

**AXIATA GROUP BERHAD (“AXIATA” OR THE “COMPANY”)  
IMPLEMENTATION OF LONG-TERM INCENTIVE PLAN FOR ELIGIBLE EMPLOYEES AND EXECUTIVE  
DIRECTORS (“LTIP”) OF EDOTCO GROUP SDN. BHD. (“EDOTCO”), A SUBSIDIARY OF AXIATA**

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## **1. INTRODUCTION**

Pursuant to Paragraph 9.19(52) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Main LR**”), the Board of Directors of Axiata (“**Axiata Board**”) wishes to announce that EDOTCO, a 63% subsidiary of Axiata, had on 17 April 2023 implemented a LTIP involving issuance of ordinary shares in EDOTCO (“**EDOTCO Shares**”) to employees and Executive Directors of EDOTCO and its subsidiary companies (“**EDOTCO Group**”).

## **2. DETAILS OF THE LTIP**

The purpose of the LTIP is to **drive common goals and long-term sustainable performance amongst senior management of EDOTCO Group (“Eligible Employees”)**<sup>1</sup> and to attract, retain, motivate and reward Eligible Employees.

Under the LTIP, Eligible Employees will be granted EDOTCO Shares (“**LTIP Grants**”) and once accepted by Eligible Employees, will be vested subject to achievement by EDOTCO Group and Eligible Employees of certain Targets (as defined in Section 2.5) and/or such other conditions, as may be determined by the EDOTCO Board (“**Vested**”). **Rewards attributable to Vested LTIP Grants may be in the form of EDOTCO Shares, cash or combination of both.**

EDOTCO Shares under the LTIP Grant shall be granted based on fair value of EDOTCO Shares for the financial year of EDOTCO immediately preceding the year **of each of LTIP Grant** as determined by a third-party valuer appointed by EDOTCO. Fair value to determine LTIP Grant to Eligible Employees shall be approved by Board Audit Committee of EDOTCO or based on such other factors as may determine by the EDOTCO Board subject to relevant applicable laws, rules and regulations.

The LTIP will be **administered** by the Board Nomination and Remuneration Committee of EDOTCO (“**EDOTCO BNRC**”) as determined by the EDOTCO Board in accordance with **design construct, principles performance metric and Vesting Conditions** (as defined in Section 2.5) set out by the Board and bye-laws governing the LTIP (“**Bye-Laws**”). The Board, under the Bye-Laws, is entitled to delegate to EDOTCO BNRC or other committee(s) any right, power, discretion, and authority under the Bye-Laws.

Other salient terms of the LTIP are as follows:-

### **2.1 Maximum Number of EDOTCO Shares available under the LTIP**

Total number of EDOTCO Shares which may be issued under the LTIP shall not exceed in aggregate 3% of total number of issued shares of EDOTCO (excluding treasury shares, if any) (“**Maximum Shares**”) at any point in time during LTIP Period (as defined in Section 2.4).

In the event the Maximum Shares exceed 3% limit as a result of EDOTCO reducing EDOTCO Shares resulting in reduction of its issued and paid-up share capital in accordance with the provisions of the Companies Act 2016, LTIP Grants granted prior to the said variation of total number of issued shares of EDOTCO shall remain valid and exercisable and may vest in accordance with LTIP provisions and/or Bye-Laws as if that reduction had not occurred. If, after such reduction, the Maximum Shares as at the date of reduction of EDOTCO Shares exceeds the Maximum Shares no further LTIP Grants shall be made until such aggregate number of EDOTCO Shares in respect of LTIP Grants falls below the Maximum Shares (or such other lower percentage as may be determined by EDOTCO BNRC and/or Board).

### **2.2 Basis of LTIP Grants**

The aggregate number of EDOTCO Shares that may be granted to any one of Eligible Employees at any time shall be approved by EDOTCO BNRC after taking into account attainments of Performance Targets during the Performance Period (as defined below) after taking into consideration such criteria as may be determined by EDOTCO BNRC and/or Board (subject always to the Bye-Laws and any applicable law).

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<sup>1</sup>Executive Director and/or employees whether under a fixed-term contract or on a contract terminable at will, by EDOTCO or any corporation in EDOTCO Group

EDOTCO Shares which may be granted under the LTIP to Eligible Employee who, either singly or collectively through persons connected (as defined under the relevant applicable law) with such Eligible Employee, holds 20% or more of EDOTCO's issued share capital (excluding treasury shares, if any), shall not exceed 10% of total number of EDOTCO Shares to be issued under the LTIP and/or any other share issuance schemes to be implemented by EDOTCO.

EDOTCO BNRC shall have sole and absolute discretion in determining whether LTIP Grants shall be granted to Eligible Employees via a single grant at a time determined by EDOTCO BNRC or several grants where grants will be staggered or made in tranches at such times determined by EDOTCO BNRC.

