The Group continues to focus on creating a digital future for its customers and enhancing shareholder value. Axiata’s Group Chief Executive Officer and Managing Director (GCEO), Vivek Sood, shares the performance for 2022 and Axiata’s future strategies to deliver growth by leveraging digital technologies and creating sustainable value for its shareholders.

**Q1** How did Axiata perform in 2022?

The Group delivered a solid financial performance and met customers’ digital needs in a rapidly changing operating environment, underscored by macroeconomic headwinds. We remained guided by the Axiata 5.0 Vision, 10 Key Focus Areas and three core pillars of Sustainable Growth, Operational Excellence and Structural Transformation.

Our focus on operational performance and resilience was supplemented with integrated Environmental, Social and Governance (ESG) efforts. In a changing operating environment with macro headwinds, specific emphasis was placed on resilience and risk management. We also strengthened our foundation for sustainable value creation through the timely execution of impactful corporate exercises in line with the Axiata 5.0 Vision.

Our execution machinery and proactive measures resulted in Axiata’s underlying financial performance ending ahead of headline Key Performance Indicators (KPIs). Our ability to capitalise on the growing demand for data, digital services and next-generation connectivity resulted in strong outcomes.

<table>
<thead>
<tr>
<th></th>
<th>Revenue (RM billion)</th>
<th>EBITDA (RM billion)</th>
<th>Underlying PATAMI (RM billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2022</strong></td>
<td>25.9</td>
<td>11.4</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>2021</strong></td>
<td>27.5</td>
<td>12.4</td>
<td>1.5</td>
</tr>
</tbody>
</table>

+6.2% +9.0% +16.5%

**Axiata 5.0 Vision Continues to Shape The Next Generation Digital Champion Aspirations**

Scan to watch a video of the Group Chief Executive Officer and Managing Director's Message

Scan to watch a video of the Group Chief Executive Officer and Managing Director's Message
How did Axiata perform in 2022? (continued)

Revenue increased by 6.2% across mobile, enterprise, infrastructure and digital businesses. The growth in revenue was contributed by all the Operating Companies (OpCos) except Ncell and Dialog (on translation). This performance was delivered amid challenging macroeconomic conditions, especially in the frontier markets, as the US Dollar strengthened against local currencies with inflation and increased interest rates hitting the economies hard.

As we executed our strategy for growth, we continued to embed disciplined cost management initiatives as part of our Cost and Operational Excellence focus.

The Group also delivered on the corporate exercises embedded in the Axiata 5.0 Vision.

Achieved total savings of RM1.7 billion
- Opex savings - RM0.6 billion
- Capex savings - RM1.1 billion

Closed FY2022 with Cash Balance of RM7.5 billion

Completion of Celcom-Digi merger
- CelcomDigi serves over 20 million consumers, Small and Medium-sized Enterprises (SMEs), and large enterprises in Malaysia with a much-expanded network infrastructure, distribution reach and enriched portfolio of products and services. It is now the largest Malaysian Telco
- The merged company will invest RM250 million over five years to establish and grow a world-class Innovation Centre in Kuala Lumpur to drive IR 4.0 transformation, Internet of Things (IoT), Artificial Intelligence (AI), Cloud computing and 5G adoption, and strengthen the innovation ecosystem in Malaysia

Completed joint acquisition of Link Net with XL Axiata
- Link Net, one of Indonesia’s leading fixed network service providers for high-speed broadband and cable TV to 3.1 million homes in 23 cities, serving approximately 757,000 subscribers
- Link Net and XL to leverage synergies from shared network, customer base and strengths in wireless communication services and converged offerings
- Link Net to build further on Indonesia’s enterprise market and leverage XL’s mobile connections offerings

EDOTCO completed acquisition of 2,973 towers from PLDT (Philippines)
- EDOTCO now among the top tower company in the Philippines with an expanded tower portfolio in Metro Manila, South Luzon, Palawan, Visayas and Mindanao
- Acquisition gives EDOTCO access to underserved southern regions poised for 4G/5G roll out and network densification requirements

EDOTCO acquired 859 towers from XL Axiata (Indonesia)
- EDOTCO’s first foray into the Indonesia market, one of Asia’s largest and most established independent TowerCo markets. The acquisition provides a platform for EDOTCO to expand its presence in Indonesia, a market that is poised for growth as operators expand their presence

Boost – RHB consortium wins digital bank license in Malaysia
- Multi-pronged opportunities to address ongoing digitalisation shifts across our businesses and deliver financial products to underserved and unserved segments such as the Micro and Small and Medium Enterprises (SMEs). The digital bank will further leverage existing assets and the 10 million customers of Boost Life and Boost Biz

XL Axiata acquired a 51% stake in PT Hipernet Indodata (Hypernet)
- Acquisition of a managed service provider to expand the company’s offerings to capture the enterprise market

The Group closed the year with a robust balance sheet and a strong cash position as proceeds from the Celcom-Digi merger were utilised to pare down some of the debt raised to fund the acquisitions of Link Net and the Philippines towers.

