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In Conversation With The President & Group Chief Executive Officer

EXECUTING FOR NEXT

Dato' Izzaddin Idris

Axiata Group Berhad (Axiata or the Company) and its Group of Companies (collectively "the Group") occupy a unique position to respond to next normal needs as countries accelerate their digitalisation efforts across its footprint. Unprecedented demand for data and converged services, fintech solutions and enterprise digitalisation, as well as the global sustainability agenda continue to shape Axiata Group's evolution in line with its purpose of Advancing Asia. In embracing a holistic approach to deliver on its Purpose, Axiata Group is well placed to help societies reduce carbon emission levels through its mobile telecommunications technologies.

Tasked with steering this regional mobile telecommunications and digital organisation into a greener data and connectivity led future, we speak to Axiata's President & Group Chief Executive Officer (PGCEO), Dato' Izzaddin Idris to gain more insights on Axiata's continuing plans to navigate emerging opportunities and secure sustainable growth. At the same time, Axiata is also balancing the constantly evolving dynamics of regulatory, technological, environmental and competitive factors to ensure sustained returns to its shareholders.

IAR, Key Trends on pages 28 to 29

Scan to watch a video of the President & Group Chief Executive Officer's Message

Progressing with the Axiata 5.0 Vision

1. How did Axiata's strategy secure growth in 2021?

Upon finetuning our strategy to reset for a vastly different operating landscape beginning 2020, Team Axiata intensified our pace in 2021 to execute the 10 Key Focus Areas guided by Three Core Pillars of the Axiata 5.0 Vision which are Sustainable Growth, Operational Excellence and Structural Changes.

IAR, Axiata 5.0 Vision on page 37

Whilst executing measures to secure future growth, management was intensely focused towards accelerating the business and ensuring cost excellence amidst challenging macroeconomic and regulatory factors, hyper-competition in the industry as well as continuing COVID-19 triggered uncertainties.

Internally, we ramped up digital transformation across the businesses to serve post-pandemic shifts as customers increasingly sought to interact and transact digitally with each other. Ultimately, the emphasis was on building effective sustainable business solutions across five core areas of Axiata's digitisation framework namely:
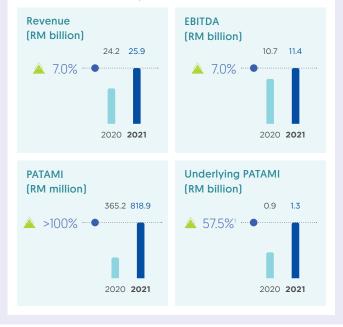
*   Product and Services
*   External Interfaces
*   Internal Processes
*   Infrastructure and Platform
*   Organisation and Culture

Ongoing efforts to inculcate the Modern, Agile and Digital mindset across Axiata Group, and the empathetic approach towards crafting our employee journeys enabled the team to adjust well to hybrid ways of working, a decision taken in the interest of prioritising employees' safety and wellbeing throughout the unyielding pandemic environment across our markets. We remain on track towards building and sustaining Axiata as a high performing organisation that is rapidly transforming to become The Next Generation Digital Champion.

In ensuring a balanced outcome across our businesses, it was also heartening that Axiata maintained positive ratings in global sustainability indexes and benchmarks during the year, as we laid the foundations to launch our Net-Zero Carbon Roadmap in 2022. Across the footprint, our Operating Companies (OpCos) continue supporting their respective communities and governments in getting through challenges posed by COVID-19, as well as natural disasters and emergencies. We continued to contribute positively towards strengthening the digital ecosystems of the markets within which we operate. Here in Malaysia, we also expanded the scope and focus of Axiata Foundation to include Community Investments and the Environment, in addition to the existing Education focus.

In terms of performance, our OpCos contributed to a healthy expansion in Group revenue as they pivoted to cater to accelerated data demand, connectivity and digitalisation needs across the region. In constant currency, revenue excluding device (ex-device) expanded by 8.3%[1] to RM25.1 billion lifted by all OpCos except Ncell.

Staying the course in executing the 10 Key Focus Areas of the Axiata 5.0 Vision has enabled Axiata to deliver improvements across all metrics[2] as depicted in the charts that follow:

Revenue (RM billion)
▲ 7.0%
24.2 25.9
2020 **2021**

EBITDA (RM billion)
▲ 7.0%
10.7 11.4
2020 **2021**

PATAMI (RM million)
▲ >100%
365.2 818.9
2020 **2021**

Underlying PATAMI (RM billion)
▲ 57.5%[1]
0.9 1.3
2020 **2021**

Notes: [1] Financial results % growth at constant currency   [2] On a reported basis

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How did Axiata's strategy secure growth in 2021? (cont'd)

Operational Excellence initiatives including our cost excellence programme, Collective Brain model, and leveraging on digitisation and analytics yielded results, as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) expanded by 8.5%[1] year on year (YoY) to RM11.4 billion mainly contributed by Celcom, Dialog, edotco and Axiata Digital Services (Axiata Digital)[3].

Underlying PATAMI[4] grew by 57.5%[1] to RM1.3 billion due to improved EBITDA across all OpCos, reduced losses from Axiata Digital and lower net finance cost, offset by accelerated depreciation of 3G assets in Celcom and Robi.

Driven by our cost savings initiatives, we surpassed internal targets to achieve total cost savings of RM2.0 billion, of which RM696 million was opex in nature, and RM1.3 billion from better capex management. However, Operating Free Cash Flow (OFCF) dropped 43.1% to RM1.9 billion largely due to XL's accelerated capex and backlog capex at edotco.

Overall, Axiata closed the year with a resilient balance sheet as gross debt/EBITDA held at 2.6x and a healthy cash balance of RM7.0 billion. With this, we are able to confidently defend against market uncertainties, as well as capitalise on potential opportunities to further strengthen our value proposition in this digital era.

