EXECUTING ON STRATEGY AND **VALUE LEVERS**

Vivek Sood, Axiata's Group Chief Executive Officer and Managing Director, presents the 2023 performance and outlines Axiata's execution of its portfolio and strategic agenda to be a Sustainable Dividend Company.



Vivek Sood Group Chief Executive Officer and Managing Director



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

Ensuring Continual Performance

How did Axiata's strategy secure growth in 2023?

The Group made notable strides in executing its strategic direction, guided by Axiata's five portfolio vectors and five business strategies, aimed at unlocking value and seizing new opportunities. The CelcomDigi Berhad (CelcomDigi) merger continues to unlock synergies and strengthen its market position, while in Indonesia, our delayering efforts are directed towards a FMC ServeCo and a fibre InfraCo to provide converged consumer offerings and create fibre infrastructure capabilities. We continue to build resilience in Frontier Markets where operations have returned to pre-pandemic levels, expand the Infrastructure business, and illuminate value of our Digital Businesses with a focus on the path to profitability.

Strategic focus was placed on directing resources and investments into growth sectors with improved cash flow. This delivered positive outcomes, reflected by the strong revenue performance in continuing operations¹ and Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) growth.

Opting to divest from Nepal, while classifying our Myanmar operations as held for sale², was a strategic move to mitigate risks from a deteriorating operating environment, realign resources and focus on more stable markets. This reflected Axiata's resolve and commitment to maximising shareholder value.

Revenue increased by 9.9%, with contributions from all Operating Companies (OpCos) except Digital Businesses. The focus for Digital Businesses remained on their path towards profitability and investments in Boost Bank in Malaysia. Digital Telcos have been increasing their revenue market share and improving monetisation through higher Average Revenue Per User (ARPU), reflective of market repair subsequent to market consolidation. Encouragingly, most of our Digital Telcos delivered one of their most profitable performances, while also gaining market share.

Earnings Before Interest and Taxes (EBIT) increased over 100% to RM2.4 billion, driven by an 11.7% increase in EBITDA. Normalised Profit After Tax and Minority Interest (PATAMI)³ grew 94.1% to RM0.3 billion in 2023, mainly excluding foreign exchange and derivatives valuation, and goodwill and assets impairment.



² Disposal of Ncell was completed on 1 December 2023 while discussion on the sale of EDOTCO Myanmar is ongoing as of the publication date of this Integrated Annual Report 2023

Excludes goodwill/assets impairment, PPA amortisation, foreign exchange losses and derivatives and one-off regulatory fees and



IAR, Financial Review on pages 51 to 58

How did Axiata's strategy secure growth in 2023? (continued)

The Group outperformed its headline targets, achieving strong performance across its markets, even amid tough global economic challenges. Prudent management of capital expenditure (capex) at RM5.1 billion, which came in below the initial guidance of RM7.1 billion, combined with improved EBITDA. generated adjusted operating free cash flow of RM1.0 billion after accounting for leases.

Headline Targets	2023 Targets @constant rate ⁴	2023 Actual
Revenue Growth ⁵	Mid-single digit	7.8%
EBIT Growth ⁶	High-single digit	18.4%

Net Debt/EBITDA stood at 3.4x, mainly due to the classification of EDOTCO Myanmar as held for sale. We closed out 2023 with a consolidated cash balance of RM4.6 billion after proactive loan prepayment of RM2.2 billion, which yielded interest savings of RM82 million. This was in line with our strategy to reduce borrowings and improve the balance sheet.

We are ensuring greater cost and operational excellence by reinventing the operating model towards a leaner Axiata HoldCo structure, where the Axiata Corporate Centre now functions more efficiently with strong oversight through operational OpCo Boards. This shift ensures a focused approach towards managing optimum returns from its OpCos and achieving a cost reduction of approximately 20%.



- Constant rate is based on FY22 Average Forex Rate (i.e. 1 USD = RM4.39)
- ⁵ Revenue is based on revenue excluding devices
- ⁶ EBIT excludes impairment of asset/goodwill for Ncell, EDOTCO Myanmar and EDOTCO Pakistan and impairment of receivables



What strategies did the Group employ to handle the risks arising from the challenging operating environment to drive sustainable growth?