How did the Group track towards achieving the Axiata 5.0 Vision in 2022?

We are building on the strategy that has been put in place to become The Next Generation Digital Champion, evolving from a pure-play mobile business into a diversified, next-generation digital business as outlined in the Axiata 5.0 Vision.

The Axiata 5.0 Vision targets a Cost per GB below USD0.10. Notable headway has been made in this regard with the Cost per GB being reduced from USD0.25 in 2020 to USD0.16 in 2022. Likewise, the Group EBIT margin is trending upward towards our goal of 20%, from 9.0% in 2020 to 15.9%\(^1\) in 2022.

The dividend per share (DPS) declared in 2022 is in line with our commitment to rewarding shareholders, with a total of 14.0 sen dividend declared for FY2022, consisting of an interim dividend per share of 10.0 sen and a special dividend per share of 4.0 sen following the successful completion of the Celcom-Digi merger.

We continue our focus on sustainable growth, operational excellence and structural transformation, and position ourselves to create sustainable value for shareholders.

Note: 1 2022 EBIT margin excludes goodwill impairment
IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

Q3  How did the Group manage the risks posed by the challenging operating environment, especially in frontier markets?

Our OpCos delivered resilient performance against the backdrop of very challenging macro environments. We faced exceptionally strong macroeconomic headwinds in Sri Lanka, Bangladesh, Nepal, Pakistan and Myanmar.

Sri Lanka, for one, faced one of the worst currency crises in history amid rising costs of food and energy, prolonged power outages, queues and shortages of essential commodities, and increased interest rates. The knock-on effect weighed on Dialog’s business. Dialog demonstrated steadfast resilience throughout the period, coming through as the best performer in the market, having taken the crisis as an opportunity to recalibrate its operations using a zero-based budget approach, thereby establishing a platform for sustainable growth.

Dialog’s Project Resilience featured a purpose-designed crisis programme spearheaded through a Group-OpCo collaboration. The Project encompassed a wide spectrum of cost, revenue and balance sheet transformation initiatives which collectively helped navigate the economic crisis. Overall, Dialog managed to optimise network operations despite the currency devaluation and fuel shortages, and saved LKR13.7 billion in opex in FY2022.

The success of Project Resilience in Dialog led to the sharing of learnings and the adoption of a Build Resilience initiative across other operating markets, in preparation for the onset of similar macroeconomic headwinds and implementing proactive measures before any crisis emerges. Project Resilience was underpinned by six leading initiatives – revenue maximisation, optimising and rescaling costs, zero-based budgeting focused on must-haves only, balance sheet restructure to align with macro-economic dynamics, aggressive adoption of analytics and digitisation, and above all, protecting the product, network and service experience for our customers and stakeholders.

Revenue Maximisation
Optimise and Rescale Costs
Zero-based Budgeting

Balance Sheet Restructure
Digitisation, Analytics and AI
Product, Network and Service Quality

This approach was incorporated in modernising the network, covering network simplification, transformation and cost optimisation for the near and long term. This included implementing an opex transformation programme, managing core network cost exposure, expediting 3G network shutdown, expanding green energy sources and in-sourcing select operations.

Given the ongoing macro uncertainties, we will continue our focus on building resilience across our footprint.

Q4  How has the Group tracked against FY2022 targets?

We adopt a ‘Balanced Scorecard’ methodology comprising two distinct components with different weightings, which are the Corporate Scorecard and the Strategic Key Performance Indicators (KPIs). This approach is tailored to dynamically address business and stakeholder requirements while balancing short-term returns and long-term sustainability.

Axianta’s Group Corporate Scorecard covers both financial and relative performance measures, assigned with similar or varying weightage across the OpCos, with emphasis skewed towards cash flow and EBIT performance. The Group delivered high single-digit out-achievement in revenue and double-digit out-achievement in EBIT under its financial performance indicators for FY2022.

