minister of Digital, the Malaysian Communications and Multimedia Commission (MCMC), as well as the Malaysian Government. Their support has been a driving force not only in our growth and success, but also to help propel our nation building efforts towards realising a Digital Malaysia.

I would like to thank Tan Sri Dato' Mohammed Azlan Hashim, whose leadership as the former Chairman of TM has been pivotal in guiding us towards our objectives. His tenure has set a high benchmark, characterised by visionary leadership, strategic foresight and invaluable guidance.

Likewise, acknowledgment is due to Datuk Imri Mokhtar, whose role as the former Managing Director/Group CEO has been central to TM's transformative journey. Under his guidance, TM has laid a solid foundation for future growth, aligned with Malaysia's digital aspirations.

We are also grateful to Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin for her valuable contributions during her tenure as a non-independent non-executive director. We wish her all the best in her new role as the Director General of Customs at the Royal Malaysian Customs Department.

It is also with great pleasure that I welcome En. Ahmad Taufek Omar and Datuk Dr. Shahrazat Haji Ahmad as new non-independent non-executive directors. Their fresh perspectives and expertise will undoubtedly propel TM forward in our ambitious journey.

Finally, to all our other stakeholders – our customers, employees, partners and shareholders – your unwavering commitment and belief in our vision has been the backbone of our achievements. Your support fuels our mission to drive a Digital Malaysia and I look forward to continue serving you all.



Dato' Zainal Abidin Putih
 Chairman



Our efforts in community and nation building has reached over **110,000** individuals, focusing on digital skills training, disaster relief and charitable initiatives, all aimed at enriching and uplifting local communities.

Dear Stakeholders,

I am pleased to present my first message as the Managing Director/ Group CEO. The year 2023 marked the successful completion of our Transformation Plan, a period that symbolised our evolution from a traditional telecommunications company into one that drives digitalisation.

GCEO'S MESSAGE

We now embark on the next level of our transformation journey, aiming to become a Digital Powerhouse by 2030. This ambition is designed not only to elevate our own trajectory but to also position Malaysia as a digital hub for the region, setting the stage for our long-term success.

AMAR HUZAIMI MD DERIS
 Managing Director/
 Group Chief Executive Officer

Going beyond technological advancements, TM is focused on unleashing the potential inherent in our people, customers, communities and nation. Our goal is clear: to ensure that the benefits of digitalisation are widespread and equitable, fostering a society where every contribution is valued and every opportunity leveraged on.

Following our progress, we are entering the next phase of our transformation, with the goal towards establishing ourselves as a Digital Powerhouse by 2030. This evolution is imperative to harness the transformative power of digital technology, ensuring our agility in adapting to the ever-evolving landscape and contributing to a brighter future for Malaysians.

THE DYNAMIC LANDSCAPE OF 2023

2023 was challenging with competitive pressures and economic strains largely due to slower global trade, geopolitical concerns and rising interest rates. This resulted in the moderated economic growth of 3.7% in Malaysia. Subsequently, the market saw volatility in foreign exchange rates, requiring further stringent financial management to ensure the sustainability of our global investments and partnerships.

At the same time, sustainability emerged as a critical global and local theme, with Malaysia adopting a more holistic approach emphasising green growth, renewable energy, conservation, sustainable transportation and social inclusivity. In the regulatory domain, we remained aligned with the Government's policies that were geared towards affordability and inclusion.

Amid these challenges, TM demonstrated financial resilience and operational robustness by striking a balance between investing in new technologies and maximising the value of our existing assets. In light of intensified competition in the market, we re-envisioned our service offerings, incorporating differentiated digital and lifestyle solutions that are attractive to our customers, thereby leading to greater vibrancy in the market.

CHARTING THE PATH: STRATEGY & PERFORMANCE

Following our transformative three-year journey from 2021 to 2023, we now embark on the next level of our transformation journey, aiming to become a Digital Powerhouse by 2030. This ambition is designed not only to elevate our own trajectory but to also position Malaysia as a digital hub for the region, setting the stage for our long-term success.

The journey has been characterised by significant milestones, including the strategic and operational challenges and opportunities that 2023 presented. TM has continued to strengthen our position as a leader in the converged communications landscape, enhancing operational excellence and elevating customer service.

Our performance in 2023 demonstrated the effectiveness of our strategic initiatives and financial resilience. TM recorded a 1.1% increase in revenue, reaching RM12.26 billion, up from RM12.12 billion in 2022. This performance has also positively impacted our Total Shareholders Return (TSR) at 6.33%, reaffirming our commitment to delivering shareholder value.