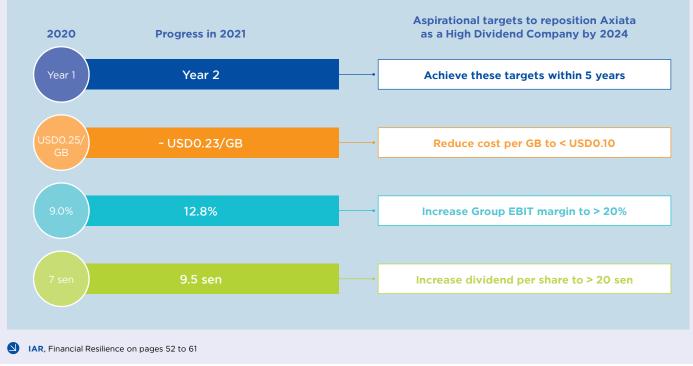IAR, Financial Resilience on pages 52 to 61

2. How is the Company tracking towards future-proofing Axiata Group?

Last year, I shared Axiata's Investors/Shareholders perspective of 5:10:20:20 to reposition ourselves as a High Dividend Company.

Where do we stand today? I am pleased to report that we are tracking well, encouraged by the disciplined execution of initiatives aimed at producing results in these six focus areas:

1. Grow Revenue by > RM6 billion through contributions from mobile, enterprise, digital businesses and infrastructure
2. Reduce Opex growth by < RM3 billion on concerted efforts to improve data cost per GB and data margin, with voice expected to decline to less than 5% of total cost
3. Reduce Depreciation and Amortisation growth by < RM1 billion with the sunsetting of 3G networks and capex optimisation
4. Reduce Financing Cost by > RM100 million through cheaper funding, capitalising on the low interest rate environment in 2020 with the issuance of USD1.5 billion bonds
5. Keep Mobile Capex < RM5.5 billion (20% intensity) leveraging on Collective Brain initiatives especially from efficiencies identified and optimisation efforts around the Procurement and Network functions
6. Refine Financial Strategy through an optimised Capital Allocation Framework including alignment of OpCos' dividend policy

Progress made in 2021 towards meeting our 2024 targets.

2020	Progress in 2021	Aspirational targets to reposition Axiata as a High Dividend Company by 2024
Year 1	Year 2	Achieve these targets within 5 years
USD0.25/GB	~ USD0.23/GB	Reduce cost per GB to < USD0.10
9.0%	12.8%	Increase Group EBIT margin to > 20%
7 sen	9.5 sen	Increase dividend per share to > 20 sen

IAR, Financial Resilience on pages 52 to 61

Notes: [3] Established in 2014, Axiata Digital Services is the digital services arm of Axiata, whose digital business portfolio includes Boost and ADA

[4] Underlying PATAMI excludes forex related (forex/derivative gains/losses, hedging cost) and others

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How is the Company tracking towards future-proofing Axiata Group? (cont'd)

In order to catalyse long-term value creation for our shareholders, Axiata continues to expand into adjacent businesses. Whilst the mobile business continues to be the foundation, we are also keenly seeking organic and inorganic growth opportunities in fixed, infrastructure, enterprise and digital.

Thus in 2021, Axiata Group embarked on a series of corporate activities to further secure our value proposition in supporting digital led recovery and growth.

Repositioning the business for new normal shifts

Proposed Celcom-Digi merger
- Synergistic benefits arising from the combination of scale, experience, competencies and financial strength of global telcos Telenor and Axiata, coupled with market knowledge of two well-established Malaysian companies
- To build a world-class Innovation Centre focusing on research and development, development of 5G use cases, supporting the local digital start-ups ecosystem and nurturing a knowledge-based workforce

Celcom's acquisition of Infront Consulting Group (M) Sdn Bhd and Bridgenet Solutions Sdn Bhd
- Enhanced Enterprise proposition with two acquisitions – Infront for Cloud services and managed networks capabilities and Bridgenet for cyber security and networking solutions

Proposed joint acquisition of Link Net with XL
- To drive future growth by leveraging on synergies between Link Net and XL through their combined positions in wireless communication services, sharing backbone and transmission networks and extensive customer base
- Well positioned to capitalise on the growing Enterprise market, and increased exposure to high Average Revenue Per User (ARPU) customers, as well as the fast growing fixed broadband market

Disposal of 5% stake in XL to Indonesian Investor Ferrymount Investments Ltd, a Special Purpose Vehicle between Procap Partners Ltd and Tiga Investments Pte Ltd
- Leveraging on the principals of Procap and Tiga Investments' extensive knowledge, experience, business partnerships, linkages to the digital ecosystem, and investments in and global capital markets to drive operational synergies and further develop digital and value-added services, as well as improve user experience

XL's proposed acquisition of PT Hipernet Indodata
- Enables XL to add to its Enterprise customer coverage and strengthen its product proposition

Dialog's acquisition of H One Private Ltd
- H One is the largest reseller of Microsoft enterprise solutions in Sri Lanka, and the acquisition is aimed at supplementing Dialog's wide range of Enterprise solutions suite

edotco's acquisition of Touch Mindscape
- Strategically adds a portfolio of approximately 1,000 tenanted towers to edotco's operations in Malaysia, with tower portfolio in the states of Melaka, Negeri Sembilan and Pahang having high co-location ratios of 2.4x[5], 3.8x[5] and 3.4x[5] respectively along with long-term contracts in place, thus guaranteeing recurring cash flow into the future
- Strategic advantage of building towers in states it was unable to in the past
- Secures a strategic fibre network in the East Coast of Malaysia, backed by long-term customer contracts

Application for Digital Bank Licence by Boost Holdings Sdn Bhd (Boost) in partnership with RHB Banking Group
- Joint application submitted in June 2021
- Plans in place for regional expansion and potential monetisation of the fintech business

SoftBank Corp.'s investment in ADA
- Leveraging on SoftBank Corp.'s network of portfolio companies to provide digital marketing solutions
- Using funding and synergies to develop AI models for precision targeting, invest in content analytics, and establish data platforms to deliver insights and help businesses pivot for growth

ADA's acquisition of Awake Asia
- Integrated eCommerce practice marries Awake Asia's deep eCommerce expertise with ADA's media, creative and analytics solutions to drive online sales for brands through:
  - Digital marketing deeply linked to eCommerce revenue generation
  - Consumer data and analytics leveraged to uplift eCommerce sales
  - Reaching vast audiences in super apps and marketplaces