Efforts to improve products and services and expand network coverage have seen Celcom, XL and Dialog exceed their FY2022 revenue market share (RMS) targets, indicating a stronger market position. Our focus on enhancing customer satisfaction, as measured by the Voice of Customer (VOC) KPI, saw most of the OpCos surpassing their composite VOC targets, which include Net Promoter Score (NPS) and Digital Reputation Score. Three Digital Telcos, Dialog, Smart and Robi, held top positions in NPS in their respective markets.

To support Axiata’s organisation-wide priorities, Strategic KPIs were developed in alignment with the long-range plans of the Group and the OpCos. These KPIs featured primarily strategic goals with defined annual targets, set in the context of a three- to five-year horizon. The strategic KPIs encompassed various initiatives, such as cost management, transformation, new growth areas, digitisation and analytics, stakeholder management, risk and compliance, and people and culture. Additionally, sustainability-related KPIs including climate change performance linked to our net-zero commitment, are included in the GCEO as well as OpCo Senior Leadership Teams’ (SLTs) annual remuneration-linked KPIs. The Group made good progress across its 10 Key Focus Areas under the Sustainable Growth, Operational Excellence and Structural Changes pillars for the year under review.

Note: 2  Reported based on competitive information publicly available for the five Digital Telcos

IAR, Outcomes 1 to 6 and Our Operating Companies on pages 39 to 49 and 62 to 81
What achievements have you made on Axiata’s digitisation journey?

Our Digital Transformation Journey

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Transformation</td>
<td>IT transformation across all OpCos to TM Forum ODA using ADL DTE and open API platforms powering internal IT as well as external partner/developer engagements</td>
</tr>
<tr>
<td>Digitisation Programme - LEAP/DTM</td>
<td>3 OpCos - Robi, Dialog and XL, at LEAP ‘Leading Digital Stage’ (&gt; 4.0) while others have further improved with implementation of AI/ML use cases</td>
</tr>
<tr>
<td>AI Maturity Programme</td>
<td>Analytics and AI capability development has allowed OpCos to focus on implementing high impact use cases (Marketing &amp; Sales, Network and Operations) leading to increase in Revenue and Operational Excellence</td>
</tr>
</tbody>
</table>

Core to our digital transformation journey is our Digital Stack - Digital Telco Enabler (DTE) developed by our very own Axiata Digital Labs (ADL). Alongside DTE, we have taken significant steps in our digitisation journey by adopting TM Forum’s open Application Programme Interface (API) and Open Digital Architecture (ODA). The use of microservices, Open APIs and ODA also enables us to drive operational and cost efficiencies, enhance speed to market, and drive innovation and collaboration with developers and ecosystem partners. We also continued our focus on driving a digital mindset, and applying AI and Machine Learning (ML) through our Learn, Engage, Advance and Perform (LEAP) programme, as well as building a next-generation talent pipeline with AI skills through our Analytics Certified Experts (ACE) community. Collectively, our Digital Transformation initiatives are accelerating our journey towards becoming an agile, end-to-end digital service provider.

Our Achievements

<table>
<thead>
<tr>
<th>Outcome</th>
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<tbody>
<tr>
<td>40% reduction in IT costs and improved Go-To-Market (GTM) speed</td>
</tr>
<tr>
<td>Estimated 2x increase in imputed savings across OpCos</td>
</tr>
<tr>
<td>AI Maturity average improved to 64.4% - and successful operationalisation of AI Factory</td>
</tr>
</tbody>
</table>

We will continue with efforts in the following:

- Digitisation of the core: Inter-OpCo LEAP knowledge sharing through our Digitisation Experts Working Group (EWG) and drive digital distribution through playbooks with a focus on further improving cost savings
- Co-innovating with developers and partners via our API marketplaces to offer B2B solutions with particular focus on serving small and medium-sized businesses (SMBs)
- Building advanced TechCo capabilities to our Open Digital Stack (ADL’s DTE)
- Scale our AI Factory Platform: Evolve Axiata as an AI-First organisation to implement high impact use cases and drive economic impact

Note: 1 LEAP Digital Maturity Index is from 1.0 to 5.0
The strong underlying performance of the OpCos is a testament to the agility and resilience demonstrated in achieving our strategic objectives, as well as adapting to the changing operating environment and evolving consumer needs.