Executive Directors and/or Senior Management of EDOTCO Group shall not be allowed to participate in the deliberation or discussion of their respective LTIP Grants and/or persons connected (as defined under the relevant applicable law) with them under the LTIP.

### 2.3 Eligibility

Any Eligible Employees who fulfill the following criteria as at any date of LTIP Grant shall be selected from time to time by EDOTCO BNRC:-

- i) Attained the age of 18 years;
- ii) Entered into a full-time or fixed term contract of employment with, and is on the payroll of EDOTCO Group and whose service has been confirmed;
- iii) Fulfilled any other eligibility criteria for selection as determined by the Board from time to time at its absolute discretion including such criteria specified in provisions of LTIP; and
- iv) Remains as Eligible Employee of any EDOTCO Group and has not given any notice of resignation or received a notice of termination or has otherwise ceased or had his/her employment terminated.

The Board may, at its sole discretion, determine any other eligibility criteria and/or waive any of the eligibility criteria set out above for the purposes of selecting an Eligible Employee at any time and from time to time.

In the event that an Eligible Employee is subject to Disciplinary Proceedings<sup>2</sup> (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of service), the Board may suspend any one or more of his or her rights in respect of LTIP Grant held by him or her, pending outcome of such Disciplinary Proceedings, provided always that:-

- i) In the event that the Eligible Employee found not guilty of all the charges which gave rise to such Disciplinary Proceedings, the LTIP Grant shall remain unaffected (and where suspended, the suspension shall be lifted);
- ii) In the event Disciplinary Proceedings result in a dismissal or termination of service, LTIP Grant shall immediately lapse and be null and void and of no further force and effect, notwithstanding such dismissal or termination of service may be subsequently challenged; and
- iii) In the event Disciplinary Proceedings result in a demotion to a lower category of employment, the number of EDOTCO Shares or cash value comprised in the LTIP Grants which are un-Vested at that time may be reduced by the Board.

In any case and notwithstanding anything to the contrary, in the event Eligible Employee is found guilty of some or all of the charges but no dismissal or termination of service is recommended, the Board shall have the sole right to determine, at its discretion, whether or not EDOTCO Shares or payment in cash under the LTIP may continue to Vest or be paid and, if so, to impose such limits, terms and conditions as it deems appropriate, in respect of such Vesting.

Once EDOTCO Shares pursuant to LTIP Grant are Vested, such EDOTCO Shares (together with any dividend, rights, allotment and/or other distribution received in respect of such EDOTCO Shares and/or any realisation proceeds from the sale of such Vested Shares) ("**Assets**") shall be held on trust by EDOTCO in the event the Board discovers and determines had been granted as a result (whether wholly or partly) of fraud, criminal actions and/or deliberate financial misstatement(s) on the Eligible Employee. The Assets shall be immediately transferred to such person(s) as may be determined by the Board.

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<sup>2</sup>Proceedings instituted by EDOTCO Group against an employee for any alleged misbehaviour, misconduct and/or any other act deemed to be unacceptable by EDOTCO Group in the course of employment, whether or not such proceedings give rise to a dismissal or termination of the contract or other disciplinary action

## 2.4 Duration and Termination of the LTIP

The LTIP will take effect from 17 April 2023 (“**Effective Date**”) and shall continue to be in force for a maximum period of 10 years commencing from the Effective Date (“**LTIP Period**”). The LTIP Period may be extended and or terminated ant any time during the period above as EDOTCO Board, deems appropriate.

**On expiry of the LTIP, any un-Vested LTIP Grants (fully or partially) shall be deemed to have been cancelled and be null and void and of no further force and effect.**

## 2.5 Vesting

Vesting of LTIP Grants are subjected to fulfilments by EDOTCO Group of **performance metrics e.g. financials and growth targets and/or other measures including attainment of primary objectives and/or corporate proposals (“Targets”)** at specified dates during LTIP Period in which the Targets are required to be achieved (“**Performance Period**”) and/or such other conditions, as may be determined by the Board (“**Vesting Conditions**”).

The LTIP or the size or value of its benefits may be made conditional on the performance of EDOTCO Group and **individual** performance of Eligible Employees over Performance Period measured against Targets and/or Vesting Conditions. The Board shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded. Vesting Conditions may allow or require the vesting of LTIP Grants to occur on more than one occasion and/or in respect of a proportion only of the entire benefit, and may specify whether, and the extent to which, any given Targets are met or exceeded.

## 2.6 Retention Period of LTIP

The new EDOTCO Shares allotted and issued under LTIP Grants once Vested are not subject to any restriction on their sale by Eligible Employees unless specified.

## 2.7 Restrictions on Transfer

No incentive granted to Eligible Employees under the Bye-Laws may be assigned or transferred.

## 2.8 Ranking of EDOTCO Shares

The new EDOTCO Shares to be made available pursuant to the LTIP shall be subject to provisions of the Memorandum and Articles of Association or Constitution of EDOTCO.