2022 Focus
- Completion of the Celcom-Digi merger upon receiving the relevant approvals and successful integration of the two businesses
- Completion of the Link Net acquisition with XL and offering customer-focused converged solutions for Homes and Enterprises in Indonesia
- Awaiting outcome of digital banking licence application and if successful, launching its services
- Boost and ADA's regional expansion in ramping up towards realising their unicorn status ambitions
- Alongside expansion in Malaysia and Indonesia, edotco will continue to explore portfolio optimisation opportunities in footprint countries in line with its growth plans

Note: [5] *As at 31 March 2022*

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3. **With these targets, how is the PGCEO Scorecard structured towards delivering the Axiata 5.0 Vision?**

The PGCEO's performance assessment is based on the "Balanced Scorecard" approach and comprises two differently weighted components - the Corporate Scorecard and the Strategic Key Performance Indicators (KPIs) - which are designed to address business and stakeholder needs dynamically whilst balancing short-term returns and long-term sustainability. For 2021, the two components were as follows:

1. 65% was derived from the Corporate Scorecard where the focus is on growth aspects of the business through metrics covering Revenue, Cash Flow, Profitability, Market Share and Customer Experience. These outcome-based, quantitative indicators were aimed at ensuring the rigor of execution to achieve short-term business targets against a challenging macroeconomic and industry environment

2. 35% was attributed to Strategic KPIs which covers Axiata's 10 Key Focus Areas. While a majority of the Strategic KPIs are outcome-based and quantifiable, selected KPIs within this component are qualitative in nature. Nonetheless, each of these KPIs were carefully selected to help future-proof the business and steer the organisation towards sustainable growth in the long run

These Corporate Scorecard and Strategic KPIs were cascaded to all OpCo CEOs and Axiata Senior Leadership Team Scorecards to ensure seamless alignment and accountability throughout the organisation. The foregoing framework has been in force for the past decade and is expected to continue in the foreseeable future.

During the year, the Board approved the inclusion of Sustainability as a Strategic KPI in line with the requirements of the Malaysian Code on Corporate Governance (MCCG) 2021. This is in addition to an existing Strategic KPI to drive the national development agenda through efforts to groom local talents and build digital entrepreneurs. In aligning with the Sustainability KPI, I am a member of the CEO Action Network (CAN) in Malaysia, contributing towards sustainability advocacy, capacity building, action and performance throughout the ecosystem.

In striving for customer satisfaction, significant emphasis is placed on the Voice of Customer KPI that I share with OpCo CEOs to track service levels, which is reflected in market scores such as the Net Promoter Score and Digital Reputation Score, among others.

In summary, my KPIs are focused on steering Axiata in its ongoing transition from a pure-play mobile business into a diversified mobile telecommunications and digital organisation driving digital inclusion and serving evolving connectivity needs as societies increasingly embrace the digital economy.

Stepping up on our Environmental, Social and Governance (ESG) Commitments

4. **What key ESG actions did you take in 2021?**

Having established a strong foundation, especially under the social and governance pillars through our various national contribution initiatives since inception, Axiata is on track to develop a focused climate action plan to further strengthen its ESG responses. Among key actions taken in 2021 are:

Completion of the Group-wide carbon inventory exercise to audit, assess and capture the full impact of our operations and the ways in which we use energy

This will be the foundation enabling us to develop a Group-wide target to reduce carbon emissions aligned to the Science Based Target Initiative (SBTi). To support this agenda, the Axiata Net-Zero Carbon Roadmap will be launched in 2022

SCIENCE BASED TARGETS

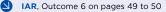Formalised our net-zero target commitment by signing the SBTi business pledge

TCFD

Began preparatory work to embark on our Task Force on Climate-related Financial Disclosures (TCFD) journey

Acknowledging that our networks result in carbon emissions, the Chief Technology Officer (CTO) Council which represents all OpCos is taking into consideration our climate action agenda in the Network domain. Leveraging the Collective Brain model, they have incorporated efficient energy use to drive a common direction towards reaching both cost reduction and carbon emission targets. We are continuously seeking more efficient technologies that can be adopted to enhance our energy efficiency. Our direction moving forward is to deploy renewables as a source of energy where it is practical and cost efficient.

Additionally, Axiata's OpCos continued with their own environmental programmes. Many of our OpCos already have in place effective product end life management programmes that provide clear guidelines to improve material efficiency and reduce mobile e-waste. These include edotco's Carbon Neutrality Framework, Dialog's Waste Management Programme, Robi's e-Waste Recycling Programme, as well as Ncell's Resource and Waste Management Programme and its Waste Management Solution.

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5.   What is the motivation behind Axiata's SBTi commitment?

This is an investment for the future which if not done today, will entail a higher outlay later. The SBTi commitment is based on our desire to adopt widely accepted standards in emissions reductions and net-zero targets in line with climate science. As a mobile telecommunications and digital organisation with a vast footprint in both ASEAN and South Asia, our investment in network expansion is critical to bridge the digital divide. However, that comes with the price of an increasing carbon footprint and it is incumbent upon us to mitigate the environmental impacts of potentially higher energy consumption from our networks and operations, whilst also implementing innovative solutions to address our energy needs.