Digital Telecos

Merger creates Malaysia’s largest telco
- The Celcom-Digi merger has secured a leading position as Malaysia’s largest network serving over 20 million customers, that is well-equipped to meet growing data demand and maintain a competitive edge in the industry.
- Celcom’s sharp execution of its strategic priorities in consumer and enterprise segments, coupled with a focus on customer-driven products backed by a resilient network amid growing data and voice traffic, has led to the best revenue and EBITDA performance in the industry.

Leading Indonesia’s digital convergence and transformation
- XL drove notable network improvements to enhance customer experience and reinforce convergence proposition, leading to improved pricing with blended ARPU of IDR39,000 better quality of service, increased data contribution and gained market share in a highly competitive mobile market environment.
- Acquisition of Link Net allows XL to strengthen its convergence offerings and acquisition of Hypernet will help expand its presence in the ICT market.

Project Resilience re-engineered for growth
- Dialog demonstrated remarkable resilience in the face of currency devaluation, high inflation, increased interest rates and fuel shortages. Through the implementation of Project Resilience, Dialog optimised its network operations, drove digital adoption and revamped its pricing strategy, resulting in protection of a high downside risk in profitability and surpassing its revenue market share targets.

Maintained 4G leadership position despite macroeconomic challenges
- Robi maintained its leadership position in 4G, with 75.5% of its subscribers being data users and ensured 98.3% population coverage of its 4G network.
- Taking some learnings from Project Resilience, Robi optimised its cost structure and sustained strong performance.
- After a slow start in the first quarter, Robi finished strong in 2022 with robust revenue and profitability in the fourth quarter.

Strong performance despite increasing regulatory cost
- Smart faced intense competition in the industry, with top operators competing to become exclusive partners for major national and regional events. Despite this, Smart achieved several milestones, including organising Cambodia’s first-ever international eSports competition with Cambodia’s largest prize purse. However, despite its strong performance, Smart was impacted by higher one-off regulatory costs.

Maintained steady brand equity despite a challenging year
- Despite facing challenges from a tough economic environment, including reduced consumer purchasing power and cost pressures from industry-wide revenue declines, Ncell has maintained its steady brand equity and remains a market leader in terms of RMS. Ncell remains poised to recover, supported by its continued efforts to drive digital transformation. Data adoption in the mobile segment with a very large fixed broadband penetration and spectrum deficit relative to competition, has been a challenge for Ncell.

Leveraging synergies with XL
- Combined force of Link Net and XL will enable Link Net to extract synergies on shared infrastructure and product bundling to reduce cost and accelerate revenue growth. This will position Link Net to capitalise on the growing enterprise market in Indonesia, while also accelerating fibre rollout to tap into future growth opportunities. Link Net experienced headwinds in the second half of 2022 with higher-than-expected churn and lower new customer acquisition. This is being corrected as we enter 2023.

Digital Businesses

On track to launch Digital Bank in 2023 and close the gap on financial inclusion
- Boost secured the one-of-five digital banking license in April 2022 and is prioritising the set-up of the Digital Bank’s core components built on technology stacks. Boost aims to create greater financial inclusion, while driving innovation and accelerating Malaysia’s digital transformation ambitions. Future investments will be targeted towards building a strong digital bank in Malaysia and credit portfolio in Indonesia.

Growing clients’ top line through connected analytics, marketing, commerce and customer experience solutions
- With a line-up of new marque clients, ADA helped grow B2B clients’ top line. Despite dampened industry growth and economic headwinds that compressed clients’ media spending, ADA maintained profitable growth, albeit with a slight easing of revenue. 

Infrastructure

Capitalising on demand for increased connectivity and data via tower acquisitions
- EDOTCO’s recent tower acquisitions in the Philippines and Indonesia, bringing the total to over 58,000 towers, aim to fulfil the growing demand for digital connectivity in the region following the COVID-19 pandemic. Business saw an increase in co-locations and new build-to-suit orders as Mobile Network Operators (MNOs) continue to expand their networks. Entry into the Philippines and Indonesia allows EDOTCO to reduce exposure to frontier markets and grow in emerging markets in Southeast Asia.

Note: Growth numbers for OpCos are based on results in local currency in respective operating markets.
Digital demands of enterprises are evolving rapidly and the Enterprise segment has emerged as a new growth frontier for our Digital Telcos. Enterprise demands have moved from the baseline of reliable connectivity to complex and purpose-built applications in Cyber Security, Cloud services, AI and more.