We have a clear game plan to navigate macroeconomic challenges, such as rising interest rates, currency devaluation and inflationary pressures. This approach includes adopting strategic capital allocation, ensuring that investments are directed towards opportunities with the most significant returns, driving sustainable growth through structural transformation of the OpCos, and paring down USD debts in highly volatile forex markets and by asset monetisation. Efforts to build resilience will pay off as the macro environment improves.

Capital Allocation	Cost Excellence	HoldCo Cost		Treasury Management
Capital Allocation	Step change in capital	Optimisation	:	Financial guardrails and
Framework 2.0	productivity	New governance model	:	dividend upstream

In 2023, Axiata navigated the portfolio strategy by executing key corporate activities focused on structural transformation, building resilience and improving market conduct. These initiatives were part of the broader Capital Allocation Framework 2.0 aimed at generating sustainable operating cash flow that rewards shareholders with sustainable dividends.

Challenges	Strategy	2023 Execution
Axiata HoldCo High debt and HoldCo discount	Deleveraging the balance sheet	 Repayment of RM2.2 billion debt HoldCo transformation into a leaner organisation and prudent capital allocation approach
Indonesia Disadvantaged against larger players	Acceleration of delayering in Indonesia	Path towards structural transformation of XL and Link Net into converged ServeCo and FibreCo
Frontier Markets High market risk	 In-country consolidation with Dialog-Airtel merger Exit from Nepal, with conclusion of Ncell sale 	 Exit of Ncell in Nepal Proposed market consolidation of Dialog-Airtel Resilience in Dialog and Robi Robi delivering second highest profit year Dialog on path towards pre-crisis era profits
Infrastructure Limited funding headroom for growth	Ongoing fundraising process for EDOTCO	Ongoing fundraising process for EDOTCO to create a more sustainable balance sheet
Digital Axiata is not the natural owner	 Watermark valuation of USD550 million for ADA with Mitsui's latest investment Expansion of Boost services 	 ADA reaches a watermark valuation of USD550 million with Mitsui's latest investment Extension of Boost Wallet in setting up Boost Bank

Triple Core Business Driving Performance



What are the key highlights of structural changes for the OpCos and Key Associate Company for 2023?

Our OpCos and Key Associate Company delivered a solid underlying performance and made commendable progress towards strategic objectives, despite challenging global macroeconomic conditions.

Digital Telcos

XL

Strengthened position as a converged mobile, fixed broadband and content service provider

- Double-digit growth in revenue and PATAMI supported by a sustained pricing environment, with ARPU uplift to IDR41,000, and growth in Data and Digital Services
- · Enhanced FBB and FMC services in Indonesia, with upcoming transfer of Link Net's 751.000 residential FBB subscribers to XL, which will effectively make XL the second-largest FBB provider in Indonesia with one million customers

Robi

Market repair and structured efficiency measures led to strong operational performance

- · Double-digit growth driven by voice and data, paired with subscriber growth and ARPU expansion to BDT142
- Structured cost stewardship programme and improved market discipline, drove PATAMI up by 75.7%

Dialog

Successfully navigating to pre-crisis levels

- · Strong profit and cash growth in connectivity, enterprise and international business sectors. and achieved LKR19 billion cost reduction amid external cost challenges
- Reduced foreign exchange exposure by 62% YoY to strengthen balance sheet
- · Merger with Bharti Airtel Limited will create a leading Sri Lankan telecommunications company
- Discontinued 3G network

Smart

Delivered highest-ever profit

- · Generated steady profit and cash flow, with growth primarily from Data segment
- Progressing on Telco-TechCo journey by delivering FBB and advanced ICT solutions. and pioneer tailored business solutions for large enterprises, small and medium-sized enterprises (SMEs)

Infrastructure

EDOTCO

Strategic expansion strengthening revenue growth and regional presence

- Revenue growth of 13.8% contributed by tower acquisitions in the Philippines and Indonesia, complemented by higher co-location roll out in Malaysia and Bangladesh
- Completion of tower site transfer from PLDT in the Philippines, significantly expanding EDOTCO's regional presence to 35,000 owned towers and achieving co-location ratio of 1.67x