GCEO'S MESSAGE

Our growth is reflected by the strong performance across our customer-facing business units:



REINFORCING OUR LEADERSHIP IN CONVERGENCE SERVICES

Unifi maintained its leadership in converged offerings of fixed broadband, mobile services, digital content and solutions for both consumers and MSMEs, recording RM5.66 billion in revenue. Unifi's fixed broadband segment grew 3.1% to 3.1 million subscribers and over 400,000 MSMEs, driven by strategic convergence campaigns and customer retention efforts.



A COMPREHENSIVE SUITE OF INTEGRATED DIGITAL SERVICES

TM One continued to navigate the market complexities while exploring new growth opportunities. Despite a decrease in revenue, its Q4 2023 results showed an increase in revenue of 17.3% compared to the previous quarter, driven by a surge in solution-based customer projects.



POSITIONING MALAYSIA AS ASEAN'S DIGITAL HUB

TM Global revenue rose 8.7% to RM3.10 billion, primarily from an increase in international data revenue, driven by managed wavelength services for hyperscalers, alongside an uptick in domestic data services.

Our unique convergence solutions have solidified our position as the only Fixed-Mobile Convergence (FMC) with quad-play in Malaysia. This strategic positioning is further strengthened by the ongoing expansion of our nationwide fibre coverage and the enhancement of our data and network infrastructure. These endeavours reflect our commitment to fostering digital inclusivity and encouraging broader digital adoption across the country. By doing so, we aim to meet the ever-changing demands of our customers, ensuring that they have access to seamless and high quality digital experiences.

BUILDING AN INCLUSIVE DIGITAL FUTURE

Today, TM is at the forefront of innovation, constantly adapting to the fast-paced changes of the technological landscape. Our dedication driving Malaysia's digital evolution is reflected in our diverse offerings, from fixed broadband to enterprise digital solutions. These include the latest in 5G, mobility, smart solutions, cloud, data centres, edge nodes, cyber security, IoT, AI and more.

Our extensive fibre network that spans across 720,000 km nationwide has been fundamental in supporting the rapid deployment of 5G infrastructure for Malaysia by Digital Nasional Berhad (DNB). It also serves our diverse customer base of 3.1 million fibre broadband home accounts and over 400,000 MSMEs. At the same time, we enabled IoT and next gen solutions across various sectors for our 4,800 enterprises and 1,900 public sector clients. Our advancement into 5G exemplifies TM's commitment to pioneering the future of mobile connectivity. Moreover, we have achieved 95.4% coverage nationwide through our deployment of 4G Multi-Operator Core Network (MOCN) partnership for our Unifi Mobile subscribers.

Globally, we have a vast network of over 35 submarine cable systems covering more than 340,000 km, providing vital support in connecting Malaysia to the world. We are further strengthening our collaboration with global telcos, content partners and hyperscalers to ensure seamless connectivity for the region.

As the sole Malaysia-based Cloud Service Provider (CSP), TM provides end-to-end cloud and data centre services, emphasising data residency, locality and sovereignty. Our eight (8) data centres, including our unique twin core Tier III, offer unparalleled cloud solutions to enable digital services especially AI and cyber security, catering to the needs of both enterprise and Government sectors.

Evidently, TM's efforts have progressively contributed towards building a strong foundation of digital infrastructure for the nation. This aligns with our aspiration to become a Digital Powerhouse by 2030 while positioning Malaysia as a digital hub for the region. Guided by this aspiration, we strive to empower progress that is inclusive, leveraging the full potential of all stakeholders to shape a digitally empowered nation.

To achieve these goals, we are guided by our PWR 2030 aspiration which is defined by three (3) key pillars as follows:

► PIONEER

We aim to lead industry growth through digitalisation and sustainability by exploring and developing new technologies and opportunities.

► WIN

We will focus on leading the charge in critical areas such as government, business and society, establishing ourselves as the go-to provider for cutting-edge digital infrastructure and services such as 5G.

► REVITALISE

We will foster a vibrant ecosystem of talent and innovation, for Malaysia and the region. By harnessing creativity and supporting entrepreneurs and innovators, we aim to position Malaysia as a hub for digital and technological innovation.

As the largest digital communications network infrastructure operating in Malaysia, we will continue to evolve our network to become the foundation of a thriving digital ecosystem and to develop a unified platform in enabling digital services.

ELEVATING THE CUSTOMER EXPERIENCE

TM is committed to a customer-first philosophy. Our Customer Experience (CX) team has adopted a structured approach to enhancing customer experiences, aiming to create seamless and positive experiences through a personalised customer approach.

To achieve this, our approach focuses on three (3) core pillars: Personalisation, Seamlessness and Digitalisation. Our Personalisation feature enables our customers to choose TM's services and interactions that best suit their individual needs, whether it is to connect at home, work or on-the-go. Seamlessness is aimed at delivering a smooth customer journey across all our touchpoints, while Digitalisation leverages on our technologies to improve service accessibility for all our customers.