2022 Focus

- Launch the Axiata Net-Zero Carbon Roadmap to achieve net-zero emissions no later than 2050, with a near term 2030 target to reduce operational carbon emissions by 45% from the 2020 baseline

Our three-objective strategy for climate action is as follows:

Decarbonising network operations	Transforming our value chain	Driving an inclusive climate agenda

- Embark on our TCFD journey to deep dive into our climate-related risks and opportunities and expand our net-zero commitment to Scope 3 emissions, which covers the entire value chain of our operations

IAR, Outcome 6 on pages 49 to 50

SNCR, Environmental Stewardship on pages 47 to 56

SNCR, Net-Zero Carbon Roadmap on page 49

Strengthening our Foundation as The Next Generation Digital Champion

6.   What are the focus areas of Axiata's transformation to become The Next Generation Digital Champion?

We set off on this transformational journey a decade ago by leveraging the digital ecosystem. We expanded into digital businesses via Axiata Digital in 2013. As for our traditional mobile operators, the ambition was to transform into Digital Telcos. As we usher in the era of digitalisation and 5G, we are strengthening our foundations towards realising our future goals by undertaking the following initiatives:

1
'Digitising our Core' across all key functions through 'API-fication', simplification and process digitisation in order to achieve Operational Excellence

2
Leveraging Analytics to accelerate our evolution in a way which is relevant to the dynamic and competitive landscape we operate in

3
Transforming our IT Blueprint to an Open Digital Architecture

4
Moving our infrastructure and applications to Cloud, enabling us to quickly and cost effectively scale our digital apps and touch points to cater to the exponential rise in digital service channels in the new normal, thus providing excellent customer services anytime, anywhere

Of course, we need people with the right skillsets to drive our transformation. To this end, we reasserted control over IT Software Development by setting up our own software development and IT operations (DevOps) company Axiata Digital Labs (ADL) which now has over 1,100 software engineering professionals. ADL has not only reduced Group-wide development cost, but also set a standard by transforming our Business Support System (BSS) with its middleware platforms such as the Digital Telco Enabler (DTE) and AXP platforms, which are the bedrock of our digital stack.

Taking this a step further, we spearheaded a community of Analytics professionals, Axiata Certified Experts (ACE), to employ a structured approach in developing our people's Analytics skills, with the intention of moving 'Analytics to the Edge'. Our objective is to establish best practices in AI and Data Governance with a reference architecture enabling interoperability and portability of codes. Leveraging off our early success with external API marketplaces for both long and short tail businesses, we have built a very large community of over 50,000 developers and hundreds of short tail partners.

IAR, Outcome 2 and 3 on pages 41 to 42 and 43 to 44

SNCR, Next Generation Digital Champion on pages 21 to 45

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7. How has Axiata improved its network in line with its ambition?

Our internal initiatives such as the cross-OpCo CTO Council are fuelling improvements in this area.

1

Efficiency gains from network transformation programme

Standardised network planning methodologies and guidelines as well as subsequent design reviews and optimisations of OpCos' network plans have resulted in major gains including reduced cost of delivery, in terms of both capex and opex expenditures

2

Collaboration amongst OpCos enable better adjustment to demand shifts

Unified design and planning approach between OpCos has enabled Axiata Group to support the 40% growth in network traffic in 2021

3

Sunsetting of 3G networks ongoing to prepare for 4G and 5G spectrum efficiency

In 2021 major advances were made by Celcom and Smart, as we sunsetted some 4,000 sites or 55% of our legacy networks, compared to the previous year

4

Concluded three successful Open RAN commercial pilots to better serve rising connectivity needs in the region

Formed strategic partnerships with leading global network solutions providers namely Mavenir and Parallel Wireless, and Infosys as systems integrator (SI) to successfully conduct Open RAN commercial field pilots in Malaysia, Indonesia and Sri Lanka

8. How far has Axiata progressed in transforming its traditional mobile OpCos into Digital Telcos?

2021 has been an extraordinary year for our Digital Telcos which delivered over 40% YoY EBIT growth. Advancements in this area are driven by a unique tool Axiata has developed to help OpCos continuously up their game with respect to digital transformation.

This unique tool is our signature LEAP (Learn, Engage, Accelerate and Perform) Programme, a multi-year initiative designed to accelerate digitisation across all functions of the business. Since LEAP's inception in 2018, we have seen a total of 480 digitisation initiatives, spanning across process automation, API-fication of our platforms and Micro-Services proliferation across multiple business functions. We have also established "end-to-end digital" telco models in our OpCos, leading examples being Celcom's 100% digital service Yoodo, and XL's fully digital Live.On offering.

Of course, monitoring our YoY performance is critical to ensure we are on track, and we are doing so with a portfolio of metrics:

LEAP Digital Maturity (LDM) which tracks the digital transformation of our OpCos across all functions, both front-end and back-end

Big Data Architecture (BDA) Index to assess our ability to process and analyse Big Data

Digital Telco Model (DTM) which charts the financial outcomes achieved through digital transformation across our OpCos

AI Maturity Index which determines our AI Maturity levels to create and scale business impact

Over the past three years, all our OpCos have shown significant progress across all these metrics. Moving forward, we will continue to evolve our products and services, external and internal interfaces, platform architectures, and Talent and Culture constructs, to be on par if not ahead of global best practices in digital transformation. On a broader perspective, Axiata will focus on taking AI to the next level of industrialised scale so that technological advancements create sustainable business outcomes. Axiata Group will also continue to have stronger focus on data governance and management, to ensure the highest standards of protocols and privacy protection for its consumers while putting special focus around AI governance and ethics at the centre of its digital agenda.
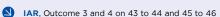
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9. How are Axiata's OpCos preparing for 5G?

An evolution from past technology, 5G is a catalyst for the future, delivering the promise of greater speed, capacity, reliability and much lower latency. It will revolutionise how we interact with technology in our daily lives, transform industries and elevate user experiences to new levels. Enabling higher performance, improved efficiencies and real time precision, industries such as agriculture, transportation and logistics, education, advanced healthcare, manufacturing, retail and public service, among others, stand to benefit from 5G enabled advancements and innovations to enhance products, services and experiences. With roll outs gaining traction across the world, 5G is also taking off in Asia, with most of our footprint markets poised for deployment in the short to medium-term. In line with this, our OpCos continue to be supportive of national 5G ambitions in their respective countries and work is ongoing to prepare for roll outs, even as we step up internally on our digital transformation to lead our customers and communities into the 5G era. Briefly:

celcom
- Collaborated with ecosystem partners in preparation for 5G
- Conducted Malaysia's 1st Voice over 5G New Radio
- Trial calls
- Deployed world's first large scale FDD Smart 8T8R Network with Huawei

Ncell
- Requested for 5G trial frequency and awaiting decision
- Presented amended 5G Trial Plan in accordance with the Nepal Telecommunication Authority's revised Working Procedure