Link Net

Transitioning to FibreCo tap underpenetrated FBB opportunities in Indonesia

- Achieved higher ARPU of IDR351,000 with plans to transfer 751.000 subscribers to XL as Link Net focuses on its core expertise in network development to strengthen its position as a leading FibreCo
- Scheduled to accelerate the roll out of fibre to deliver coverage to 1 million XL homes by mid-2024

Digital Businesses

Boost

Sustaining ecosystem for digital bank opportunities

- · Boost's ecosystem continues to grow as Boost Life users increased to 11.1 million and Malaysian merchants rose to 632,000
- Received Bank Negara Malaysia's (BNM) approval to commence operations of Boost Bank, slated to advance digital inclusion by providing greater digital access to financial services for the underbanked and unbanked segments
- In the lead-up to the public launch, Boost Bank will progressively enhance its product propositions and refine the user experience

ADA

Delivered fifth profitable year

- · Revenue driven by growth in Conversational AI, Data & Al and e-commerce services, and stable Marketing Services practice, despite a decrease in overall marketing spend by clients
- Mitsui invested USD58 million through Axiata Digital, with ADA valued at USD550 million

ADL

Supporting Telco-TechCo **Group-wide** transformation

• Driving Telco-TechCo transformation across the Group, focusing on revamping the digital stack, digitisation, implementing strategic transformations and takeovers, enhancing automation, setting up platforms, utilising data analytics and applying development and operations (DevOps) solutions

Key Associate Company

CelcomDigi

Following the merger, CelcomDigi is categorised as our Key Associate Company. It has been effectively delivering on its strategic outcomes and making progress in its transformational objectives. The integration process is actively underway, keeping the company on track to establish a financially robust business by successfully realising the planned synergies as we continue to build a strong cash flow opportunity in this business.

Unlocking merger synergies

- Delivering financial and operational synergies as envisioned, through optimised capex efficiencies and advancing prioritised network and IT integration initiatives
- Completed 35% of its network integration and modernisation. surpassing target set
- · Contributed share of profit of RM530.6 million to the Group, driven by increasing revenue and attracting an additional 466,000 subscribers



How will the new corporate strategy drive the ambition to be a Sustainable Dividend Company?

Axiata is on a transformative journey with clear targets to enhance our performance, accelerate value creation, and increase long-term shareholder value. This includes reshaping our portfolio to unlock value and build long-term sustainable businesses.

Targets to achieve

Dividend Per Share (DPS) of 10.0 sen per annum. with progressive growth

High single digit total shareholder return per annum

Net Debt/EBITDA of 2.5x by end-2026

Axiata's five portfolio vectors and five business strategies will guide us on our journey towards becoming the Next Generation Digital Champion, aligned with an aspiration to be recognised as a Sustainable Dividend Company and a digital and technology leader by transitioning from Telco to Telco-TechCo and giving consistent returns to shareholders.

AXIATA 5-BY-5 STRATEGY



The Axiata 5-by-5 Strategy is anchored on five portfolio vectors that provide a focused framework to create value for achieving our goals:

5 Vectors of Value Creation

- Synergies Delivery in CelcomDigi: Leverage the consolidation of network, IT systems, distribution, and build a common brand. Further accelerate synergies post-integration costs, and capitalise on benefits of market consolidation with an improved market structure and leadership position
- Structural Transformation in Indonesia: Optimise market structure to transform Link Net into a fibre InfraCo to accelerate fibre deployment and utilisation with multiple access users, and XL as a converged ServeCo
- Business Resilience in Frontier Markets: Improve imbalances with market repair, manage forex-denominated debt, address rising costs from inflation, optimise opex and capex, and explore market consolidation
- Sustainable Value Creation for InfraCo: Manage gearing and forex-denominated debt, realise value from recent tower acquisitions, increase tenancy, create value from analytics and digitalisation, and achieve cost excellence
- Value Illumination of Digital Businesses: Grow ADA in Al & Analytics in new markets, launch Boost Bank, scale ADL by developing and marketing Digital Telco Enabler (DTE)/ Axonect Enterprise Enabler (AXP) platform with external clients

Underpinning the five Vectors of Value Creation are five strategic priorities aimed at achieving operational excellence, enhancing cash flow and driving technological progress.