An example of how we digitalise our CX is by enabling various easy-to-use self-diagnostic tools for our customers. This has resulted in a significant reduction of customer complaints by 33.3% and a 5.4% decrease in service requests faults since 2022.

GENERATING SUSTAINABLE VALUE

Our performance in 2023 demonstrates the effectiveness of our strategic initiatives and financial resilience. TM recorded a 1.1% increase in revenue, reaching RM12.26 billion, up from RM12.12 billion in 2022

GCEO'S MESSAGE

Moreover, our key Unifi stores within Klang Valley were redesigned and enhanced, leading to a streamlined in-store digital journey, with dedicated MSME areas and improved overall satisfaction with TM's services.

Reflecting the outcome of all the initiatives by the CX team, TM's Net Promoter Score (NPS) rose from 23 in 2021 to 46 in 2023, highlighting our successes in enhancing the overall customer experience journey while continuing our momentum to drive convergence benefits to all.

EMPOWERING OUR PEOPLE

We fondly refer to our employees as *Warga TM*, recognising them as the execution engine of our company. As such, we are dedicated to cultivating a workplace environment that fosters growth and fulfilment. Our holistic approach encompasses fair policies, competitive benefits, career advancements and a culture of respect and care, to ensure all team members feel engaged, empowered and valued.

To foster equity, drive innovation and ensure sustainability, TM maintains a diverse and inclusive leadership team. In 2023, we achieved 32% female representation in senior management, surpassing our target of 30%. We also championed equal opportunity with policies and practices that reject discrimination based on race, ethnicity, gender, age, religion, disability or any other protected characteristics.

The well-being of our employees remains paramount, reflected in our flexible work arrangements as well as our comprehensive Wellbeing360 programme which safeguards the health and motivation of our employees. Multiple platforms of digital learning opportunities and resources are made accessible, to induce continuous on-demand learning for various up-to-date topics.

Our commitment to ensuring fairness, respect and care has strengthened our brand as the employer of choice. This is evident by the accolades we have earned, including Asia's Best Employer Brand Award 2023 from the Employer Branding Institute and World HRD Congress, Platinum Award in the Communication Networks at the Putra Brand Awards 2023 and the Best Companies to Work for in Asia 2023 (Gold Award) from HR Asia Magazine, marking our fifth consecutive win. These awards underscore our position as the preferred choice for top talent and for creating an environment where employees thrive.

Moving forward, TM's transformation into a Digital Powerhouse will be reliant on the effort we place on future-proofing our workforce. This includes ensuring they are digitally conversant and competent, ready to lead in the evolving digital landscape and to deliver TM's strategies. We are committed to extensive training and development programmes, to equip our team with future skills, leadership capabilities, current business skills and the right mindset and culture.

SUSTAINABILITY: OUR CORE PHILOSOPHY

2023 was a transformative year in TM's sustainability journey, catalysed by the expansion of our sustainability endeavours that resulted in a refined Sustainability Framework and Integration Plan, rooted in TM's vision, mission and PWR 2030 aspiration.

This new Sustainability Framework is aimed at achieving two (2) strategic objectives: enabling sustainable growth for its customers and the community, and ensuring business resilience within TM and across our value chain. These objectives are supported by five (5) key pillars of sustainability.

In our first pillar as a Solutions Provider, TM harnesses innovative and technology-based solutions that provide sustainability value and superior customer experiences, alongside a stable and high quality network. The second pillar is Digital Inclusion, where we seek to narrow the digital divide and foster digital inclusion, enabling widespread connectivity access and digital technology benefits.

The next pillar is Environmental Management. This is where we actively manage impacts and resource use through mitigation and adaptation strategies, enhancing resilience to environmental and climate-related challenges. Fourth, as a Responsible Employer, TM prioritises its *Warga TM*'s professional growth and personal well-being, nurturing an ethical and safe workplace culture that supports their development. The last pillar is Ethical Business, where we establish trust through ethical business practices, covering a sustainable supply chain, cyber security, data privacy and responsible communication to foster long-term relationships with stakeholders.

Our purpose-driven approach to sustainability to date has garnered recognition and set new ESG benchmarks within the industry. With an S&P Global Corporate Sustainability Assessment (CSA) rating of 46 points, TM is among the top-rated telcos in the region for sustainability, a testament to our unwavering commitment to integrating sustainability into every aspect of our business, from governance to operations and community engagement.

Advancing into 2024, TM will continue to pursue its focus on modernising, and expanding its significant network infrastructure and operations, while enhancing our core capabilities as well as driving digitalisation, innovation and sustainability.