Dialog
- Partnered with Samsung for users to access Dialog's 5G trial network
- Launched Dialog 5G Innovation Centres in 12 Universities and 3 industrial companies to spearhead development of 5G ecosystem

XL axiata
- Launched 5G trials in 15 areas across Indonesia
- Partnered with 2 universities to co-develop IoT digital solutions running on the 5G network

robi
- Extended partnership with digital security provider Subex Ltd to strengthen risk management capabilities towards launching innovative 5G services

e.co
enabling connectivity
- Secured approximately 250 5G sites with Digital Nasional Berhad (DNB)
- Malaysia to roll out Phase 1 5G in 2022
- Installed 1st 5G In-Building Solutions for DNB at Ministry of Finance

In Malaysia, on 16 March 2022 the Government announced its invitation to Mobile Network Operators (MNOs) to participate in a public-private partnership for the MNOs to acquire a 70% equity stake in DNB, the entity tasked with driving the country's single wholesale 5G network roll out. Celcom together with other MNOs will work closely with the Ministry of Finance, Ministry of Communications and Multimedia, and DNB to further understand the implementation model, including the proposed shareholding offer and transaction process.

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10. How is Axiata driving growth in the Enterprise segment?

Digitalisation is reshaping the ASEAN and South Asian regions into compelling engines of growth. In order to capture opportunities arising from the rapid digitalisation throughout the more than 540 million population within the region, some 75 million enterprises are leveraging on digitalisation to drive growth and competitiveness. As at the end of 2021, our Enterprise segment throughout our six Digital Telco operating markets are catering to the needs of around 185,000 enterprises with plenty of room to capture new growth in digital enablement.

Over the past two years, we have launched an aggressive but focused thrust to elevate our Group-wide Enterprise capabilities to reach market best standards. This is being driven along four principal dimensions as follows:

1. Making targeted acquisitions of in-market ICT leaders in our key operating markets to augment the capabilities of our OpCo Enterprise business. We will continue on this trajectory with similar focus and discipline going forward
2. Building on our acquisitions in previous years, we are establishing aggressive synergy multipliers by combining the capabilities of our new assets with the extensive go-to-market reach of our OpCos
3. Securing a portfolio of best-in-class partnerships and combining with hyper-scalers and ICT majors to deliver cutting edge IR 4.0 solutions for Enterprises within our operating markets
4. Applying consistent investment and focus to ramp up our organic skills and capabilities in the Enterprise space, with specific attention on sales and delivery capabilities including those centred on ADL

I am happy to report that our strategy is delivering results. The in-market Enterprise ICT acquisitions have grown our OpCos' capabilities across Axiata's footprint, including for Cloud engineering, cyber security and managed connectivity expertise. Our existing Enterprise business has started to scale, with these acquisitions adding new customers across the industry segments we operate in. For example, the acquisition of H One, a leading Cloud consultancy and Microsoft's key partner in Sri Lanka, supplements Dialog's expansive suite of Enterprise solutions to facilitate the acceleration of digital transformation for multiple flagship clients.

To further strengthen our Enterprise proposition, in 2021 we added Google Cloud to our line up of global enterprise technology partners enabling our OpCos to offer Google Workspace as part of their integrated ICT portfolio and solution bundles to small and medium businesses. Three of our leading OpCos have launched one stop SME digital kits offering simple and efficient Google solutions in conjunction with government initiatives to digitalise SME business operations. Within Axiata Group, ADL plays a catalysing role in providing the DevOps support required to drive the development of Enterprise solutions, for example Google Cloud Platform, within all our Digital Telcos.

As we pave the way for 5G networks in our markets, we are developing Beyond Connectivity solutions for Business-to-Business (B2B) or B2B2X. We believe this specialised B2B application development will primarily hinge on the ability to partner or collaborate at speed and with zero-touch, with the likes of hyper-scalers, other telcos and local solutions providers. We have recorded key wins in some of our markets where our OpCos are offering Beyond Connectivity Enterprise services that include Security as a Service (SaaS), Equipment, Cloud, Data Centre, Application and IT services.

Evolving our Enterprise Solutions to Cater to Regional Demand

Offering a full suite of products and services to serve Enterprise ICT and connectivity needs

celcom business | XL axiata business solutions | Dialog ENTERPRISE | H|ONE | infront | robi | Ncell for Business | Smart | BRIDGENET We deliver commitment | HYPERNET

Partnerships to grow competencies with technology leaders

Google

Microsoft

Telefónica

Supported by ADL as our Regional Delivery Centre

AXIATA DIGITAL LABS

- Cloud resources and expertise in DevOps, IT infrastructure, Automation & Security
- Track record with delivery of Cloud solutions in Telco, IoT platforms, fintech & applications
- Equipped to provide range of Enterprise Cloud solutions including presales, demonstrations & workshops

2022 Focus

- Scale up to build a regional Enterprise solutions provider by leveraging on the internal capabilities of our Digital Telcos, Digital Businesses and ADL assets
- Identify potential acquisitions in Indonesia, Cambodia and Nepal to strengthen presence in those markets
- Continue securing new technology and capability partners with extensive solutions and proven industry transformation expertise for various verticals and smart services including logistics and ports, healthcare and agriculture, among others

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11. Are Axiata's Digital Businesses on track towards unicorn status?

Axiata's digital story began in 2013 when we set up Axiata Digital to identify and acquire opportunities within the digital ecosystem that were potentially relevant to us. Since then, we have undergone three distinct phases in our evolutionary journey to where we stand today, where our Value Illumination strategic focus is to build two unicorns.

2021 has been an exciting year for us, as we 'graduated' our digital businesses and set them off on their path to profitability with the ambition of unicorn status by 2024. We consolidated all our fintech offerings under the Boost umbrella to evolve into a full spectrum regional fintech business.

As for ADA, we are currently augmenting its product and service propositions by leveraging on synergies and partnerships established during the year to focus on new growth areas which includes Enterprise solutions.