The new EDOTCO Shares rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing EDOTCO Shares, shall in all other respects rank pari passu with other existing EDOTCO Shares then in issue.

The LTIP Grants shall not made Eligible Employees entitled to any dividends, rights, allotment and/or other distributions which may be declared, made, or paid to shareholders of EDOTCO.

## 2.9 Alteration of Share Capital and Adjustment

In the event of any alteration in the capital structure of EDOTCO during the LTIP Period, whether by way of capitalisation of profits or reserves, rights issue, bonus issue, sub-division or consolidation of capital, capital reduction or declaration of any special dividend or distribution or otherwise howsoever taking place, then the Board may, in its sole discretion, determine whether the number of EDOTCO Shares which are the subject to LTIP Grants not yet Vested shall be adjusted, and if so, the manner in which such adjustments should be made.

## 3. RATIONALE FOR THE LTIP

The rationale of the LTIP are as follows:-

- i) Reward Eligible Employees for their contribution to EDOTCO, based on the performance of EDOTCO Group and individual;
- ii) Motivate Eligible Employees to deliver on committed strategy;
- iii) Drive sustainable long-term performance; and
- iv) Serves as strategic tool to attract and retain key talents within EDOTCO Group.

#### 4. FINANCIAL EFFECTS OF THE LTIP

4.1 The LTIP will not have any effect on the share capital of Axiata as it does not entail the issuance of new shares in Axiata.

#### 4.2 Net Assets (“NA”) per share and Gearing

The LTIP will not have an immediate effect on the consolidated NA, NA per share and gearing of the Axiata Group until such time that new EDOTCO Shares are issued upon vesting of LTIP Grants.

Any potential effect on the NA per share of Axiata will depend on the number of EDOTCO Shares to be issued and/or cash paid in lieu of EDOTCO Shares which can only be determined at the point of vesting.

Assuming that the number of EDOTCO Shares to be issued upon vesting of Maximum Shares as at **31 March 2023**, being the latest practicable date prior to the issuance of this announcement, the consolidated NA of the Axiata Group and NA per share of Axiata are expected to be diluted. The dilutive effect of Axiata’s effective shareholding in EDOTCO is set out below:-

	<b>Axiata's Effective Shareholding (%)</b>
<b>Before</b> Maximum Shares (Vested)	63.0
<b>After</b> Maximum Shares (Vested)	61.17 <sup>1</sup>
<b>After</b> Maximum LTIP Grants (Vested)	62.38 <sup>1,2</sup>

Notes:-

1. Actual number of new EDOTCO Shares to be issued by EDOTCO may be less in view of Eligible Employees and EDOTCO Group would need to meet the Targets and/or other Vesting Conditions to be entitled to EDOTCO Shares
2. As at 31 March 2023 and based on number of LTIP Grants to be granted to Eligible Employees as approved by EDOTCO Board.

The LTIP is not expected to have a material impact on Axiata Group’s consolidated NA per share and consolidated gearing for the financial year ending 31 December 2023.

#### 4.3 Earnings and Earnings per Share (“EPS”)

With the adoption of Malaysian Financial Reporting Standards 2 - Share-based Payment (“**MFRS 2**”), the potential cost of LTIP Grants under the LTIP will need to be measured at its fair value on which it was granted and recognised as an expense in the earnings over its vesting period.

For clarification purposes, there will only be a cash outflow relating to LTIP Grants in the event it is satisfied wholly or partially in cash in lieu of EDOTCO Shares. Except for the aforesaid potential cash outflow under the LTIP, the potential cost of the LTIP Grants (at the date of the grant) to be satisfied by allotment and issuance of EDOTCO Shares do not represent a cash outflow.

The LTIP is expected to have a dilutive effect on the Axiata Group’s EPS due to an increase in the number of EDOTCO Shares should there be any allotment and issuance of new EDOTCO Shares upon vesting pursuant to the LTIP. In view of this, the Axiata Board has taken note of the potential effect of MFRS 2 on the Axiata Group’s earnings and will take reasonable measures to manage the effect on the consolidated EPS of Axiata Group in the granting of the LTIP Grants to the Eligible Employees.

The LTIP is not expected to have a material impact on Axiata Group’s EPS for the financial year ending 31 December 2023.

#### 5. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF AXIATA OR ITS HOLDING COMPANY OR PERSONS CONNECTED WITH THEM

No LTIP may be offered to any person who is a director, major shareholder or Chief Executive of Axiata or its holding company, or a person connected with them (within the meaning of Main LR), unless the specific LTIP Grants and related allotment of new EDOTCO Shares to that person shall have previously been approved by Axiata’s shareholders in a general meeting.

#### 6. DIRECTORS’ STATEMENT

Axiata Board is of the opinion that the LTIP is in the best interest of Axiata.

This announcement is dated 17 April 2023.