We have made strides in capturing this enterprise opportunity through Axiata Enterprise, which brings together Enterprise units within all our Digital Telcos. The Enterprise segment scaled up its performance in 2022, charting a year on year (YoY) growth of 19.7%. Our concerted efforts in this area have strengthened the Enterprise business capability and capacity of our OpCos. During the year, we also completed two strategic acquisitions in Indonesia which are set to further bolster our Enterprise growth trajectory – Hypernet, a leading enterprise solutions provider and Link Net, which bring to strategic acquisitions in Indonesia which are set to further bolster our Enterprise growth trajectory – Hypernet, a leading enterprise solutions provider and Link Net, which bring to our Group a strong position in Indonesia’s fixed connectivity sector.

We have developed a range of enterprise capabilities and solution portfolios through a wide spectrum of strategic partnerships.

We have aligned the Group’s Network Transformation Programme and future network strategy with industry evolution trends, particularly 5G and IR 4.0.

**Incorporate energy efficiency measures**
We are reducing reliance on grid and diesel generators by assessing renewable energy integration and exploring ‘outdoorisation’ to reduce reliance on costly indoor infrastructures.

**Additional content caching**
To increase Internet efficiency, we will utilise content caching to optimise network performance and improve service quality, while reducing the load on content providers’ servers.

**Antenna consolidation**
To improve service quality and reduce cost, we are consolidating multiple antennas into single, multi-band antennas that support multiple frequency bands and technologies. Since doing this, we have not purchased any single band antenna for many years.

**Quality of Service (QoS) enhancement**
We prioritise network traffic based on importance, bandwidth requirements and critical applications, to ensure service-based QoS implementation, which is regularly monitored to allocate network resources and maintain service quality.

**Increase fibreisation over microwave link (MW)**
By prioritising fibre optic infrastructure over MW, we have seen a positive impact on cost management with fewer tower rentals and energy use, resulting in high-speed data services, improved network performance and capacity.

**Instituted 3G shutdown**
Sunsetting 3G networks has been done for 4G and 5G spectrum efficiency. As of FY2022, 3G shutdown sites in Smart, Celcom and XL have been completed, with Smart’s 2,600 and XL’s 30,700 3G sites already shut down. Shutdown of sites in Robi and Dialog is planned for 2023.

**Deployed VoLTE migration**
We are increasing network efficiency by boosting network capacity and freeing up capacity on the 2G network for other data-oriented services, while improving user experience.

**Open RAN Technology evaluation**
Axiata received technical validation through a Proof of Concept (POC) for Open RAN Technology, addressing integration issues and evaluating Total Cost of Ownership (TCO) and ecosystem readiness. The POC was deployed across Axiata markets, allowing us to better serve rising connectivity needs in rural and underserved areas while finding cost-effective solutions and gaining cost efficiencies through partnerships with global companies.

**Cloud Native and 5G Core**
We are developing a fully disaggregated and Cloud-native platform to achieve network agility, scalability, flexibility and cost efficiency, while also completing the 5G framework and use cases for all OpCos.

**Value-based Planning**
RAN Planning was conducted based on ROI prioritisation with expected capex savings and/or revenue increase based on automated platforms where ROI and revenue can be prioritised. Implemented site profitability in most markets with the objective of turning around non-profitable sites.

**Collective Brain (CB) Tool 2.0**
The OpCo business plans are submitted through CB Tool 2.0, linked to capex optimisation and solution review processes to ensure alignment with business objectives and industry standards, enabling efficient tech project execution, end-to-end visibility and tracking, and cost savings.
Shaping the Future by Leveraging Strengths to Unlock Value

How are you strategising for growth in your commitment to be The Next Generation Digital Champion?

We have very clear short-term goals and long-term aspirations that require us to make adjustments to create and maximise shareholder value. Priorities include delivering on a strong organic plan, ensuring resilience in our OpCos, pursuing inorganic opportunities that are aligned with our long-term strategy and preserving customer experience and network quality with a very clear objective of managing the balance sheet. This has been the key focus of the OpCos, even during the tumultuous conditions in 2022.

The Axiata 5.0 Vision has been a forward-looking strategy that has been steering the Group from a pure-play mobile business into digital solutions, and towards a journey of digital inclusion and serving evolving connectivity needs in the digital economy.

A key enabler for our transformation from a traditional telecommunication company (Telco) to a technology company (TechCo) is the ability to offer digital services beyond traditional connectivity offerings. It is reinventing ourselves as a tech-first company to compete in a fast-paced, software defined environment and having an agile and open architecture, owning development and operations (DevOps), implementing AI at scale, utilising Cloud-native software and collaborating with partners to co-innovate with the ecosystem. We have embraced the TM Forum ODA at a very large scale. The operationalisation of this architecture has facilitated the development of new ways to monetise our technology assets by opening them to developers and partners. The transition involves creating new growth verticals and platform-based products and services as part of the ecosystem.