LOOKING AHEAD: UNLEASHING POTENTIAL

Advancing into 2024, we will continue to pursue our focus on modernising and expanding TM's significant network infrastructure and operations, while enhancing our core capabilities as well as driving digitalisation, innovation and sustainability.

With TM's PWR 2030 blueprint clearly guiding our vision, we will strive to empower the development of a digital nation where progress is inclusive, tapping into the vast potential of all stakeholders.

Serving our customers is the main focus of all that we do. We will continue to prioritise them by providing superior personalised, seamless and digitalised experiences. At the same time, *Warga TM* remains as our core valuable resource and we will continue to emphasise our employees' well-being through various upskilling programmes, preparing robust and adept digital talents. This is in line with our ultimate goal – towards becoming a world-class organisation.

Our refined Sustainability Framework will be a game changer for us as we accelerate the process of embedding sustainability into every facet of our operations. This includes the sustainable ways we develop our solutions and manage our network to the responsibility and care we show for our *Warga TM*. All of these underline our approach and commitment to run our business for the long term in a purposeful and ethical way.

ACKNOWLEDGEMENT & APPRECIATION

In closing, I first wish to express my gratitude to Datuk Imri Mokhtar, whose leadership has profoundly shaped TM, leaving behind an institution brimming with potential.

I am also honoured by the trust the Board of Directors has placed in me, entrusting me with the role of guiding TM through this exciting digital era. Your confidence fuels my resolve to uphold our mission and drive our strategic objectives forward.

A heartfelt thank you to Tan Sri Dato' Mohammed Azlan Hashim and Dato' Anis Rizana Mohd Zainudin @ Mohd Zainuddin, for your contributions and dedication during your tenure on the board. Your guidance has been instrumental in navigating TM through its transformative journey.

Simultaneously, we warmly welcome Ahmad Taufek Omar and Datuk Dr. Shahrazat Haji Ahmad to our board. Your fresh perspectives and expertise are eagerly anticipated as we continue to advance our ambitions.

Finally, to all our stakeholders – customers, shareholders, investors, suppliers, the Government, regulators, our *Warga TM* and the broader community – your trust and loyalty are the bedrock of our success. Your ongoing support is a testament to our past achievements and we look forward to continuously nurture this collaboration.

As we look to the future, TM is dedicated to unleashing our potential throughout our organisation and across the entire nation. Our promise of delivering "Your Next Is Now" encapsulates this commitment to transforming today's possibilities into tomorrow's realities, propelling Malaysia into a new era of digital greatness.

AMAR HUZAIME MD DERIS

Managing Director/Group Chief Executive Officer



Dear Stakeholders,

2023 was a challenging year for TM, with regulatory shifts, increased competitive pressures and evolving market dynamics significantly shaping our industry. In the face of rising technology costs and regulatory developments, we remained vigilant and aware of the potential economic headwinds that could restrain market expansion and impact spending across our consumer, enterprise, public sector and wholesale businesses.

GCFO'S REVIEW

2023 PRIORITIES

We started the year by adopting a conservative yet strategic financial approach, anticipating a competitive environment and potential market volatility. Our carefully formulated financial guidance demonstrated a comprehensive understanding of external influences and their impact on our business.

We projected a revenue trajectory consistent with the previous year, mindful of further regulatory adjustments in our industry. Our Earnings Before Interest and Taxes (EBIT) were forecasted at RM1.8 billion to RM2.0 billion, reflecting our resolve to sustain operational efficiency in the face of expected hurdles. We allocated a capital expenditure (Capex) budget of 18% to 20% of our revenue, affirming our commitment to optimise strategic investments that strengthen our network infrastructure and support our long-term objectives.

We remained agile, seizing opportunities and adapting our strategies to navigate the year successfully. We achieved sustained revenue growth exceeding the revenue guidance for the financial year and continued to optimise expenditures, resulting in a higher than market guidance EBIT. Our PATAMI improved significantly from the previous year, highlighting TM's resilience and positive performance in 2023.

RAZIDAN GHAZALLI
Group Chief Financial Officer

Despite the challenges faced in 2023, we remained agile, seizing opportunities and adapting our strategies to navigate the year successfully. We achieved sustained revenue growth exceeding the revenue guidance for the financial year and continued to optimise expenditures, resulting in a higher than market guidance EBIT. Our Profit After Tax and Minority Interests (PATAMI) improved significantly from the previous year, highlighting TM's resilience and positive performance in 2023.