5 Strategic Priorities

- Focus on strategic capital allocation, cost efficiency through capex and opex management, optimise treasury management to manage capital structure, gearing, working capital and cash, and reduce HoldCo cost
- Enhance network cost excellence, foster innovation-led enablers, adopt asset-light approach with strategic partnerships, and excel in monetising platforms and solutions
- Prioritise market repair in Indonesia and Bangladesh, seek market consolidation opportunities in Sri Lanka, and enhance financial flexibility through fund raising and derisking in deteriorating environments, attract new investors to grow platforms and opportunistically monetise assets
- Enhance governance and restructure HoldCo for improved efficiency
- Embed core values and key behaviours of the Axiata Way, a unique identity that sets our employees apart, to drive Axiata's five portfolio vectors and five business strategies, and realise its vision and aspiration



What progressive steps have been taken to advance Axiata's Telco-TechCo ambitions, and how does the network transformation strategy support this evolution?

Axiata's Telco-TechCo journey is underpinned by an ambition to achieve superior Returns on Invested Capital (ROIC) and Total Shareholder Return (TSR) while simultaneously spawning new engines of growth. In furthering this ambition, we are applying several fundamental TechCo principles, including but not limited to Delayering, Softwarisation, Cloudification, Platforming and Zero-Touch Smart Partnering.

Axiata has been a pioneer in Delayering, of both Infrastructure as well as New Growth Businesses. We started our strategic delayering initiatives in 2013 by carving out our Tower Infrastructure and forming EDOTCO, which has since emerged as a key player in the regional telecommunications infrastructure sector. Similarly, since 2015, Axiata has established new growth frontiers through the initiation of substantive digital business in the spheres of Fintech, MarTech, Al and Analytics. More recently in 2019, we delayered our Software Development and Platforming capabilities to form ADL, our multi-country Software Development and Digital Transformation unit. In a similar vein, the delayering of our Fibre Assets in Link Net to form one of Indonesia's largest FibreCo infrastructure players is our most recent foray in terms of infrastructure delayering.

Our network transformation strategy is an equally pivotal accelerator of our Telco-TechCo trajectory. Axiata's network transformation strategy is designed to amplify capital returns through the application of TechCo principles alongside the adoption of cutting-edge technological advancements.

The multiple facets of our Telco-TechCo thrust are key to Axiata's growth and competitiveness. Our Telco-TechCo thrust combines synergistically with other elements of Axiata's five portfolio vectors and five business strategies, enabling us to address short-term and long-term shareholder value creation, mitigate capex escalation, and achieve a lower cost to serve.

Key Blocks of Axiata's Telco-TechCo Journey



Key Network initiatives will lead to material cumulative capex savings by 2026

5G

- Network readiness across markets
- Formulate spectrum strategy
- Develop use cases roadmap



- > New services video, gaming, FWA, etc.
- > Material reduction of cost per GB

Architecture Simplification

- Fiberisation
- DC consolidation
- Virtualisation, legacy removal, etc.
- > Future capex and opex reduction in transport and core domains

Cloud Core

- Gradually implementing Cloud Native 5G SA Convergent Core
- · New services enterprise,
- Fixed mobile convergence
- > Improved customer experience
- > Reduced time to market
- > Significant reduction of Core cost to serve

Open Networks Open RAN

Routers

still

Open Disaggregated

• 3-4 years maturity time

Autonomous Network

- Develop automation framework
- Implement AI/ML based control loop automation
- Use case-based implementation SON, energy-efficiency
- > Reduced time to market
- > Material TCO savings per use case

Network Sharing

- RAN network sharing for 4G and 5G
- Fibre and infra sharing
- > Material capex and opex reduction

Arrest OPEX

- Outdoorisation
- Solar
- Network modernisation
- > Opex escalation at max half of revenue growth

Vendor Strategy · Open Optical Networks

- Improve capex efficiency through vendor footprint review and new procurement approach
- Expand partner and vendor base to include disruptive technology providers and ecosystem partners