A strategy that we are adopting to recalibrate for long-term growth is to view our businesses through a ‘de-layering’ lens. We firmly believe in the thesis of de-layering and forging clarity in defining our assets and doubling down on maximising their potential for value creation. De-layering leads to specialisation and greater efficiency. De-layering also provides the opportunity for the value of component businesses to be illuminated separately, enabling fit-for-purpose funding mechanisms and investors. Axiata was one of the first to do so by carving out towers back in 2013, followed with setting up independent digital businesses.

The combination of our Telco-TechCo journey and the selective adoption of de-layering principles underpins the Axiata 2023-2025 structural agenda.

**Proof points vis-à-vis de-layering potential and progress of our Telco-TechCo journey**

**E2E Solutions Provider**
- Fastest growing integrated growth partner in Asia, focusing on connected analytics, marketing, commerce and customer experience solutions
- Validated by investors such as Sumitomo and Softbank who invested USD20 million and USD60 million respectively – translating into a valuation of USD260 million in 2021

**Full Spectrum Fintech Ecosystem**
- Great Eastern invested USD70 million, translating into a valuation of USD320 million in 2020

**Infra Provider**
- Towers growing to more than 58,000 and a tenancy ratio of 1.64 in 2022

**IAR, Outcome 3 on pages 42 to 43**
How is Axiata strengthening its value proposition to shareholders?

Our immediate priority is to build on the solid organic performance of 2022 while consolidating the inorganic expansions carried out during the year, with a focus on synergy extraction and value expansion. Our investor proposition is premised on four key focus imperatives: capital re-allocation, managing the balance sheet, providing dividend transparency and championing sustainability.

Our strategy is aimed at building sustainable growth to drive enhanced returns that reflect the maturity of our value creation model.

### Five guardrails in our Capital Allocation Framework:

1. **Country allocation** - determines a country’s attractiveness for investment based on its political, economical, social, technology, environment and legal standings.
2. **Segment allocation** - determines a segment’s attractiveness for investment based on industry landscape, market structure, barrier to entry, ease of switching and product substitutes.
3. **Affordability** - investment affordability guardrail ring fences ‘Source of Capital’ for each segment, to ensure affordability and availability of funds for its investments.
4b. **Inorganic returns** - return requirements measured using Internal Rate of Return (IRR).
5. **Portfolio mix** - this guardrail enables capital re-prioritisation glide path through partial divestment and/or full exit.

### Capital Re-allocation

With multiple businesses and presence in 10 countries, we use the Capital Allocation Framework to guide the Group’s strategy towards Axiata 5.0 Vision. The key outcomes we aim to deliver are Underlying PATAMI and Earnings Per Share, translating into Total Shareholder Returns.

### Managing Balance Sheet

To ensure our balance sheet remains resilient, we target to lower Gross Debt/EBITDA to 2.5x by 2025, from de-layering, asset monetisation and minority position in fibre, tower and digital businesses.

### Dividend Transparency

Provide greater visibility on OpCos contribution to dividends and how they will be distributed.

1. Diversify and strengthen Axiata’s dividend portfolio by strengthening OpCo Dividend Policy with a minimum 50% payout
2. Plan to return a 10 sen DPS per annum from BAU operations in the next 3 years
3. CelcomDigi dividend policy to maximise dividend subject to net debt threshold and available distributable reserves

### Championing Sustainability

Strengthen integration of ESG into our strategy to be The Next Generation Digital Champion.

1. Address Axiata’s material matters which include sustainable business growth, network quality and connectivity, digital inclusion, and digitisation and innovation
Championing ESG through Meaningful Climate Action and Advancing Social Impact

Q11 What significant advances have the Group made in progressing its ESG and sustainability aspirations?

In 2022, we continued to deliver on our commitment to sustainable business and alignment with ESG principles. Furthermore, we continuously review our sustainability efforts against changes in the operating and regulatory landscape to ensure our journey towards achieving Axiata’s business aspirations would simultaneously deliver sustainable outcomes to all our stakeholders.

Advancing Social Impact
Axiata Foundation’s expanded scope beyond Education to include support for Community Investments and the Environment has enabled us to contribute RM16.7 million and benefitted the lives of more than 22,000 people through various initiatives in the three pillars. While Axiata Foundation focused on Malaysia, all the OpCos in the other markets continued with efforts in education, community services and digital inclusion.