Financial Metric	Revenue Growth	EBIT	Capex/ Revenue
2023 Guidance	Flat	RM1.8 – RM2.0 billion	18% – 20%
FY2023 Performance	1.1%	RM2.09 billion	15.9%

PROGRESS AND HIGHLIGHTS IN 2023

We are pleased to report that our revenue for 2023 reached RM12.26 billion, registering a 1.1% increase from RM12.12 billion in 2022. This rise was primarily driven by the performance of TM Global and Unifi which mitigated the challenges encountered by TM One. The heightened demand for digital connectivity and broadband services was in line with the anticipated growth of these sectors.

EBIT remained flat at RM2.09 billion mainly due to the slight increase in operational costs during the year. We have focused on allocating more resources to upgrade our systems to elevate our convergence proposition, enhance customer experience, improve go-to-market speeds and all supporting retail ecosystems. Our fixed and mobile networks are now fully integrated which required spending on some harmonisation costs.

Nevertheless, stringent cost management continues to be our key priority. We have various initiatives to unlock more value and drive further cost optimisation. Our perseverance for cost efficiency is a critical component in our digital push moving forward. Testament to this, our other cost line items for 2023 have improved from the previous year. We achieved a further reduction in our operating expenses compared to the year before: direct costs decreased by 0.5%, manpower costs were lowered by 2.1% and our expenses for Depreciation & Amortisation dropped by 2.3%. This reflects our prudent asset management and the fruition of our past cost optimisation initiatives, which are now beginning to yield operational efficiencies.

Notably, our PATAMI surged by 63.6%, reaching RM1.87 billion, up from RM1.14 billion in 2022. In addition to the stable EBIT, this growth was contributed by the reduction in net finance costs by 18.4% due to our proactive debt management and tax credit utilisation. This result showcased our financial strength and strategic financial management, positioning us well for sustainable progress.

REVENUE

FY2023 Achievement
RM12.26
 billion

FY2022 Achievement
 RM12.12 billion

EBIT

FY2023 Achievement
RM2.09
 billion

FY2022 Achievement
 RM2.09 billion

PATAMI

FY2023 Achievement
RM1.87
 billion

FY2022 Achievement
 RM1.14 billion

CAPEX

FY2023 Achievement
RM1.94
 billion

FY2022 Achievement
 RM2.43 billion

BUSINESS PERFORMANCE



Unifi recorded a revenue increase to RM5.66 billion, supported by an expanded subscriber base to more than 3.1 million and infrastructure enhancements enabling higher speed access, in line with our commitment to delivering exceptional customer service.



Despite the revenue drop during the year due to market dynamics, TM One showed recovery signs with a 17.3% revenue increase in Q4 2023, driven by solution-based and customer projects, setting a positive trajectory for future performance.



TM Global reported an 8.7% revenue increase to RM3.10 billion, fuelled by growing data demand and strategic infrastructure investments, emphasising TM's pivotal role in Malaysia's digital and connectivity advancement.

FINANCIAL STRATEGIES

1. Customer

We actively targeted revenue improvements across all customer-facing business units. Unifi strengthened its leadership in converged offerings, such as fixed broadband, mobile services, digital content and solutions catering to both consumers and over 400,000 MSMEs nationally, enhancing their digital engagement.

TM One, recognised as a trusted partner for large enterprises and the public sector, provided comprehensive solutions in digital connectivity, cyber security and cloud services. TM One continues to lead the industry, pioneering innovation and entering into various strategic collaborations during the year, including private 5G projects, Smart City developments utilising predictive artificial intelligence (AI), cloud solutions and other digital projects.

Domestically, TM Global has been instrumental in broadening 5G backhaul sites and High-Speed Broadband Access, furthering national digital inclusivity. Internationally, TM Global achieved strong year-on-year (YoY) bandwidth growth and successfully delivered a mega requirement of leased connectivity for US-based hyperscalers. TM Global will continue to broaden its digital infrastructure solutions and forge strategic alliances with global carriers in positioning Malaysia as a key digital hub for the region.

2. Cost Optimisation

We prioritised cost optimisation across our operations. Strategic investments have been channelled to upgrade systems that underpin our convergence strategy, thereby augmenting customer experience and expediting operational processes. Despite the normalisation of costs in the post-COVID era affecting various budget lines, TM has exerted rigorous control over its spending to ensure business resilience in the face of escalating operational expenses.

3. Restructuring Exercise

We completed an internal restructuring exercise to improve operational efficiencies and streamline operations, a critical step in our three-year transformation journey. This strategic reorganisation, leading to the establishment of TM Technology Services Sdn Bhd, was designed to enhance TM's command in FMC, boost operational efficiencies and elevate customer experience.