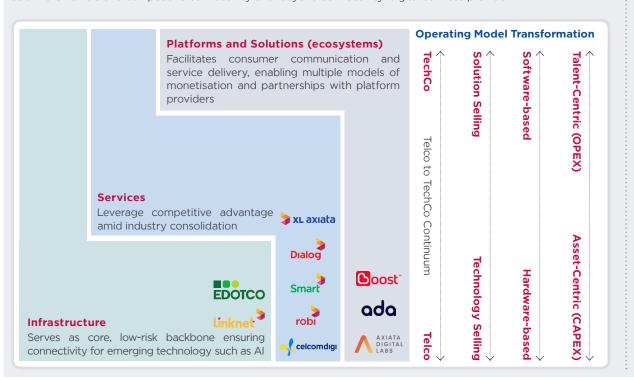


How does IT transformation lay the groundwork for the Telco-TechCo transition?

Radical IT transformation is foundational to Axiata's Telco-TechCo transition. Our underlying ambition, with respect to IT transformation, has been to accelerate the time to market of product and service innovation, enhance customer experience and responsiveness, and embrace hyperscalers and internal and external developer ecosystems through frictionless partnering capabilities. In combination, these capabilities serve to drive down IT costs and generate new revenue streams. Central to Axiata's IT transformation is the adoption of an API-driven, Middleware and Micro-Services architecture, which also enables the creation of Platform Businesses in parallel with accelerating the end-to-end digitisation of our business processes.

Our Digital Telco Enabler (DTE) Platform and associated API and Micro Service Environments are built and maintained by ADL.

Our pioneering approach to the Digital Telco architecture, supplemented by ADL's DevOps capabilities, positions Axiata as a more flexible and competitive connectivity and 'beyond connectivity' digital services provider.



Innovation in the sphere of API-driven Digital Transformation enablement has further enabled ADL to establish the Digital Transformation Platform, Axonect. which has been recognised by the TM Forum as a globally leading solution for the adoption of Open Digital Architecture (ODA). ADL has also been recognised as a leader in the sphere of GSMA Open Gateway implementation and was adjudged the winner of the Open Gateway (OG) Challenge at the 2024 Global Mobile Awards (GLOMO) during the Mobile World Congress.

ADL, Axiata's newest Digital/Tech Business, is strategically positioned to disrupt the Telco and Fintech IT middleware space globally. Combined with the company's competencies in ODA and OG, ADL looks forward to becoming a key enabler of value capture within the 5G ecosystem and growing API economy.

ADL's talent base and DevOps capabilities are spread across Axiata's footprint markets. ADL's technology also enables B2B2X marketplace platforms which provide frictionless interfaces to partners and developers.

Network Transformation Strategy

The network transformation strategy will focus on simplification and cost optimisation. We are embracing a cloud core infrastructure, capacity optimisation, deploying 5G ready technology, rolling out fiberisation, exploring network sharing and open network architectures, and expanding rural connectivity. Key focus areas moving forward to deliver on this transition include:

- Network Architecture Modernisation
- Cloudification and Virtualisation
- Network Cost Excellence spanning Core and RAN
- RAN Standardisation
- Solar Upgradation
- Outdoorisation & Modernisation

- ServeCo & FibreCo delayering between XL & **Link Net**
- Network Architecture Simplification (Core & Transport)
- Radio Frequency Re-plan (Robi)



How has the Enterprise segment enhanced its abilities and expanded its services?

Axiata Enterprise achieved strong growth with enterprise revenue increasing by double digits, supported by a wide range of ICT services. This growth builds on the groundwork laid in 2022, where the focus was on building a strong foundation in local ICT sales and delivery capabilities. The acquisition of H One and Hypernet by Axiata played a crucial role in this success. Axiata Enterprise realised synergy from H One and Hypernet to expand its ICT services, specifically in Microsoft Cloud. Managed Connectivity and Wi-Fi network services.

 Enterprise revenue growth of 23% YoY



 Non-connectivity contribution grew by 7%7

To become a leading enterprise service provider in the region beyond connectivity solutions, Axiata Enterprise targeted four main ICT segments:









Part of this expansion strategy involved seeking potential targeted acquisitions for capabilities and forming partnerships with technology services and solution providers. This approach keeps us ahead of the curve, considering the fast-changing technology landscape, and positions us well to support transitioning to the digital future.