Board Sustainability Committee
Renamed and rescoped the Board Annual Report Committee to Board Sustainability Committee, which took effect from 8 April 2022, to provide enhanced oversight on ESG management across Axiata Group. This was in response to increasing stakeholder interest in ESG integration in Axiata. The change underlines our top-down approach and our commitment to embracing sustainability as a Group-wide agenda.

Addressing Climate Change
Rolled out the Axiata Net-Zero Carbon targets and Roadmap with three-strategic objectives aligned with SBTi and GSMA on emission reduction.
- Commenced the adoption of Task Force on Climate-related Financial Disclosures (TCFD) recommendations and developed inaugural report.
- Commenced the work to determine our Scope 3 baseline.

Advocate Diversity, Equity and Inclusion (DEI)
• Introduced the Axiata Diversity, Equity and Inclusion (DEI) Framework focusing on four pillars of Gender, Generations, Ethnicities and Abilities, with Capabilities underlying these pillars.
• Became part of TM Forum’s Global DEI Council and signatory of the United Nations Women’s Empowerment Principles (UN WEP) Charter for DEI.

Prioritising core values and agility
Harmonising Group values with OpCo uniqueness
Driving Modern, Agile and Digital (M.A.D.) ways of working

Axiata Winning Culture Framework
The core values of UI.EP are now ingrained in the organisation’s DNA, and the Group Risk and Compliance team has taken a leadership role in championing Uncompromising Integrity’ aspect of UI.EP values. This includes adding risk and compliance champions to further strengthen the culture of compliance and ethics within the organisation. The recent Employee Engagement Survey reflected a substantial improvement in Ethics score as rated by our employees.

In response to accelerating digitalisation and emerging technologies, we made ongoing efforts to strengthen digital skills and implement programmes to actively enable talents to meet Axiata’s digital aspirations through the Learn, Engage, Accelerate and Perform (LEAP) programme. The LEAP approach aims to foster a ‘digital-first’ mindset, accelerate digital maturity across the OpCos, and promote intra- and inter-OpCo collaboration. Notably, under the annual LEAP NOW signature programme, which provides a platform for OpCos to submit their digitisation projects, 87% of the projects leveraged more than one enabling technology, with Process Automation being the most common, followed by AI.

We have also taken several steps to promote knowledge sharing and best practices among our OpCos, including developing playbooks that capture internal knowledge and organising inter-OpCos sharing sessions.

Our Sustainability Aspirations and Highlights

Our Sustainability Approach on pages 11 to 25

Building a High-Performing and Future-Fit Organisation

Q12 How is the organisation equipping and enabling its talents to meet the aspirations of the Group?

Our People Strategy is designed to future-proof our workforce by nurturing capabilities, maximising talent potential and promoting high organisational effectiveness by reinforcing the Axiata Winning Culture Framework. This framework is driven by three approaches:

SNCR, Our Sustainability Approach on pages 11 to 25
Unlocking Value for the Future

**Q13** What is the outlook for 2023 and how is the Group poised to address them? What other risks and opportunities are there on the horizon?

Although we face macroeconomic headwinds amid changing regulatory environment, we remain optimistic about the opportunities ahead of us. Our strategic intent, as outlined in the Axiata 5.0 Vision, continues to guide us as we move from Telco to TechCo and reinforce our operational excellence drive with a focus on resilience. We view 2023 as a year of great opportunity, with efficiency gains and increased returns from core operations supplemented by new growth frontiers across Infrastructure, Digital and Enterprise Businesses.

Axiata remains cautious of the potential macroeconomic headwinds in 2023 posed by a strengthening USD and rising interest rates, regulatory risks and potential changes in the industry landscape due to consolidation and implementation of 5G in some markets. We will manage the associated risks on the OpCos by taking proactive measures such as reducing forex exposure, increasing hedging activities, reducing capex and zero-based costing to ensure resilience. With these measures, Axiata targets mid-single-digit revenue growth and high single-digit EBIT growth in 2023. CelcomDigi share of profit will be impacted due to early integration costs.