4. Continuous Engagement

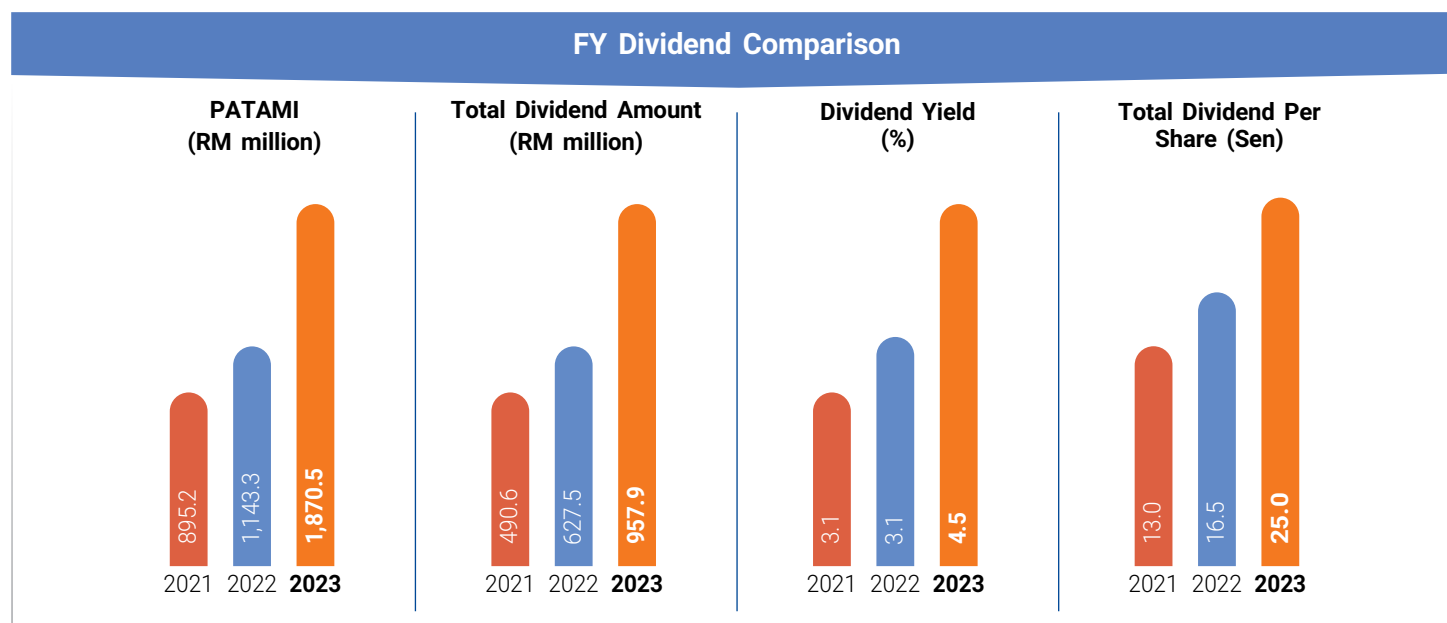
TM actively engaged with key stakeholders, including the Government and regulatory bodies, to navigate industry changes effectively. These engagements have been crucial in refining our financial strategies and securing a strong industry position, enabling TM to adeptly handle market uncertainties.

5. Return to Shareholders

We have consistently honoured our financial obligations, showcasing a strong commitment to optimising returns for our shareholders while contributing positively to national development. In our dividend strategy, we aim to strike a balance between rewarding our investors and reinvesting in our business for sustainable growth.

We have declared a second Interim Dividend of 10.5 sen per share and a Final Dividend of 5.0 sen per share for the financial year 2023. Together with the Interim Dividend declared in August of last year, the Total Dividend for FY2023 is 25.0 sen per share, a significant improvement from 16.5 sen per share in 2022. This is also another record-breaking highest total distribution since our dividend policy revision in 2018, a step up from the previous year.

Our dedication to shareholders is underscored by our TSR, which have consistently exceeded the market average over the last four (4) years. This record showcases our competitive advantage, operational excellence and commitment to creating lasting value for our shareholders.



FINANCIAL POSITION

We maintained a robust financial position, ending the year with an increase in our cash and cash equivalents to RM2.70 billion, up from RM2.34 billion the previous year. This is a reflection of our effective cash flow management, driven by improved collections from customers and judicious capital expenditure throughout the year.

Our financial strategy and disciplined approach to capital management have allowed us to strengthen our cash reserves, laying a solid foundation in anticipation of larger debt repayments due in 2024 and 2025. This strong cash position demonstrates our sustained cash generation capability, crucial for supporting operational resilience and strategic agility amid upcoming financial commitments.

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Throughout the year, we observed consistent improvements in our financial ratios, indicating better returns and a robust financial standing. These improvements are vital as they reflect our company's overall health and stability, reinforcing our ability to grow and create value.