Key Initiatives & Alliances in 2023

- Launched AxEnTec PLC (AxEnTec) in Bangladesh, an Enterprise-branded and focused B2B company offering advanced ICT enterprise solutions
- Formed strategic alliances with strategic partner to grow SME market in Indonesia
- · Partnered with Mavenir and Rakuten as the appointed network provider for Private Network deployments
- · Collaborated with MiHCM for regional SaaS-based Human Capital Management solutions for SMEs
- Engaged in strategic alliance with CapGemini to advance 5G Smart Services deployments
- · Collaborated with ADL to set up Go-to-Market (GTM) capability for AWS services and elevate Group Partnership tier to unlock further commercial benefits

Axiata Enterprise reviewed the above alliances. enabling us to expand our portfolio with innovative ICT solutions through the GTM capabilities of OpCos in our operating markets.

Enhance OpCos' Enterprise Solutions

XL

- 5G Private Network projects for Mining Clients with Smart Solutions
- Launched strategic alliances with strategic partner for SME market
- · Collaborate with hyperscalers to develop best offerings for customers

Dialog

- Strengthen partnership tiers with hyperscalers
- Build capability of 5G, CPaaS, IoT partner ecosystem

Robi

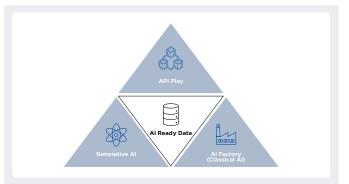
- Launched AxEnTec, a specialised B2B service company
- Collaboration with hyperscalers to support ICT offerings
- Strengthen SME solutions and ICT offerings
- · Digital transformation engagements with large enterprises, driving Industry 4.0 transformation

Smart

- Launch of Smart for Business as an innovative range of solutions for large, medium, and small enterprises
- ICT offering to Enterprise customers launch of Google WorkSpace and Cloud PBX offerings
- Fixed Network Partnerships

Link Net • Collaboration with strategic partners on Enterprise customer trials

How have you accelerated the AI transformation programme to be delivered at scale and generate value?



Our strategy for deriving value from AI centres around several key building blocks. At its core lies the concept of Al-ready data, facilitated by our standardised Big Data Lake (BDL) architecture. The AI Factory serves as a purpose-built platform, where experts collaborate to develop, train and deploy AI models rapidly and at scale, addressing classic AI challenges. Simultaneously, we are integrating GenAl into this ecosystem. This integration aims to amplify the impact of AI across critical functions and business processes. Lastly, our extensive API marketplace acts as a bridge, seamlessly orchestrating interactions between the Al Factory and GenAl models. Whether it is front-office or back-office processes or classic AI use cases, our goal is to create maximum impact through these interconnected components.

To drive maximum value from our AI ecosystem, we have prioritised high-impact use cases both for Al Factory and GenAl. We have implemented impactful priority use cases within the AI Factory Production domain. These included predicting customer churn, managing retail stock, enhancing trade visibility, employing AI for network planning, optimising sales force route planning, and boosting revenue upselling and cross-selling. For GenAl, we are focusing on high-impact back office and front office transformation use cases, including coding assistant, sales and marketing productivity, autonomous customer service, marketing content generation, and customer co-pilot, among others.

Delivering Value



What is the progress on efforts to strengthen Axiata's value proposition to shareholders?

We continued efforts to enhance our value proposition for shareholders through two strategic approaches aimed at reinforcing our aspiration as a Sustainable Dividend Company. These strategies focus on achieving operational excellence and optimising our portfolio to illuminate value. Through rigorous capital allocation, including infusing external capital, cost management and strategic market manoeuvres, we aim to be in a position to generate sustainable cash flow and strengthen our financial position for long-term value creation.