Evolving Axiata's Digital Businesses

2013 - 2015

Phase 1: Inception and Experimentation
- Acquisition of various digital and Internet ventures for learning and experimentation
- Investment of USD200 million

2016 - 2018

Phase 2: Growth and Expansion
- Learnings from digital ventures led to incubation of new businesses namely Boost, ADA, Aspirasi and Apigate

Beyond 2018

Phase 3: Value Capture
- 2018: Sumitomo Corp invested USD20 million in ADA
- 2019: Mitsui & Co., Ltd invested in Axiata Digital establishing a pre-money valuation of USD500 million
- 2019: Monetised minority stake digital ventures with Pegasus 7 Ventures Pte Ltd at a valuation of USD140 million
- 2020: Great Eastern Holdings invested USD70 million into Boost
- 2021: SoftBank Corp. invested USD60 million into ADA

12. What's next for Boost?

Boost has advanced into a formidable fintech player in Malaysia, and is bolstering its presence in the adjacent high-growth Indonesia market in line with its regional expansion plans.

In strengthening Boost, we have consolidated the five lines of businesses that have been incubated as part of our digital business growth strategy over the years. The consumer eWallet business was re-branded to Boost Life and has gained mainstream adoption in Malaysia as one of the top three providers in the eWallet space. We carved out our merchant business as Boost Biz, while the credit business that originated with Aspirasi which pioneered the provision of loans to small businesses and SMEs in Malaysia has been consolidated into Boost Credit. In the Indonesian market, Boost Indonesia's current focus is on small merchants, while Boost Connect which was originally Apigate provides Cross Border Payments.

In June 2021, the consortium formed by Boost with RHB Banking Group applied for a digital banking licence under the framework issued by Bank Negara Malaysia. Boost has also been steadily building its proposition as a regional fintech provider, and in March 2022 became the first fully regional digital financier to obtain an investment grade A1 rating for its maiden tranche of Senior Class A Medium Term Notes.

Having run the distance in laying the foundations for a well-structured fintech driven business, Boost is now ramping up towards becoming a Regional Digital Financial Services Champion with the business continuing to chalk new milestones in this nascent industry which promises high growth in the future.

Boost's 5 Pillars

Boost Life
- ~ **9.7** million users
- One of the **top three** eWallets

Boost Biz
~ **561,000** merchants

Boost Credit
Disbursed
> **RM900** million in loans in Malaysia and Indonesia

Boost Indonesia
~ **122,000** merchants

Boost Connect
Serves over
100 digital partners and providing them with access to over
1 billion consumers

2022 Focus
- Explore monetisation/fund raising in 2022 or 2023 to support Boost's regional growth ambitions
- Launching of the digital bank, if successful with the digital bank licence application

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13. What are the prospects for ADA?

ADA, our digital analytics and AI company, has always been at the forefront of digital transformation since its inception in 2018 – recognising the opportunity to change the game for marketing and business operations with data and analytics. In just a short span of time, we have already witnessed the mark that ADA has made in the industry especially with the recent strategic investment of RM246.4 million from SoftBank Corp., enabling the company to develop and invest in more data solutions to serve their clients better. The acquisition of Awake Asia also allowed ADA to deliver end-to-end eCommerce solutions across its footprint of 10 markets in South and Southeast Asia.

ADA is on a steady growth path, as revenue in 2021 soared by 89.4% YoY on the back of the expansion of our customer engagement business and our clients' increased focus on digital transformation. With its robust digital ecosystem and support by Sumitomo Corporation as an investor as well as other partners, ADA is well positioned to become one of the largest digital services providers as they ride the digitalisation wave as an enabler for enterprises seeking to grow their digital maturity.

SoftBank Corp.'s RM246.4 million strategic investment into ADA to accelerate our analytics, data and AI digital marketing capabilities

Merger with Awake Asia to expand ADA's eCommerce solutions and footprint to the **10th market in Vietnam**

Revenue soared by 89.4% YoY, with Customer Engagement Solutions (CES) growing close to 2x

2021 Highlights

3,361 engaged brands across 10 markets

65 industry awards, including *Campaign Asia's Tech Agency of the Year* for the 3rd consecutive year

Marketing Solutions recorded **> 50% revenue growth in 6 markets,** doubling average revenue per client in 2021

2022 Focus

- Identifying strategic partnerships and acquisitions as ADA seeks to become the largest digital services provider in Asia Pacific (APAC)
- Adapting capabilities and enabling our pioneering clients into the new Metaverse frontier
- Deeper and more integrated industry-focused analytics to empower better decision making amongst our clients

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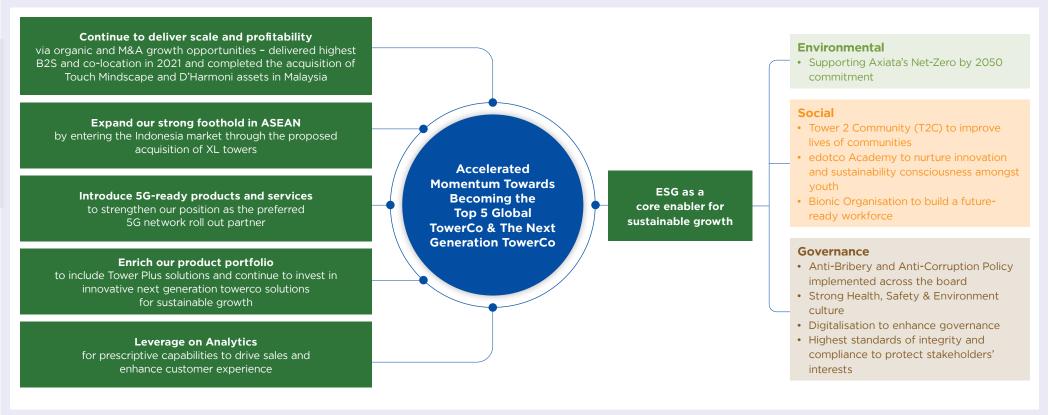## 14. Can you share more about edotco's expansion plans?

edotco has progressed in its journey to become The Next Generation TowerCo by complementing its traditional towerco products with value-added and innovative offerings. The company recorded its strongest growth in terms of Built-to-suit (B2S) and co-location in most of its markets and contributed approximately RM2.0 billion to Group revenue during the year. As at the end of 2021, edotco has become the seventh largest towerco in the world based on the numbers of owned and managed sites in its portfolio, a step closer to its ambition of becoming a Top Five Global TowerCo by 2024.