Our prudent financial management practices have ensured significant debt headroom, giving us the flexibility to access various financing options to support our strategic growth objectives. This financial flexibility is instrumental in maintaining our competitive edge and responding effectively to market opportunities or challenges.

CREDIT RATING

Despite the dynamic and challenging landscape, we successfully maintained robust credit ratings from both domestic and international rating agencies, reflecting our solid financials and ability to fulfil our financial commitments.

➔ **RAM Rating Services: AAA**

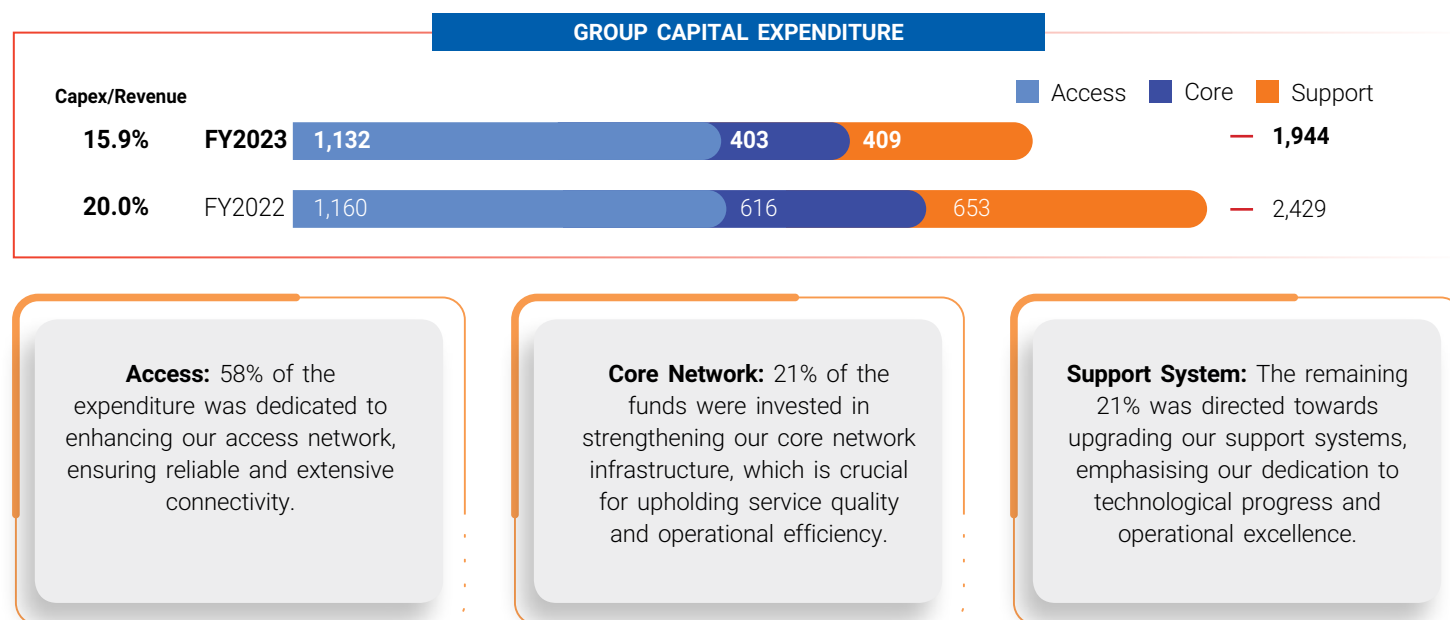
➔ **Moody's Investors Services: A3**
(baseline credit assessment "baa1")

➔ **S&P Global Ratings: A-**
(standalone credit profile "a-")

GCFO'S REVIEW

STRATEGIC KPIS: BALANCING FINANCIAL AND NON-FINANCIAL PERFORMANCE

We recognise the integral relationship between our financial achievements and our broader corporate responsibilities. Our strategic resource allocation underpins our sustained business growth and affirms our commitment to fostering a Digital Malaysia. This commitment is evident in our 2023 capital expenditure, which accounted for 15.9% of our revenue or RM1.94 billion, strategically distributed across key growth areas:



These investments align with our sustainability goals, facilitating growth that is beneficial and responsible for all stakeholders. Thus, alongside our solid financial performance, we have maintained a steadfast focus on non-financial aspects such as reducing our carbon footprint, enhancing customer loyalty and promoting a strong organisational culture. This approach illustrates the successful integration of our financial and non-financial strategies.