Operational **Excellence**

Portfolio Optimisation and Value Illumination

Indonesia

In-country consolidation

in Sri Lanka with

proposed merger of

Exiting Nepal and

Myanmar where the

deteriorating operating

have resulted in value

ARPUs have seen a

repairs

where

value

nogu

would

and

Market

Bangladesh

steady uplift

Dialog-Airtel,

achieving scale

environment

at risk

illumination

- Capital Allocation Framework 2.0 provides a guideline on generating sustainable cash flow to enable Axiata to:
 - Deliver 10.0 sen DPS
 - Retain credit rating of Moody's Baa2 and S&P's BBB
- Cost excellence across OpCos to ensure sustainable capex/ opex
- Reduce HoldCo cost by approximately 20% with the implementation of a new governance model
- Financial for OpCos aligned with Axiata's capital structure policy, and commitment to retain credit rating
 - guardrails Progressing well in creating a ServeCo and FibreCo in Indonesia. thereby illuminating greater Sum-of-the-Parts (SOTP) valuation



How are you driving Sustainability and Corporate Responsibility to build long-term value?

The Group continues to advance sustainability and corporate responsibility, emphasising a holistic approach around digital inclusion, climate action, governance and risk management.

Climate Action and Environmental

- Submitted near term net-zero targets to SBTi, pending validation Reviewed and updated Scope 1 and Scope 2, to reflect material
- operational boundary changes as of December 2023 and adopted updated Emission Factors referencing International Energy Agency (IEA) 2022
- Reduced Scope 1 emissions by more than 6% in 2023 vs 2022
- Task Force on Climate-related Financial Disclosures (TCFD) Year 2 journey continues with integration of climate risk and opportunities into ERM Policy and preliminary quantification of climate-related opportunities

Social Initiatives and Digital Inclusion

- Continue to progress in EDISON Alliance commitment to positively impact society through healthcare, education in digital skills and financial inclusion
- Joined the Internet Watch Foundation to raise public awareness on the impact of Child Sexual Abuse Material (CSAM) with the aim to contribute to a safer online environment for all, particularly for children

Governance Initiatives

- Set up Axiata Board Investment Committee to provide oversight into strategic investments
- ESG model aligned to Group rolled out across OpCos via Board Risk and Compliance Committee (BRCC) to track, monitor and prioritise key ESG-regulatory matters
- Launched Group-wide automated Corruption Risk Register and chatbot to assist employees on common ABAC queries

Digital Integrity and Cyber Security

- The objectives of the current Cyber Security Data Privacy Strategies, Digital Trust & Resilience and #ASH 2.0 (2021-2023) have been successfully achieved
- Both strategies are being refreshed to address emerging threats, risks, laws and regulations, thereby enhancing cyber security and data privacy maturity across the Group
- Core cyber security capabilities have been internally sourced through the Axiata Cyber Fusion Centre, enabling innovation, IP creation, improved efficiency and cost savings
- Achieving the objectives of the current Cyber Security and Privacy strategies has enabled the Group to achieve NIST maturity levels of 3.4 and 3.0, respectively



What efforts have been put into strengthening the Winning Culture and building a future-fit organisation?

Winning Culture Framework



Our refreshed Winning Culture will drive our success in winning in all our markets every day. In 2023, we amplified our Winning Culture framework, which is anchored on our long-standing guiding principles of Uncompromising Integrity and Exceptional Performance (UI.EP). Uncompromising integrity has evolved to become our baseline and licence to play.

The three new core values introduced under the Winning Culture. which are Obsession for Customers, Courage for Change, and Passion for Collaboration, reflect the need to adapt to changing times and the importance of agility in today's dynamic business environment, paying the way for exceptional performance. These core values are designed to foster a culture that prioritises customer needs, embraces change and champions innovation, and promotes collaborative excellence. By drawing on the diverse strengths and expertise within our team, we are committed to cultivating a unified, inclusive work environment where everyone can thrive. The OpCos are defining and implementing initiatives to demonstrate the cultural shift towards these three core values.

This commitment is reflected in the results of the Employee Engagement Survey (EES) 2023, which showed a high participation rate of 90% and an 75% favourable score. These results indicate a strong alignment between our employees and our core values, reflecting the positive impact of our efforts to strengthen the Winning Culture.

Achieving a Winning Culture across the Group is one of my KPIs as the Group CEO, which underscores the importance we place on this in our overall strategy.

Shaping The Future



What are Axiata's priorities for 2024?