In March 2022, edotco set a new milestone by penetrating into the Indonesia market through its proposed acquisition of approximately 1,000 towers from XL, which upon completion will expand its presence to nine markets across ASEAN and South Asia with a portfolio of close to 50,000 owned and managed towers. Coupled with the acquisition of Touch Mindscape in Malaysia involving approximately 1,000 towers, edotco has clearly been accelerating its strategy towards becoming a Top Five Global TowerCo by 2024.

Given its resilient business model and strong balance sheet, there is enough headroom to fund edotco's ongoing organic and inorganic expansion plans through a combination of borrowings and internal funds. At the same time, we are also cautious about business risks in Myanmar and keeping a close watch on further developments in the market.

On Track to Realise edotco's Vision

Continue to deliver scale and profitability
via organic and M&A growth opportunities – delivered highest B2S and co-location in 2021 and completed the acquisition of Touch Mindscape and D'Harmoni assets in Malaysia

Expand our strong foothold in ASEAN
by entering the Indonesia market through the proposed acquisition of XL towers

Introduce 5G-ready products and services
to strengthen our position as the preferred 5G network roll out partner

Enrich our product portfolio
to include Tower Plus solutions and continue to invest in innovative next generation towerco solutions for sustainable growth

Leverage on Analytics
for prescriptive capabilities to drive sales and enhance customer experience

Accelerated Momentum Towards Becoming the Top 5 Global TowerCo & The Next Generation TowerCo

ESG as a core enabler for sustainable growth

Environmental
- Supporting Axiata's Net-Zero by 2050 commitment

Social
- Tower 2 Community (T2C) to improve lives of communities
- edotco Academy to nurture innovation and sustainability consciousness amongst youth
- Bionic Organisation to build a future-ready workforce

Governance
- Anti-Bribery and Anti-Corruption Policy implemented across the board
- Strong Health, Safety & Environment culture
- Digitalisation to enhance governance
- Highest standards of integrity and compliance to protect stakeholders' interests

2022 Focus

- edotco's foray into Indonesia has provided it with a strong foothold in one of Asia's most sought-after tower and telecom markets
- edotco plans to aggressively pursue organic and inorganic growth to scale up its operations and cement its leadership position in the region
- To realise value from its acquisitions

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Leveraging Regional Synergies to Build Resilience

15. What is Axiata's approach to drive its talents?

Axiata Group has been resilient and agile in responding to challenges and opportunities arising from the post-pandemic surge in digital use, as driven by our high performing workforce. We are future-proofing our workforce through the execution of our People Strategy which seeks to sustain an inclusive and winning culture through high organisational effectiveness, nurturing people capabilities and maximising talent potential, towards propagating The Axiata Winning Culture.

The Axiata Winning Culture essentially consists of three core facets – The Axiata Way to forge a unique identity in upholding core values and leveraging on our agility and innovation to deliver goals without compromising ethics and integrity; Core Values to harmonise Group values whilst acknowledging the nuances and uniqueness of each of our OpCos; and building a modern mindset and workspace in an agile and digital ecosystem in line with our Modern, Agile and Digital (M.A.D.) aspiration.

The Axiata Winning Culture leverages on the rich diversity of our talents in the 11 markets we operate in, and harnesses the spectrum of experience, knowledge and insights that our multi-cultural, multi-gender and multi-generational workforce possesses. In crafting our cultural constructs, we also acknowledge that our role is to bring about harmonisation and not necessarily standardisation, as different businesses and markets have their unique characteristics and nuances.

SNCR, Employees on pages 59 to 68

16. How does this Winning Culture translate into real action?

The Axiata Winning Culture acts as an enabler to integrate our collective knowledge, and leverage on each other's strengths to co-create solutions – in short, helping each other out as Team Axiata.

Initiatives such as Collective Brain, Expert Working Group Councils and People Circles have been able to drive vast improvements Group-wide as a result of collaborative decisions made by our OpCo leaders across ASEAN and South Asia, a true reflection of how we are leveraging "the best of us for the benefit of all of us". Among others, we have been able to centralise Procurement negotiations, as well as streamline and harmonise Network and IT functions.

We are on track to achieve targeted capex and opex savings of RM3 billion to RM4 billion by 2024 through design optimisation in Network and IT, and Procurement negotiations. In 2021, we delivered on total savings of RM2.0 billion, of which RM1.1 billion was derived from the Collective Brain approach. It is clear that we are sustaining our momentum to achieve our target of delivering cost savings of between RM3 billion and RM4 billion by 2024.

Business verticals have successfully adopted a collaborative approach towards their ways of working

Our Collaboration Platforms

Expert Working Group (EWG) Councils

- Analytics
- Enterprise
- Digitisation
- Cost Leadership
- Sales & Marketing
- Products & Innovation
- Digital Customer Experience
- Knowledge Management

People Function Circles

- Performance Management & Rewards
- Learning & Development
- Talent Leads
- Young Talent
- Wellbeing
- Governance
- Culture, Engagement & Diversity, Equity and Inclusion (DEI)

Collective Brain

- Harnesses the collective experience and capabilities of experts located across Axiata Group for Network, IT & Group Wholesale
- Efficiencies gained through network design optimisation, procurement, digitalisation & other operational aspects

IAR, Outcome 1 and 2 on pages 40 and 41 to 42

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Well-Poised for the Future

17. What is the outlook for Axiata?

Stepping into 2022, we are determined to sustain our growth momentum, and are imbued with a sense of cautious optimism of our prospects ahead. While short-term uncertainties will prevail, signs are that the world is coming to terms with living and working with COVID-19, and it will progress from a pandemic to an endemic phase, driven by increasingly high vaccination rates worldwide.

Against this backdrop, Axiata will continue riding the momentum already built in the Group-wide execution of Axiata 5.0, to deliver value for both our business and stakeholders by executing the strategic priorities of our 10 Key Focus Areas. At the same time, we will augment our ESG proposition as a responsible and sustainable organisation.