### Short Term

- **Headline KPIs FY2023 at constant rate:** Targeting mid-single digit revenue growth and high single-digit EBIT growth based on Continuing Operations
- **Capex for FY2023 is targeted at RM7.1 billion**
- **Continued reduction of our forex exposure, increased hedging activities, reduction of capex, and zero-based costing to manage associated risks from macroeconomic headwinds**
- **Proactive monitoring and mitigation of risks arising from regulatory challenges, macroeconomic headwinds, supply chain disruptions, shortage of chip supplies with hiked prices, currency fluctuation and inflationary pressures**
- **Each OpCo to improve Dividend Transparency**
- **Commenced Task Force on Climate-related Financial Disclosures (TCFD) and rolled out Axiata’s Net-Zero Carbon Roadmap**
- **Implement Capital Allocation Framework with considerations on country and segment capital allocation, investment affordability through various capital sources, return expectations and a revised portfolio mix**
- **Network integration will take place following Celcom-Digi merger to streamline operations, assets and network resources**
- **Boost to launch digital bank services**
- **XL to explore strategic partnerships and engage in M&A activities to boost Enterprise value offerings and leverage synergies with Link Net and Hypernet to enhance their convergence offerings**

### Medium Term

- **Develop and finalise a three-year Privacy Programme 2023-2025 to enhance Privacy capabilities and compliance levels while enabling responsible data monetisation strategies**
- **Assess de-layering strategy to define assets to maximise potential for value creation**
- **Leverage TM Forum ODA and operationalise this architecture to facilitate new ways of monetising technology assets**
- **Strengthen risk and compliance culture through Group Risk and Compliance’s leadership in championing the Uncompromising Integrity aspect of UI.EP values**
- **Drive digital adoption and business value by continuing to build on Cloud infrastructure and AI Factory by automating high-value use cases**
- **Monitor and evaluate new risks and opportunities that arise in response to demands of climate change, energy transition and the decarbonisation of the industry**
- **Strengthen position as a TechCo leveraging on TM Forum’s Open Digital Architecture (ODA)**
- **With 5G roll out ramping up, EDOTCO to diversify into 5G-ready towers, products and offerings, and engage with regulatory stakeholders to advocate for commercially-driven Neutral Host in the 5G ecosystem, especially in markets with a 5G policy**
- **Leverage Collective Brain to optimise existing assets, pursue cost and operational excellence, drive disciplined cost management and capex efficiency, generate sustainable cash flow and explore new engagement models in network, IT and finance**
- **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 programme**
- **Strengthen DEI through the Women of Axiata and Male Allies (WAMA) initiative and committing to the United Nations Women’s Empowerment Principles Charter**

To maintain operational resilience and sound business fundamentals, our strategy revolves around stringent capex and opex management, as well as the establishment of a fit-for-purpose and dynamically-optimised capital structure. We are committed to underpinning our operations through these initiatives, which enable us to remain well-positioned to withstand disruptions and capitalise on opportunities. Our commitment to sound business fundamentals allows us to create sustainable value for all our stakeholders, driving long-term success for the Group.

In 2023, a key priority will include the delivery of outcomes from the corporate exercises carried out in 2022 and improving the balance sheet with Gross Debt to EBITDA within 3X.

In realising Axiata’s Next Generation Digital Champion aspirations, we will continue to build and strengthen our digital core. Following the Net-Zero emissions and science-based target commitments made last year, Axiata has refreshed its Sustainability Framework and established the necessary governance structures and resources to oversee matters relating to sustainability, including digital inclusion and climate action.
What is the outlook for 2023 and how is the Group poised to address them?
What other risks and opportunities are there on the horizon? (continued)

In Appreciation

The strategic groundwork for Axiata’s ongoing growth has been laid, thanks to the over 14,000 Axiata employees across our footprint. We will continue to amplify Axiata’s growth prospects as we leverage digitalisation and next-generation technologies to unlock future value.

We thank you, our valued shareholders, for your trust in Axiata. We remain steadfastly committed to directing our strategies and initiatives towards the singular vision of creating value for our shareholders alongside the delivery of positive and empowering outcomes to our customers and broader stakeholders across ASEAN and South Asia.

I would like to express my sincere appreciation for the invaluable guidance and support given by the Board of Directors. My heartfelt appreciation goes to Dr Hans Wijayasuriya for his co-leadership and for working hand-in-hand with me over the past year.

As stewards of this company, we take our responsibilities seriously and remain dedicated to its long-term success. In that regard, I would like to express my gratitude to the Group for placing confidence in me to lead as the Group Chief Executive Officer and Managing Director. By leveraging our collective strengths and energy, I am confident that we will continue to chart greater milestones ahead.

Vivek Sood
Group Chief Executive Officer and Managing Director