Our strategic direction for 2024 is to drive the execution of Axiata's five portfolio vectors and five business strategies, centred around reinforcing our position in the market and setting the stage for future growth. The immediate aim is to reinforce foundational strengths and ensure we continue to meet the evolving needs of the market efficiently. This also involves a cultural shift within the Group to adapt to the changing landscape and aspirations.

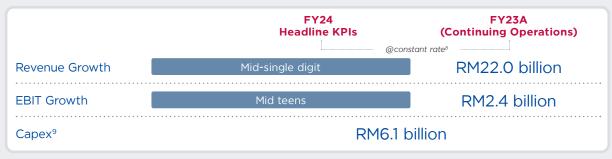
Our priorities for the year include focusing on market repair and unlocking merger synergies through CelcomDigi. In Indonesia, we will further our delayering efforts on the structural transformation of XL Axiata and Link Net to deliver on the expanded home pass and establish a solid presence as a provider of converged mobile, fixed broadband and content services. We look forward to launching Boost Bank in Malaysia, set to redefine digital banking and, more importantly, contribute to expanding financial inclusion for the underbanked and unbanked communities.

The Group will continue to explore market and industry consolidation opportunities to strengthen our competitive edge and market standing. We aim to capture value from the proposed Dialog and Bharti Airtel Limited merger, which will solidify our presence as a leading telecommunications company in Sri Lanka.

Looking to the future, Axiata continues to lay the groundwork for long-term sustainability. Axiata's five portfolio vectors and five business strategies will drive our transformation journey along the Telco-TechCo continuum, which is synonymous with innovation, digital services and next-generation solutions.

In line with these strategic pursuits, we will continuously review our operations to streamline processes and actions that create value from these operations, and if required, attract new investors and monetise to pare down debt. As a company focused on growth, our increasing EBITDA is expected to support our leverage ratios.

To track progress and maintain focus. Axiata has set clear KPIs for 2024:



⁸ Constant rate is based on FY23 Average Forex Rate (i.e. 1 USD = RM4.56)

⁹ Capex is not a Headline KPI



Leadership Insights Our Strategy

IN CONVERSATION WITH OUR GROUP CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

How are you prepared to tackle emerging challenges, risks and opportunities?

Outlook & Priorities	Challenges	Axiata's Response		
Short-term Implementation of structural transformation in Indonesia	Funding fibre deployment roadmap	New investor for FibreCo and structural transformation for better valuations.		
5G technology	Additional investment required to start rolling out 5G	Axiata will deploy 5G technology in its operating markets as and when licences are granted, and spectrum is issued. Axiata's roll out strategy would be based on a calibrated approach with close attention to market demand and returns on investment. Axiata will also explore potential strategic partnerships and/or network sharing options to further enhance ROIC while continuing to deliver the benefits of 5G to consumer and enterprise segments.		
Medium-term Managing spectrum cost	New spectrum bands (700, 3,500 and mmWave) investments could be at a high cost for Indonesia and Bangladesh	Explore potential network and spectrum sharing options to optimise the amount and cost of spectrum.		
Long-term Sustainable dividend	Pressure on cash flow from upcoming spectrum investments, and currency and economic risk for frontier markets	Portfolio realignment including setting guardrails, improving cash upstream and managing capital allocation.		

We will continue to strategically navigate challenges to capitalise on growth opportunities. We anticipate asset growth from market improvements, driven by enhanced market structure, stable process, and sustained demand for mobile, digital and enterprise solutions. The Group will continue to focus on improving operational and fiscal efficiency.

Appreciation

We are well-positioned for the next phase of growth. Guided by the Axiata Strategy that emphasises growth through the five Vectors of Value Creation, Axiata is set to redefine its portfolio, unlock value and seize new opportunities to foster sustainable business growth. The overarching goal is to become the Next Generation Digital Champion, delivering on our aspiration to be a Sustainable Dividend Company.

I would like to extend my appreciation to our shareholders for your continued trust. Your support fuels our drive towards excellence. I thank the Board for their guidance and all at Axiata for their passion and commitment. I am confident that with the strategies and plans we have put in place, Axiata will continue to unlock and deliver value for all our stakeholders.

Vivek Sood

Group Chief Executive Officer and Managing Director