Short Term
• Headline KPIs: Targeting mid-single digit for revenue excluding device growth driven by demand for data, digital content and enterprise digital transformation; substituting EBIT for EBITDA growth as a better measurement of our capital-intensive business, and have set a high single digit target in light of prevailing tough external conditions
• Capex for 2022 is targeted at RM7.1 billion across the footprint
• Identify inorganic opportunities that enables Axiata to expand into adjacent areas to better serve customers and businesses, in line with Axiata 5.0
• Ongoing monitoring and mitigation of risks especially from regulatory challenges across footprint markets - the global chip supply shortage; uncertain macroeconomic environment and geo-political conflicts; hyper-competition and evolving dynamics for digital/telco players; increased taxes in several of our markets; and developments in Myanmar
• Specifically in Sri Lanka, there are concerns on the escalating socio-economic and political crisis and its impact on our employees, customers and operations. Dialog continues to sustain its operations despite the challenges and we are closely monitoring the situation
• Launch Axiata's Net-Zero Carbon Roadmap and embark on our TCFD journey
• Preparing for 5G roll outs and synergistic partnerships across markets, doubling down in high growth markets such as Indonesia and Bangladesh
• Integration on track, awaiting regulatory approval for proposed Celcom-Digi merger in Malaysia
• Completion of the Link Net acquisition
• On the Ncell Capital Gains Tax matter, the arbitration tribunal set up under the rules of the International Centre for Settlement of Investment Disputes had postponed the hearing from August 2021 to between 11-22 April 2022, with 4-5 July 2022 in reserve
• Awaiting Bank Negara Malaysia's approval for digital banking licence jointly applied with RHB Banking Group
• Seek regional expansion opportunities for Boost and ADA
• edotco remains in growth mode to increase its tower portfolio in the region

Medium Term
• Continue to seek out market consolidation opportunities across our footprint in line with new normal adjustments
• Immerse Axiata in AI initiatives to future-proof the business by building an 'AI First' organisational mindset
• Closely monitor emerging risks and opportunities, in line with the demands of climate change, energy transition and industry decarbonisation
• Progress our Net-Zero Carbon Roadmap, TCFD and SBTi commitments
• Remain committed to building a M.A.D. workforce with talent development and digital skills programmes, and embracing the trust-based Flex@Axiata hybrid working environment
• Prioritise Diversity, Equity and Inclusion through our Women of Axiata and Male Allies initiative and our commitment to the United Nations Women's Empowerment Principles Charter
• Strengthen our position as a truly Digital Telco across our footprint through digital and technological convergence for the Home and Enterprise segments
• With AI and IR 4.0 technologies embedded within our Digital Telco processes, manage future risks associated with AI within four major dimensions of Organisation, Customer, Workplace and Society
• Expanding our digital bank ambition and eCommerce proposition through our two digital businesses
• edotco to further strengthen its market proposition by diversifying into 5G ready towers, products and offerings
• Focus on expanding edotco's tower portfolio both organically and inorganically, as it continues to leverage on advanced network technologies to provide innovative and value-added products and services across its regional footprint

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What is the outlook for Axiata? (cont'd)

Long Term

• Our short and medium-term strategies will have strengthened our ability to accelerate our transformation as The Next Generation Digital Champion advancing the lives and livelihoods of our customers throughout the region
• In tandem, we will focus on delivering on our fundamental Investor Proposition of a High Dividend Company, to provide shareholders with sustainable return on their investment with the following targets by 2024:
  1. Group revenue > RM30 billion
  2. edotco revenue > RM5 billion
  3. Enterprise business to contribute 20% of total revenue
  4. Mobile revenue comprising 80% of Group revenue
	• Continue pursuing Operational Excellence and leverage on Group synergies through the Collective Brain to become the lowest cost producer of data and deliver on our customer promise to fulfil their demands anytime, anywhere
	• Driving sustainable growth will be priority as we work towards realising our targets under Axiata's Net-Zero Carbon Roadmap, TCFD and SBTi commitments and continue to fulfil our digital inclusion and national contribution responsibilities

We believe that our robust business fundamentals and strong performance track record, combined with our empathetic approach to become The Next Generation Digital Champion bringing meaningful value to our customers, communities and the planet sets up well to keep delivering on our value creation promise moving forward. We are particularly excited about beginning our Net-Zero Carbon Roadmap in the year ahead, which will drive our environmental commitment to combat climate change and preserve the planet for future generations. For more insight into our ESG agenda in the years to come, please refer to our Sustainability and National Contribution Report 2021.

Acknowledgements

On behalf of Team Axiata, I would like to extend our sincere gratitude to Tan Sri Ghazzali Sheikh Abdul Khalid who stepped down as Chairman of the Board of Directors on 31 December 2021 in line with his intention to retire. As one of the founding Directors since 2008, Tan Sri Ghazzali has played a significant role in contributing to the transformation of Axiata from a home-grown Malaysian company to the leading mobile telecommunications and digital organisation it is today. His exemplary service as Chairman, since 2018, has seen us through some of the most challenging years the world has faced, and we are deeply grateful to him for his stewardship and guidance.

Taking his place, we are extremely pleased to welcome Tan Sri Shahril Ridza Ridzuan who took the reins as Chairman on 1 January 2022. Tan Sri Shahril holds a distinguished record serving at some of the most outstanding Malaysian corporate institutions. With his extensive experience, expertise and network of relationships, we are confident he has many valuable insights to share as he guides us to deliver on our stakeholders' expectations most responsibly.

My appreciation also goes to all the Directors for their commitment in rigorously upholding the highest standards of governance. To all our shareholders, we thank them for their continued faith and trust in our ability to create value. We also wish to extend our appreciation to our stakeholders in the respective governments, agencies and business partners in all our markets, who continue to work collaboratively with Team Axiata to embrace the new digital paradigm.

Backed by our strong fundamentals we are confident that despite the challenges that lie ahead, we will continue to engender sustainable long-term growth, as mapped out under the Axiata 5.0 Vision.

Dato' Izzaddin Idris
President & Group Chief Executive Officer