Financial Performance

Financial KPI	Objective	2021	2022	2023
Revenue Growth (%)	To measure performance across all business	6.4	5.1	1.1
EBIT (RM billion)	To assess profitability, cost management and efficiency	1.71	2.09	2.09
Capex/Revenue (%)	To evaluate investment sustainability, returns and business growth support	14.7	20.0	15.9

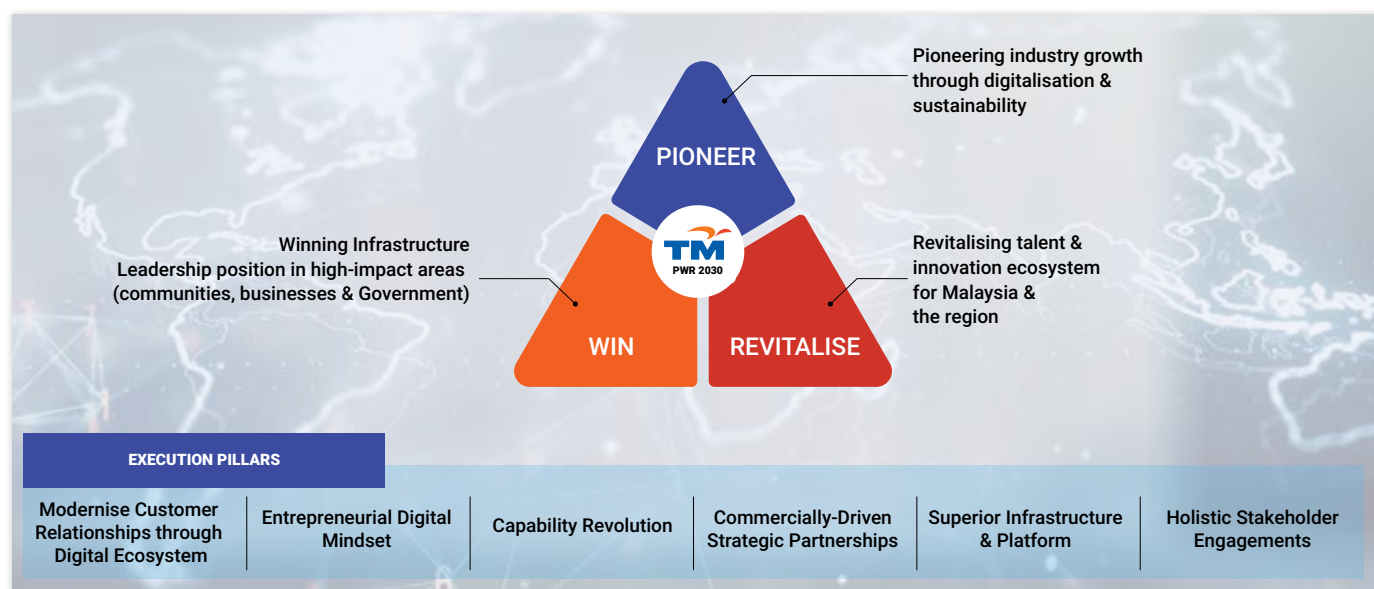
Non-Financial Performance

Non-Financial KPI	Objective	2021	2022	2023
Carbon Emissions (tCO ₂ e) reduction (%)	To track our progress in reducing our carbon emissions towards achieving net-zero emissions by 2050 while targeting a 30% reduction in carbon emissions by 2024	8.3%	12.5%	22.1%
NPS	To measure our customer's loyalty and satisfaction towards our initiatives	23	39	46
Organisational Health Index (OHI)	To assess the overall well-being and effectiveness of an organisation	77	80	79

OUTLOOK

As we move beyond our initial transformation phase (2021-2023), we have reinforced our standing in the telecommunications domain, both locally and internationally. This foundation sets the stage for our strategic journey towards PWR 2030, where we aspire to evolve into a Digital Powerhouse by 2030.

PWR 2030: Digital Powerhouse for Malaysia & the Region



Financial Metric	2024 Guidance	Rationale
Revenue Growth	Low single-digit growth	Reaffirms our resilience and adaptability in changing market conditions
EBIT	RM2.1 – RM2.2 billion	Highlights our commitment to operational efficiency and profitability
Capex/ Revenue	14% – 18%	Reflects our strategic investments in network enhancement and IT modernisation, essential for long-term development

We anticipate low single-digit revenue growth and we are confident in maintaining a steady performance amidst evolving market dynamics. Our EBIT is projected to range between RM2.1 billion and RM2.2 billion, indicating our focus on operational efficiency and profitability. Our Capex to revenue ratio is expected to be between 14% and 18%, emphasising our commitment to prudent investment, particularly in network and IT modernisation.

In conclusion, our outlook for 2024 and beyond is characterised by a strategic blend of growth, innovation and sustainability, aligning with our long-term vision to empower a fully integrated digital society and economy.